

Contractual obligations in Civil Law of Ukraine: Executive points

Anatoliy Kostruba

IRJS, University Paris 1 Pantheon – Sorbonne

E-mail: a.kostruba@gmail.com

Abstract: The article explores the theoretical aspects of terminating civil obligations, emphasizing the unique role of contracts as legal facts. It asserts that contracts, established by parties in a legal transaction, serve as independent foundations for initiating, modifying, or terminating legal relations. The terms of civil contracts create distinct mechanisms for rightful termination, aligning with legal models for the occurrence of right-terminating legal facts. The author highlights the dependency of contractual obligations on the lawful intent of the involved party or objective circumstances, prescribed by the legal model in the contract. When these models align with actual events, they lead to the realization of parties' expectations and the termination of obligations. These legal facts contribute to the regulatory function of the law, ensuring the fair exercise of rights and interests as defined in the contract. The article provides a detailed list of such legal structures and conducts a legal analysis of their implications.

Keywords: *Cancellation condition; contractual obligation; Civil contract; right termination of contractual obligations*

1. The contract as a structure of self-regulation of relations

The civil contract serves as the primary tool for structuring market relations, while contractual regulation remains the conventional method for governing connections within the domains of both private and public law [1]. It should be added that a contract in Ukraine's civil law is a means of self-organization and self-regulation of civil legal relations between their participants.

The distinctiveness of a legal phenomenon like a contract can be elucidated by its dual capacity. On one aspect, it has the potential to give rise to outcomes such as the initiation, alteration, or cessation of civil legal relationships, subjective civil rights, and legal obligations. Conversely, within the realm of civil contracts, both the objective and subjective foundations for the dynamics of proprietary and obligatory legal relationships are defined. The emergence of these relationships implies the commencement, alteration, or cessation of rights, obligations, or even the establishment of novel civil legal relations among the

involved parties. The terms of civil contracts establish individual mechanisms for the right termination of civil associations and legal models of right-terminating legal facts.

By means of civil contract participants in civil legal relations provide individual legal significance to certain conditions and circumstances of objective reality. Thus, the principle of freedom of contract allows participants in civil legal concerns to make legal facts within these legal relations under absolutely any circumstances, regardless of the basis for their onset.

2. Regulatory action of the mechanism of right termination of contractual obligations

The defining characteristic of a contractual obligation lies in its reliance on the lawful will of a party's action in a legal transaction or the objective circumstances of reality in its structural onset of a legal fact. This dependence is anchored in the legal model of a specific contractual obligation, where the existence of objective circumstances, as outlined by the legal model, aligns with the actual events, creating reasonable expectations for the parties regarding the

legal outcome and, consequently, the termination of the obligation. These legal occurrences function as instrumental mechanisms facilitating the regulatory role of the law. They guarantee the actualization of the rights and interests of the parties engaged in contractual obligations, aligning with the provisions outlined in the respective contract in a manner consistent with good faith principles.

In Ukrainian civil law theory, such legal constructs are referred to as regulatory right-terminating legal facts, with alienation being one of the most prevalent examples. Alienation is conceptualized as a legal process defined within a contract to modify property rights to assets within the boundaries of its legal structure. This transformation entails tangible outcomes, leading to the conclusion of the contractual obligation.

The regulatory impact of alienation, as a right-terminating legal fact in contractual obligation, lies in the attainment of the legal regulation's intended purpose, as agreed upon by the parties to the contract. Consequently, through alienation, a property owner exercises their will to implement property rights, leading to the mutual satisfaction of the parties involved in the contractual obligation.

The alienation is specified depending on the legal regime of things and the nature of the legal relations in general. In real legal transactions, the moment of onset of the given legal fact is the actual transfer of things. The moment of its alienation in the consensual contract is the time of response to the proposal to conclude a contract. In this case, the actual transfer of things does not coincide with the date of such contract conclusion. If an agreement is subject to notarization, then the rights for it, as a whole, are transferred since the moment of such notarization, and if the corresponding rights are subject to state registration, then since the moment of registration of such rights of the acquirer. In accordance with

Article 334 of the Civil Code of Ukraine ("CCU"), alienation is identified by the transfer of property to a communication organization for sending, and forwarding to its acquirer, as well as delivery of a bill of lading or warehouse certificate [2]. As a result of alienation, simultaneously with the change of property owner, there is also simultaneous alienation of derivative rights to such property.

