

## SIGNS OF MUTUAL DIFFERENCES OF THE TRANSACTION AND CONTRACT

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### Annotation:

This article provides a clear and comprehensive explanation of commodities and contracts, their different aspects, legal characteristics and forms, as well as clearly defining and distinguishing objects that are subject to contractual relations.

**Keywords:** commodities, contracts, agreement, transactions, distributorship agreements, tolling, consignment, logistics, futures contracts, single, bilateral, and multilateral contracts, real and consensual contracts, objects structured based on equal and unequal rights.

It is known that commodities arise as a result of actions aimed at establishing, modifying, and terminating civil rights and obligations between individuals. The legal status of commodities is considered one of the fundamental institutions of civil law, alongside personal rights and, in some cases, the basic institutes of property law. However, the place of this institution is not fixed and depends largely on the emergence of civil-legal relations. Each commodity is closely related to the will and intention of individuals, and it is expressed in a specific form. Commodity creators are subjects of civil law, and their ability to create this commodity freely, as well as the legal consequences of this ability, are reflected in a certain form. Commodities are evaluated based on the presence of the subject's ability to create this commodity, the legal consequences of this ability, and the expression of this ability in a specific form.

According to Article 101 of the Civil Code of the Republic of Uzbekistan, commodities refer to actions by citizens and legal entities that establish, modify, and terminate civil rights and obligations<sup>1</sup>.

There are certain differences between a commodity and a contract. In the definition provided in Article 101 of the Civil Code, a commodity is identified as consisting of the actions of the commodity's creators. On the other hand, a contract arises as a result of the agreement between two or more parties, primarily based on Article 353 of the Civil Code. Therefore, one of the differences between a contract and a commodity is that if a commodity emerges from an action, the contract also requires the agreement of two or more individuals.

A commodity results in specific legal consequences, leading to the realization of legal effects and differs from other legal facts. As a result, a commodity can be referred to as a "manifestation of will." Indeed, state bodies and self-governing bodies accept documents that produce legal consequences and outcomes. However, these documents do not necessarily include the absolute power of will of the participating parties, and they are not subject to general rules regarding commodities.

According to M.V. Krotov, the content of a commodity is determined by the following characteristics:

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<sup>1</sup> Civil Code of the Republic of Uzbekistan. (With amendments and additions until March 1, 2021). National database of legislative acts of the Republic of Uzbekistan [www.lex.uz](http://www.lex.uz) (official source). Tashkent " legal literature publish" 2021. <https://lex.uz/docs/111189>

- *A commodity is a document that expresses the will of the buyer and seller;*
- *A commodity comes into effect as a result of a real action;*
- *A commodity is related to the rights and obligations of the parties and is intended for the establishment, modification, or termination of legal relationships.*
- *The implementation of the Law on State Registration ensures the enforcement of legal relations related to civil rights in the field of registration.*

Civil rights regarding entities are defined based on specific criteria in the field of corporate law. For example, depending on the manifestation of ownership, division into single or multiple-party entities, the existence or non-existence of separate execution, equal and individual entities established with regard to a specific period are classified as consensual and real entities. For us, the most important aspect is the classification of entities based on the manifestation of ownership, which reveals significant differences between entities and contracts. This difference is not in the general sense, but rather, the contract itself is a type of entity. However, through this classification, the distinctive features of the contract compared to other types of entities become evident.

The existence of entities represents the manifestation of the will and intention of individuals, while in contracts, rights and obligations are manifested. An entity can exist with the agreement of one party, whereas in a contract, the agreement of one party is not sufficient; it requires mutual consent.

Scientific and technological progress also leads to the emergence of new types of contractual relations. For example, in addition to the Commercial Code, new contracts related to concession, product distribution, are considered. New regulations regarding contract formation in exchanges have emerged through electronic means. However, it cannot be said that all types of contractual relations, which are currently available in our country, have been sufficiently regulated by the legislation. For example, in terms of business cooperation, partnership activities, distribution agreements, certain types of licensing agreements, tolling, consignment, logistics, and the legal foundations of futures contracts are not well established in our country's legislation. However, we do not have any specific mechanisms for the formation and implementation of such contracts.

Parties have the right to protect their rights regarding contracts that are not considered in the legislation by appealing to the courts. Cases arising from this are generally resolved in a general manner. At the same time, it should be noted that the right to form contracts that are not considered in the legislation is not an absolute restriction, but rather, it has a certain scope.

