

Exercise 3 Contract Defenses & Remedies

Fill in the gaps below with words from the table. Conjugate any verbs as necessary.

the inducement	intention	fraud in the factum	rescission	void
to induce	factum	misrepresentation	damages	fraud in the inducement
voidable	discretionary	specific performance	remedy	injunction

_____ means a false statement of fact made by one party to another party and has the effect of _____ that party into the contract. For example, under certain circumstances, false statements or promises made by a seller of goods regarding the quality or nature of the product that the seller has may constitute misrepresentation. A finding of misrepresentation allows for a _____ of _____ and sometimes _____ depending on the type of misrepresentation.

There are two types of misrepresentation in contract law, _____ and _____. Fraud in the _____ focuses on whether the party in question knew they were creating a contract. If the party did not know that they were entering into a contract, there is no meeting of the minds, and the contract is _____. Fraud in _____ focuses on misrepresentation attempting to get the party to enter into the contract. Misrepresentation of a material fact (if the party knew the truth, that party would not have entered into the contract) makes a contract _____.

It is possible to make a misrepresentation either by words or by conduct, although not everything said or done is capable of constituting a misrepresentation. Generally, statements of opinion or _____ are not statements of fact in the context of misrepresentation.

Both an order for _____ and an _____ are _____ remedies, originating for the most part in equity. An injunction may be requested when the contract prohibits a certain action. Action for injunction would prohibit the person from performing the act specified in the contract.