Moreover, the rationale for the cessation of contractual obligations is their proper fulfilment, characterized by adherence to five specified requirements, which concurrently serve as conditions for the occurrence of this legal fact terminating the right: 1) appropriate object of fulfilment (as per articles 610, 620, 622 of the CCU); 2) suitable subject of fulfilment (as per articles 527, 528 of the CCU); 3) correct date of fulfilment (as per articles 530, 531 of the CCU); 4) fitting place of obligation fulfilment (as per article 532 of the CCU); 5) proper manner of fulfilment (as per articles 529, 533 of the CCU).

The finalization of contractual obligations via fulfillment encompasses the actualization of subjective civil rights by the concerned parties and the discharge of corresponding legal responsibilities, which constitute the essence of the obligation. This procedure achieves the specified objective of legal regulation outlined in the contract, namely, the fulfillment of the shared interests of participants in civil legal relations.

While delving into the components of proper fulfilment, it is noteworthy that, in cases specified by the contract, a third party may serve as the appropriate subject. The legal status "outside the framework of the contract" does not impede the efficacy of the mechanism for terminating contractual obligations through proper fulfilment.

If the creditor relocates and notifies the debtor at the obligation's inception, fulfillment transpires at the new residence, with any associated losses attributed to the

creditor due to the change in the place of fulfillment; e) for other obligations, it transpires at the debtor's residence [2]. Additionally, the termination of contractual obligations can also occur through payoff transfer. The conveyance of payoff is effectuated via the implementation of a legal transaction between the debtor and creditor, aiming to finalize the primary obligation. This legal transaction validates the mutual understanding between the involved parties concerning the characteristics and amount of the payoff, the specified timeframe for its conveyance, the mode of transfer, and designates the moment for the termination of the contractual obligation.

The payoff transfer constitutes a legal structure, encompassing elements such as the existence of the primary contractual obligation, the formation of an ancillary contract detailing the payoff transfer, the occurrence of the actual outcome resulting from the prior right-terminating legal fact (i.e., the transfer of payoff), and the initiation of its legal consequence, namely the termination of the primary civil law obligation through the appropriate procedural acknowledgment of this event. The distinctive feature of contractual obligation, which terminates the main one is dispositive nature of its form and content. In cases where the benefit constitutes a tangible item or monetary value, the primary contractual obligation concludes upon its transfer to the creditor. If the object of the payoff is right, then - at the moment of transfer of corresponding rights. In case the thing of the profit is actions of a certain nature, then since the moment of their fulfilment, and if it leads to a certain material result - at the moment of acceptance of this result by the creditor.

According to Article 604 of the CCU, agreements between parties can also serve as a means of terminating obligations. The annulment of a contract serves as a condition associated with the partial or

complete cessation of contractual obligations until their legal and actual fulfilment. In essence, the abolition represents one avenue for terminating contractual obligations. Any agreement pertaining to the termination of contractual obligations exhibits characteristics akin to legal transactions, with the specific feature that they are directed towards completing subjective civil rights and legal obligations arising from the primary contract. Therefore, the termination of contractual obligations through a mutual agreement between parties follows the form prescribed for the establishment of such duties.

In particular, everything is fulfilled under contract until its cancellation remains fulfilled after termination. Also, actual results of onset of given right-terminating legal fact remain unchanged. Fulfilled under the contract before its cancellation can not be considered as unjustified enrichment and is not subject to return. That is, rights and obligations of contractual obligation that arose prior to its termination cease to exist since the moment of such termination.

In accordance with Article 601 of the CCU, a contractual obligation undergoes termination through the offset of corresponding mutual claims, wherein the fulfilment period has lapsed, including claims without specified fulfilment terms but determined at the time of claim initiation. Various perspectives exist regarding the timing of the initiation of this right-terminating legal fact. According to the first perspective, the offset is considered finalized and settles the set-off claims upon the dispatch of the offset notification to the other party.

However, the reciprocal nature of offset introduces complexities, potentially putting parties in default before receiving an offset application, which is essential for legal validity. Subsequently, only the party whose obligation fulfilment term arrived

earlier can employ offset after it has been delayed [3].

