The Legal Nature Of Contract And Contractual Obligations In Civil Law

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Abstract
This article analyzes the legal nature, substance, and distinctive characteristics of contracts and contractual obligations, which constitute a key institution of civil law. The discussion also addresses the role of a contract as a basis for creating obligations, as well as the rights and duties of the parties involved.
Keywords: Contract, obligation, contractual obligations, parties, civil law.

In the conditions of a market economy, the importance of the institution of the contract is steadily increasing. This is because most proprietary and non-proprietary relations are regulated precisely through contracts. A contract is a crucial legal instrument that gives rise to rights and obligations based on the mutual agreement of the parties. Therefore, the scientific analysis of contracts and the contractual obligations arising from them is one of the most relevant issues.

The concept of a contract and its legal significance holds an important place in civil law. Precisely for this reason, a contract is considered an agreement between two or more persons aimed at creating, modifying, or terminating their civil rights and obligations. A contract is based on the will of the parties and ensures the stability of legal relations. The primary legal significance of a contract lies in the fact that it clearly and obligatorily defines the relations between the parties and provides legal protection for their interests.

In civil law, there is another golden rule: **“Any contract can be an agreement, but not every agreement can be a contract”**. From this rule, it is understood that a contract is always a document that involves parties, and it is distinguished by the fact that when there are parties, they are two or more, each with certain rights and obligations. An agreement, however, can also be unilateral. The Civil Code contains a separate legal institution dedicated to contracts, and within this institution, we can see the diversity of contracts. If we take a simple look at our lives, contractual arrangements are everywhere-even when we are not aware of them. For example, take an ordinary delivery service: we order a product or food, and at that moment we have the obligation to pay the purchase price and the right to receive the specified product in full, intact, and as stipulated in the agreement. This is a simple example, one that occurs very frequently in our lives. In this context, it is necessary to focus on the concept of “contractual obligation”. This concept is a key element that demonstrates the practical force of a contract. That is why, in a contract, the parties and their respective rights and obligations are firmly established. We have said that contractual obligations are legal obligations arising from the conclusion of a contract, whereby one party (the debtor) must perform a certain action or refrain from performing it, and the other party (the creditor) has the right to demand fulfillment of this obligation. Now it becomes clear that we can delve a little deeper into the concept of obligation. Contractual obligations consist of the following elements:

- **Subjects of the obligation (parties);**
- **Object of the obligation;**
- **Content of the obligation.**

The presence of these elements ensures that the obligation is complete and lawful. To understand the nature of an obligation, it is appropriate to analyze one type of obligation

provided in the Civil Code. Thus, Article 256 of the Civil Code is titled “Alternative Performance of Obligations” [1]. According to the Article: The performance by one party of an obligation made conditional upon the performance by the other party of its obligations in accordance with the contract shall be considered alternative performance. If the obliged party has not performed the obligation stipulated in the contract or if there is a clear indication that the obligation will not be performed within the specified period, the party assuming the alternative performance shall have the right to suspend the performance of its obligation, to refuse to perform this obligation, and to demand compensation for the damage incurred. If the obligation specified in the contract has not been performed in full, the party assuming the alternative performance has the right to suspend or refuse to perform the part of its obligation that corresponds to the unperformed portion of the other party's obligation. If, despite one party's failure to perform its obligation stipulated in the contract, the other party has performed the obligation alternatively, the first party shall be obliged to perform its obligation. The rules provided for in the second, third, and fourth parts of this Article shall apply unless otherwise stipulated by the contract or law. This Article makes it clear that, figuratively speaking, we should understand the principle of “If you do your part, we will do ours.” The parties must stipulate obligations in the contract according to their mutual will and perform them in the manner agreed upon in the contract. This Article serves as the legal basis for the alternative performance of obligations. For example, suppose we hire a craftsman to demolish an old wall in our house and build a new one in its place.

According to our agreement, we were to pay half the agreed amount after the wall was demolished and the remaining half after the new wall was built. However, time passed and no craftsman arrived, and the agreement was not fulfilled. We are not obliged to pay because, according to the agreement, the craftsman had the obligation to demolish the wall and build a new one, but failed to do so. This situation releases us from the obligation to pay the fee. According to the Article, if one party does not perform the agreed obligation, the other party is released from performing its obligation and is entitled to claim compensation for damages incurred. In this case, we would have the right to demand that the craftsman compensate for any material or non-material damage caused. What kind of damage could this be? The situation is quite simple: the completion of the new wall could have protected our house from wind or certain external influences. Since the wall was not completed on time, a certain amount of damage was caused to our house. We can hold the craftsman liable for compensating this damage [2].

However, this is not all: what happens if obligations are partially performed in the alternative manner? This question is also addressed in the Civil Code, which provides that, unless otherwise stipulated in the contract, the rules set out in Article 256 of the Code shall apply. Paragraph three of Article 256 stipulates that where an obligation has not been performed in full, the party that has undertaken an alternative performance is entitled to suspend the performance of that part of its obligation which corresponds to the part of the other party’s obligation that has not been fully performed, or to refuse performance altogether [1].

How is this process regulated in the practice of foreign countries? For example, in Germany. German civil legislation, namely the *Bürgerliches Gesetzbuch* (BGB) [3], is considered one of the most authoritative legal systems in the world. Many provisions of the Civil Code of the Republic of Uzbekistan, including Article 256, closely correspond to the German Civil Code. This rule also exists in German law and is known in legal doctrine as the **“Einrede des nichterfüllten Vertrages,”** that is, the *defense of non-performance of contract*. Paragraph 320 of the *Bürgerliches Gesetzbuch* provides as follows: *“A person who is obliged under a reciprocal contract may refuse to perform his obligation if the other party has not performed the corresponding obligation incumbent upon it”* [3]. This rule demonstrates that the civil legislation of our country and that of Germany are highly similar in many respects. No significant differences were identified between the two states with regard to the legal regulation of this civil law norm or the application of measures in cases of non-performance of obligations. According to the analysis, in Germany, as in our country, where a breach of contractual

obligations occurs, issues of liability are resolved by the courts in accordance with the relevant statutory provisions or in the manner stipulated in the contract.

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