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LEGAL BASIS OF INSTITUTE OF CANCELLATION OF CONTRACT

Jurayeva Nodira Mukhammadi kizi
Trainee Specializing in Economic Law at the Supreme School of Judges with the Supreme Judicial Council of the Republic of Uzbekistan

Abstract
The article explores the legal grounds for contract termination in civil law. It examines theoretical concepts underlying termination, such as material breach, changed circumstances (rebus sic stantibus), and the principle of good faith. The legislation of the Republic of Uzbekistan is analyzed alongside comparative legal practices from Germany, France, the UK, and international instruments (CISG, UNIDROIT Principles). The study concludes that a flexible and equitable approach to terminating contractual obligations is essential.

Keywords: Contract termination, material breach, changed circumstances, good faith, civil law, Uzbekistan, international law.

Introduction

The institution of termination of a contract is an important component of the mechanism of legal regulation of civil relations. Its function is to ensure flexibility and fairness in the context of changing circumstances, violations of obligations or loss of economic interest in maintaining the contract.

A contract is the central structure of private law, reflecting the will of the parties aimed at the emergence, change or termination of rights and obligations. Its role as a means of legal coordination of economic and social interests makes the institution of a contract the cornerstone of civil turnover. Of particular importance in doctrine and practice is the problem of termination of a contract - as a mechanism for terminating obligations and restoring a disturbed balance of interests.

This article is based on the provisions of the Civil Code of the Republic of Uzbekistan (CC RUz) , foreign legal systems (Germany, France, USA, Great Britain, Japan), as well as unified international acts such as the UNIDROIT Principles, the UN Convention on Contracts for the International Sale of Goods (Vienna Convention 1980) and the European Principles of Contract Law (PECL).

According to Article 369 of the Civil Code of the Republic of Uzbekistan, a contract is an agreement between two or more persons on the establishment, modification or termination of civil rights and obligations. This definition reflects the classical approach dating back to Roman law and supported in continental legal systems.

In Germany (§§ 145–157 BGB), a contract is considered to be the result of an offer and acceptance, and its binding nature is based on the principle of good faith (Treu and Glauben).

In France (Code civil , art. 1101) a contract is an agreement by which one or more parties undertake obligations to another or others.

In the Anglo-American system (USA, UK), a contract presupposes consideration and the intention to create a legally binding relationship. An example Maybe serve Restatement (Second) of Contracts And Uniform Commercial Code (UCC §2-106) .

Principles (Article 1.1) define a contract as a binding agreement concluded on the basis of freedom of contract and autonomy of the will.

The contract performs the following functions:

- Regulatory, regulating property relations.
- Security, ensuring the fulfillment of obligations.
- Dispositive, transferring rights and obligations.
- Communication, formalizing the expression of will of the parties.

Modern doctrine regards a contract as:

- Legal transaction (continental law);
- Risk and Cost Management Tool (Law & Economics);
- The mechanism of social coordination (sociological school, L. Duguit , R. von Ihering).

According to Article 400 of the Civil Code of the Republic of Uzbekistan , the contract may be terminated:

1. By agreement of the parties;
2. In court;
3. Unilaterally, if provided for by agreement or law.

Thus, the legal nature of termination is not uniform:

- By agreement of the parties - this is a bilateral transaction ;
- In a judicial proceeding , it is a legal structure that includes a claim, consideration, and decision;
- Unilaterally - a unilateral transaction if it is based on an agreement or law.
- The Vienna Convention (CISG, 1980), Article 49 and Article 64 provide that a party may terminate the contract for a material breach of the terms. A material breach is one that deprives the party of what it is entitled to expect. Thus, termination is not based on formal fault, but on the loss of an economic purpose .
- UNIDROIT Principles, Articles 7.3.1–7.3.5: A party may terminate the contract for fundamental breach, impossibility of performance or manifest ineffectiveness. Emphasizes proportionality and good faith in termination. Notification to the other party is required.

The European Principles of Contract Law (PECL) provide that in the event of a material breach of obligations, the contract may be terminated without recourse to the court. The role of warning , the possibility of remedying the breach and alternative methods of settlement are emphasized .

Jurisdiction	Termination form	Legal nature	Peculiarities
Uzbekistan	agreement / court / unilaterally	transaction / legal structure	formalized procedure

Jurisdiction	Termination form	Legal nature	Peculiarities
Germany	agreement / agreement	transaction / legal action	need for notification
France	agreement / resolution judiciaire / clause résolutoire	transaction / judicial act	Automatic termination is permitted
USA	agreement / rescission / termination	deal / contractual clause	emphasis on material breach
Japan	agreement / court decision / unilateral	transaction / statement	flexibility under force majeure

A contract is a fundamental legal structure that ensures legal order in private law relations. Its termination is not only a way to terminate obligations, but also an important legal instrument aimed at protecting the balance of interests of the parties. Comparative legal analysis shows that termination can be a transaction, a lawful unilateral action, or a consequence of a court decision.

International law and foreign practice emphasize the flexibility and economic feasibility of this institution. In the context of globalization, the legal system of Uzbekistan can take these approaches into account to improve legislation and harmonize it with international standards.

The institution of termination of a contract occupies an important place in the system of civil law regulation, ensuring the necessary balance between the stability of contractual relations and the protection of the rights of participants in the event of changed circumstances or violations of obligations. An analysis of the legislation of the Republic of Uzbekistan shows that the domestic legal system provides for both contractual and extra-judicial and judicial mechanisms of termination, based on the principles of freedom of contract, justice and good faith.

A comparative legal analysis of foreign systems - Germany, France, Great Britain, as well as international documents (CLA, UNIDROIT Principles) - demonstrates a variety of approaches, but at the same time, common trends can be traced: strengthening the role of good faith, recognition of changed circumstances as grounds for termination, as well as the development of mechanisms for adapting the contract as an alternative to its termination.

Theoretical disputes regarding the legal nature of termination of a contract - whether it is a transaction, a unilateral action or a legal composition - testify to the complexity and multifaceted nature of this institution. This requires further research aimed at clarifying the conceptual apparatus and unifying approaches.

In the context of developing market relations and international trade, the institution of contract termination should develop taking into account the principles of legal certainty, equality of parties and flexibility of regulation. This will not only increase the level of contractual discipline, but also ensure fairness and efficiency in the event of the need to terminate obligations.