The third option postulates the involvement of counterparties through offset from the moment of the addressee's receipt of the notification. Opting for this approach raises questions about the permissibility of offset recall (similar to offer recall) until the addressee receives the corresponding notification. A civil obligation may also be deemed terminated after the expiration of the time required for the other party to receive the offset application. Suppose the receiving party has grounds to believe that the offset was carried out incorrectly or in the absence of at least one necessary condition. In that case, they may seek legal recourse to invalidate the compensation and enforce contract requirements [4].

The standpoint presented by A.V. Sirotkina [5] is pertinent. According to her perspective, the cessation of a civil obligation through offset, distinct from other forms of unilateral legal transactions, results in the conclusion of both rights and obligations for the party seeking compensation and its counterpart. Consequently, the contractual obligation ceases upon the receipt of the corresponding application by the counterparty. In this case, the refusal of offset is impossible for both parties of such obligation. It is since this moment that parties have been faced with the legal consequences of offsetting entry. This is due to the fact that in the case of failure to receive notification about offset, the latter may plan a series of judicial procedures to resolve the dispute, in this regard, it may lose a part of its funds. Logically, the party has the right to know about the time of termination of obligation by offset, and this can be achieved only through its notification.

One of the grounds for the termination of a contractual obligation, as stipulated by Article 605 of the CCU, is the release by the creditor of the debtor from its obligations,

commonly known as debt forgiveness. This stems from the existence of a subjective civil right held by one party, the creditor, which imposes a corresponding legal obligation on its counterpart, the debtor. The termination of the contractual obligation occurs in both direct and reverse order.

In line with Article 606 of the CCU, a contractual obligation can be terminated through the combination of debtor and creditor into one person, a legal concept known as confusion. Each civil commitment comprises three essential elements: subject, object, and content. The elimination of the issue terminates the existence of the obligation. The mechanism for this exclusion is the merging of debtor and creditor into one person.

The party in legal concerns, that is, the counterpart of the person combining debtor and creditor ceases to be the subject of the contractual obligation.

For instance, in the context of lease legal relations concerning real estate between citizen A and citizen K, where A owns the property and K is the lessee, if the parties enter into a contract of sale during the lease legal relations, resulting in the property being transferred to the ownership of citizen K, the lease legal relations are terminated as a consequence of the sale contract.

Terms in Ukraine's civil law constitute a significant legal category, not only regulating the timing of civil transactions but also facilitating the performance and realization of rights by subjects in civil relations. Additionally, they play a crucial role in inducing obligated persons to fulfil their obligations promptly and provide the means for the timely protection of violated rights by subjects in civil law.

The initiation of a term represents a legal event that holds the potential for the termination of a contractual obligation. Its distinct characteristic lies in its attribution to events, irrespective of the fact that its

progression may be contingent upon the will of participants in civil legal relations.

Specifically, Article 1141, Part One, Item 5 of the CCU stipulates that a simple partnership contract concludes upon the expiration of its designated period. In this scenario, the legal fact of terminating the right is the moment when the simple partnership contract period elapses. Therefore, the expiration of the period serves as a law-terminating legal fact.

The termination of a contractual obligation due to the expiration of a specified period is a provision found in the civil laws of various European countries. For instance, Article 1737 of the French Civil Code dictates that, "...Le bail cesse de plein droit à l'expiration du terme fixé, lorsqu'il a été fait par écrit, sans qu'il soit nécessaire de donner congé..." [6].

A similar legal provision is also articulated in Article 2219 of the Napoleonic Code, where the statute of limitations is identified as a means to establish or discharge obligations when a specified term elapses and relevant conditions stipulated by the law are met [7]. The termination of contractual obligations based on the expiration of a contract period is a characteristic feature of many contracts and shapes their legal essence. For example, according to some scholars, a contract for telecommunication services should cease upon the expiration of its term because consumer access to the telecommunication network is granted, information about which is only discernible upon connecting the final equipment.

The initiation of a term possesses an objective character, as it is independent of the intentional conduct of participants in contractual obligations.

Simultaneously, within legal literature, there exists a perspective suggesting that the expiration of a contract period may not always equate to grounds for terminating obligations [8].

3. Compensatory action of the mechanism of right-termination of contractual obligations

Social conflicts can emerge between parties to contractual obligations, and the conditions for their origin and development constitute a legal consequence that the parties did not anticipate when entering into the legal transaction. This unforeseen legal consequence becomes the aim sought by the parties.

The flawed nature of legal facts during the exercise of rights shifts the stage of legal regulation in civil property relations. This transition involves moving from the location of right training to the set of right termination, activating a distinct mechanism for the legal regulation of the relevant relationship—the mechanism of right termination. This mechanism is employed to terminate contractual obligations when parties fail to coordinate their behaviour. Its purpose is to end legal relations due to the identified flawed character of the actual or legal aspect of the legal fact during the exercise of the right, rendering the achievement of the legal result programmed by the parties impossible.

The compensatory nature of the acts executing this right lies in compensating for the defect in the actual or legal aspect of the legal fact by initiating a corresponding consequence aligned with the new legal model of behaviour for participants in civil legal relations.

Article 615, Part One, of the CCU, affirms that "in case of a breach of obligation by one party, the other party shall have the right to refuse partially or totally from obligations if it is established by contract or by law." In this context, the termination of contractual obligations at the request of one party is considered a right-terminating legal fact. Unilateral refusal to fulfil obligations is seen as a means of protecting violated rights, turning the

mechanism of terminating contractual obligations into a protective measure.

Examining the incorporation of the protective function of civil law into the mechanism of right termination of contractual obligations, it is essential to note that the legal fact of terminating such obligations arises from the violation of the contract terms and conditions by the parties. Violations may manifest as causing damage, incurring losses, or fulfilling obligations so slowly that termination within the stipulated period becomes impractical.

In some instances, the exercise of the right to unilaterally refuse the contract may be due to circumstances unrelated to contract violation. The onset of such cases can be triggered by external events or actions that lack signs of a right violation. The provision of the right to refuse contractual obligations is rooted in the impossibility of achieving the aim set in its legal regulation. Primarily, the grant of the right to refuse is linked to the fiduciary nature of contractual relations among parties (Item 1 of Part 1 of Article 1008 of the CCU).

Secondly, the right to unilateral refusal, not subject to any specific circumstances, is bestowed upon the economically weaker party to the contract—namely, a natural person (Item 4 of Part One of Article 1141 of the CCU).

This mechanism of terminating contractual obligations results in legal consequences arising from the unilateral actions of a party to the contract. Severing legal relations between participants in civil legal concerns concludes at a certain stage of their development. Such termination of contractual obligations can occur at any stage during the exercise of the right.

The bilateral civil obligation is terminated as a whole, with one party terminated and the other not. Simultaneously, the second party acquires an entirely different form of legal civil

obligation—specifically, a loan obligation. Additionally, this new civil law obligation possesses its own independent content, distinct from others, and develops certain features that grant it individuality. These distinctive features are manifested in the connection between the new obligation and the previous one, as well as in the alteration of the object of the initial obligation.

In a simplified form, the functioning of the mechanism of terminating contractual obligations unfolds as follows: a) the emergence of rights and obligations under the first obligation; b) the inability to achieve the purpose of legal regulation established within the confines of the first civil obligation; c) the formation of the second obligation; d) the establishment of conditions for the implementation of innovation (at this stage, the first obligation is terminated, and the second one arises); e) the exercise of rights within the limits of the second obligation.

Contractual obligations are terminated when fulfilment becomes impossible due to circumstances for which neither party is accountable (Article 607 of the CCU). Unfortunately, the CCU lacks criteria for determining the impossibility of fulfilling an obligation. It does not clarify whether the circumstance rendering the fulfilment impossible is the event itself or a change in conditions that objectively prevents the party (or parties) from fulfilling the obligation, irrespective of other factors. Moreover, the law does not provide a precise definition for the concept of impossibility in the context of fulfilling obligations.

The termination of a civil obligation due to impossibility occurs when the condition of impossibility arises after the execution of the legal transaction. It is inappropriate to assert the termination of a civil obligation based on this ground if the impossibility is the result of the culpable conduct of one of the parties. The termination of the

obligation due to impossibility is contingent upon the mutual agreement of the parties.

According to the general rule established by the CCU, a civil obligation must be fulfilled personally by the debtor unless the law or contract specifies otherwise. The death of a natural person (or the liquidation of a legal entity) has an objective impact on the intended purpose of legal regulation in relevant civil legal relations. This is due to the fact that the permitted absence of a party to a contractual obligation hinders its proper execution. Specifically, legal ties with the property owned by the absent party and with other individuals in civil legal relations are severed. In essence, the death of a natural person (or the liquidation of a legal entity) serves as the basis for terminating contractual obligations, except in cases of proper succession. In such instances, the legal connection between the absent party and other parties to the contractual obligation transforms into legal relations with its successor, effectively preventing the termination of the contractual obligation.

4. Onset of cancellation condition of a legal transaction in the mechanism of termination of contractual obligation

In most instances, the viability of a legal transaction is linked to the occurrence of unconditional factors necessary for achieving its intended purpose. Nevertheless, parties engaging in a legal transaction have the option to predetermine the existence of circumstances—whether present or absent—that may influence the dynamics of contractual obligations between them. This introduces the concept of conditional legal transactions, aiming to mitigate potential risks associated with uncertainty in the progression of events determining their execution.

In accordance with the fundamental tenets of civil law, a legal transaction is considered conditional if the initiation, modification, or termination of civil rights and obligations is contingent upon the

presence or absence of a particular circumstance. It is crucial to note that this circumstance must not constitute an indispensable condition of the legal transaction, indicating its status as a contingent element. Legal transactions typically involve two conventional types of terms: conditions associated with delay or suspension (from the Latin "suspensions," meaning suspended or delayed) and conditions for cancellation or resolution (from the Latin "resolutions," meaning final).

As per the first and second paragraphs of Article 212 of the CCU, individuals executing legal transactions have the right to dictate the onset or modification of rights and obligations based on circumstances whose occurrence is uncertain (delayed circumstance). Similarly, individuals conducting legal transactions are entitled to stipulate the termination of subjective civil rights and legal obligations based on circumstances whose occurrence is uncertain (cancellation circumstance).

The legal provisions of the CCU differentiate between delayed and cancellation consequences, categorizing them based on the circumstances stipulated in legal transactions.

It is crucial to note that this division is somewhat arbitrary, considering the intricate and relative nature of legal facts.

In legal transactions aimed at the transfer of things to property or another proprietary right, the delayed condition results in the form not only of the onset of property rights or individual powers of one person but also the termination of them in the other. Thus, the onset of a delayed condition is a right-establishing and right-terminating legal fact at the same time.

In the mentioned legal transactions, the parties provide for a certain condition as the circumstance with which the termination of the corresponding contractual obligation is connected. The termination of the contract may take place only at the time when such

legal transaction is still valid and exists in the state of exercise of right. If the legal trade was fulfilled, then it is impossible to break it on the grounds that it is not in an active state. Therefore, it is logical that nonexistent things or processes can not be broken. In view of the above, the cancellation condition may take place in the structure of contractual obligation if its content is actual and legal actions are taken only until it is fully fulfilled.

The cancellation condition in a legal transaction is, by its essence, a circumstance that is incorporated into legal relations, primarily as a result of the will of the parties. This signifies that the parties autonomously establish the initial framework of the relevant legal model for the cancellation condition during the transaction's formation.

The reality of their existence have particular importance for cancellation and delayed conditions. This condition does not have so much theoretical as practical value because the consolidation in the content of the legal transaction of the state, which can not have a place in the objective reality, completely alleviates its nature and any possibility of its onset. Non-fulfilled cancellation condition, the beginning of which is right-terminating legal fact, is actually deprived of any *potential* in order to put into effect the mechanism of right termination. Despite the presence of the legal side of right-terminating legal fact (cancellation condition is established in the legal transaction), the factual side of such legal fact will never come. Therefore, the mechanism of right termination of civil property relations can never lead to a right-terminating effect.

Article 212 of the CCU establishes the specificities of fulfilling these legal transactions and outlines the operations of the pertinent mechanism for establishing, modifying, and terminating contractual obligations. However, these constructs are also addressed in other sections of the CCU.

For instance, the use of delayed conditions in a legal transaction is exemplified in the context of a deed of gift with an obligation to deliver the advantage in the future and a lease contract with the ransom.

According to Part One of Article 723 of the CCU, a deed of gift may impose on the grantor the obligation to hand over the gift to the grantee in the future, either after a specified period or upon the occurrence of a delayed condition. On the other hand, the concept of a cancellation condition in a legal transaction is specifically addressed in only one article of the CCU, aside from Article 212.

Herewith, parties may also foresee that deed of gift is terminated since the moment of onset of certain circumstance, if it occurs before transfer of estate and acquisition of property right of grantee to it. The main thing that this circumstance must correspond to requirements relating to it, in particular, did not exist as of the moment of legal transaction conclusion, with a high degree of probability that could exist after legal transaction implementation was carried out, could be fixed and necessarily existed within the specific legal relations, that is, not "survived" them in time of their existence, corresponding to general principles of society.

Due to the lack of other describing provisions of the civil legislation of Ukraine, participants of legal transactions may independently envisage specifying requirements for cancellation conditions of legal transaction. For example, the prediction of any natural disaster as a cancellation circumstance or determination of a particular event as a cancellation condition that takes place in a specific locality will correspond to certain properties, in particular, it will have the degree of danger, prevalence on the territory, etc. In addition, the parties to contractual obligation may envisage that cancellation or delayed conditions are

applied only to certain parts of legal transactions.

Cancellation conditions, inherently incapable of serving as essential conditions within a legal transaction, function as legal facts that result in the termination of rights. This limitation is intrinsic to the nature of a legal transaction, defined as a deliberate and conscious action directed toward initiating, modifying, or concluding civil rights and obligations. Accordingly, assigning the nature of an essential condition to a cancellation condition effectively hinders its execution by the involved parties. At the time of concluding a legal transaction, a cancellation condition only exists in an idealized form, and in reality, the pertinent circumstance is anticipated to emerge in the future. Importantly, certainty regarding its occurrence is unknown.

Thus, a cancellation condition represents a factual circumstance wherein rights are terminated. Notably, this circumstance may be beyond the control of the parties involved in the legal transaction. Therefore, the focus should be on the fact of its occurrence rather than considering it solely as a cancellation condition. The onset of a cancellation condition marks the conclusive point in the process of formation, existence, or termination of a given phenomenon. The ending of rights in legal transactions involving cancellation conditions is a legal consequence arising from the occurrence of the cancellation condition.

Referral and cancellation circumstances, both rooted in legal facts, share an "objectified" nature. Their onset typically transpires without active participation or, if involving parties, without hindrance to the counterparty in fulfilling contractual obligations. However, the mechanism for terminating contractual obligations may unfold through both objective and subjective scenarios.

In essence, the emergence of a cancellation condition in a legal transaction constitutes a right-terminating legal fact

with a delayed mechanism of action. The inherent nature of such legal transactions implies a distinct time gap between their conclusion and the onset of consequential effects.

It is crucial to note that a cancellation condition, serving as an element of a contract and a basis for terminating contractual obligations, can only manifest within the confines of existing legal relations and ongoing legal transactions. In other words, the inclusion of a cancellation condition in a legal transaction is contingent upon its actual conclusion. Parties cannot agree on a cancellation condition for a legal transaction that does not yet exist, as such an agreement lacks the requisite validity to be reflected in a future legal transaction.

The operation of a cancellation condition in a legal transaction operates on the premise of a certain fiction of a legal fact. Given that a cancellation condition represents a real circumstance with limited influence from the involved parties, corresponding rights or legal relations are terminated upon its occurrence, irrespective of the actual transfer of assets. Additionally, a cancellation condition may not inherently be tied to specific legal concerns; rather, parties define and attribute different roles to such circumstances in their states, designating them as legal facts with specific legal consequences, at times without a physical manifestation.

The distinctive features of a cancellation condition, marked by the occurrence of a right-terminating legal fact in contractual obligations within a legal transaction, can be elucidated as follows. On one hand, this circumstance, or more precisely, its legal model, is regarded as an integral component of the legal transaction. Once incorporated under the terms of the legal trade, it becomes necessary and sufficient for the functioning of the contract, albeit without possessing the character of an essential condition. On the other hand, the cancellation condition emerges as a result of

the innovative approach taken by the parties to the legal transaction in shaping its terms. Consequently, it is recognized as a circumstance that concludes legal relations, reflecting the will of the involved parties in the legal trade.

Regardless of the specific content defined as a cancellation condition, its result invariably manifests in the termination of the rights and obligations of the parties to the legal transaction. In essence, civil legal relations cease with the occurrence of the cancellation condition in the legal trade, irrespective of its association with the transfer of assets, the completion of specific tasks, or the provision of services.

Nonetheless, there can be a specified order in the occurrence of the legal consequences of a cancellation condition. Two distinct orders can be identified: objective and subjective. Accurate right termination entails the automatic termination of a contractual obligation from the moment the relevant situation arises. For instance, the parties may stipulate that the rights and obligations cease upon the death of one of the lessor's parents.

To prevent misunderstandings and potential abuses during the legal transaction, parties proactively establish a protocol for documenting and proving the existence of the cancellation condition.

Objective and subjective right termination yield a common consequence but introduce distinct risks. Subjective right termination involves the concerned party receiving crucial information about its condition. Upon obtaining this information, the party has a window of time to take necessary actions for the complete termination of contractual obligations, thereby avoiding adverse outcomes.

In contrast, with objective termination, the affected party might be unaware of the condition's onset. During the period between the occurrence of the relevant state and the party becoming aware of it, the

party benefits without a sufficient legal foundation. Consequently, the counterparty can impose negative consequences, such as penalty sanctions.

Within the contractual terms stipulating either subjective or objective right termination, parties may establish a specified timeframe for executing the stop or undertaking other practical actions. If a cancellation condition exists, and the legal transaction is terminated within this period, one of the parties can, for legal reasons, avail themselves of relevant material benefits. For instance, if the parties agree that the transaction terminates from the moment the cancellation condition occurs (as documented by the parties), a time gap exists between the onset of the disease and the acknowledgement of its occurrence. During this interim period, the lessee may continue to possess the leased object, and the customer may still receive services or work unless otherwise specified in the contract. Conversely, a reverse process might occur, where the actual fulfilment of work, provision of services, or utilization of benefits ceases within the analyzed period, even if the proper execution of right termination has not transpired.

It is important to emphasize that the cancellation condition of a legal transaction aligns with the fundamental principles governing the mechanism of terminating contractual obligations and is consistent with the procedures for executing and concluding legal transactions. Specifically, the cancellation condition may be articulated in the contractual terms not only as the basis for terminating the entire contractual obligation but also for concluding individual rights and obligations among the participants in the respective legal relations.

The emergence of a cancellation condition, like any other legal fact within the mechanism of terminating contractual obligations, may exhibit diverse manifestations across different stages of

existence or termination of legal phenomena. This indicates the possibility of its influence on the individual rights, powers, or obligations of the parties involved in the legal transaction, as well as on legal relations in general. The extent of this impact is determined by the contractual terms and the inherent nature of the specific cancellation circumstance.

Secondly, the cancellation condition of a legal transaction can trigger either a direct or a reverse mechanism for the termination of contractual obligations. It possesses the capacity to bring about the complete termination of contractual obligations related to the cessation of subjective civil law. Conversely, it can also result in the conclusion of personal civil rights due to the termination of the legal obligation of a party to the legal transaction.

Thirdly, a cancellation condition of a legal transaction has the potential to be applied to the entire transaction or specific parts thereof. Consequently, this condition has the capacity to alter the nature of legal relations, transforming a bilateral legal trade into a unilateral one or changing a mixed legal transaction into a singular one, among other possibilities.

5. Conclusions

Within the framework of legal regulation of civil property relations, a civil contract is regarded as an instrument for regulating relevant links (a legal remedy for self-regulation), serving as a means for establishing right-terminating legal facts, and fundamentally acting as a right-terminating legal fact.

In the context of legal regulation of civil property relations, contracts safeguard the interests of participants in civil legal concerns while maintaining the flexibility to balance the interests of specific subjects within civil legal considerations, as well as those of society and the state.

The legal regulation of civil property relations aims to achieve the predetermined

legal result as envisioned by the participants during the exercise of their rights. Right-terminating legal facts, facilitated by the appropriate mechanism of right termination, ensure the agreed-upon consequences in the form of the right stop.

In binding legal relations, key right-terminating legal facts include alienation, the merging of debtor and creditor into a single entity, termination of obligations through mutual agreement, proper fulfilment of civil obligations, offsetting of counter uniform claims, payoff transfer, debt forgiveness, expiration of terms and conditions of a contract, among others.

The emergence of a defect in legal facts during the exercise of rights renders it impossible for participants to achieve the intended purpose of legal regulation in civil property relations. The defective nature of legal points at this stage transforms the model of legal regulation within civil legal concerns, shifting from the location of exercising rights to the set of right termination in civil property relations.

At the stage of right termination, the compensatory effect of the mechanism becomes evident. This involves compensating for the inability to rectify the defect in legal facts hindering the achievement of the intended purpose during the exercise of rights.

Compensatory right-terminating legal phenomena in this phase encompass instances such as the demise of an individual, cessation of obligations upon the request of one of the parties, innovative arrangements, the incapacity to fulfill civil obligations, and similar occurrences.

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