The rules regarding the two or more-party entities specified in Article 9 of the Civil Code are applied to regulate contracts (the second part of Article 353 of the Civil Code). This norm establishes the relationship between the contract and the entity. According to this ratio, any entity is a contract, but not every contract is an entity, as emphasized by the ancient Roman jurists. The scope of entities is broader compared to contracts. One-party entities are never considered contracts. At the same time, if two or more parties have common will in one direction and are not directed to a specific object (for example, a husband and wife will), it is considered a contract. An entity is an action. If the actions of several subjects occur within a specific period (excluding conflicts) and create a mutual legal effect, it takes the form of a contract. The recognition of many norms regarding multi-party entities does not require the mechanical repetition of norms regarding contracts. Indeed, some authors emphasize the specific differences between the entity and the contract. For example, according to B. Puchinsky, the role and function of the contract are understood in relation to a specific entity, not just determining rights and

obligations, but rather considering specific actions agreed upon by the parties, determining the purpose of the contract, and setting the legal requirements for the parties' actions.

There are differences between entities and contracts, but these differences are related to general and specific categories, in conclusion. For example, the provision of the Civil Code (the second part of Article 353) on the application of norms regarding contracts to multi-party entities is of great importance.

Any legal document related to individuals is aimed at establishing specific legal consequences. The powers granted in the document are utilized to fulfill the financial and social needs of citizens and organizations.

Considering the connection between individuals and the powers associated with them, actions expressed through their will need to be disclosed or communicated to other parties. As a result of the creation of a legal document, the individuals responsible for its creation, apart from expressing their powers, also need to take certain actions. These actions may include performing a specified task, providing a service, transferring a particular property, or paying a specific amount of money.

According to the opinion of I.B. Zokirov, a legal document has three meanings:

Legal fact.

Legal relationship based on material or non-material benefits.

It is used in the sense of mutual agreement between individuals (citizens and organizations).

The following conditions are important for legal documents:

- a) The person creating the document is considered the subject of citizenship rights.
- b) The specific document is created by a particular person who possesses the power to create it and this power leads to certain legal consequences.
- c) The person's power is regarded as a specific legal fact, which means it must be externally expressed, in a specified form.

During the process of drafting a document, various aspects of a document are taken into account. This includes the manifestation of powers, their implementation, the designated period, and other factors. It is also possible for the specific characteristics of a particular document to have unique aspects. For example, a lease agreement is considered a bilateral document that reveals the consensual nature and is structured in accordance with the principle of equality. In cases where the legal provisions of a lease agreement are specified, attention is paid to the manifestation of the parties' powers, the existence of mutual execution, and adherence to the legal validity period of the document.<sup>2</sup>

Every day, various types of contracts are formed between participants in civil relations. And in the case of entering into contractual relationships, it is important to achieve the desired legal consequences. However, there is a risk of failure to achieve the desired outcome, especially if the contract formed between the parties is not legally valid.

The criteria for considering a formed contract as not legally valid are regulated by law. They include:

- ✓ Non-compliance with the form prescribed by law.
- ✓ Incompatibility of the content with the requirements of the law.
- ✓ Inability of physical and legal persons participating in the contract to perform their obligations.
- ✓ Inconsistency between the desires and intentions of the contracting parties.

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<sup>2</sup> <https://www.rishton.uz/site/view/news/852>

For example, a contract for the provision of office supplies between legal entities has been formed. After the prepayment, the supplier fulfilled their obligations by delivering the ordered goods to the buyer's address. However, during the document verification process, it was found that the supplier did not have the required license to carry out the commercial activity.

This is an example of a contract that is considered not legally valid. According to Article 125 of the Civil Code, a contract concluded by a legal entity that does not have a license for its established or specified activity, contrary to its statutory goals, is deemed not legally valid.

The non-legally valid nature of a contract can also be determined by a court ruling upon the claim of the establishment (participant) or the authorized state body, in cases where a legal entity has engaged in its established or specified activity without a license.

The specified type of contract is subject to annulment, which means it can be deemed not legally valid only by a court decision. The law grants the right to initiate the annulment of the contract that is considered not legally valid to the legal entity (participant) or state bodies. This legal mechanism serves to protect the interests of the parties involved in contracts with individuals or entities that carry out activities requiring licensing.

Thus, both the claim of the organization itself or its participant and the application of the licensing authority serve as grounds for considering the contract formed between the parties as not legally valid. This procedure first involves licensing the type of activity carried out by individuals who carry out activities related to contracts, and it serves as a mechanism to protect the interests of the contracting parties. Therefore, a contract formed between a company and its participant or its licensing authority based on their application is considered not legally valid by the economic court.

### **What does this agreement entail for the parties involved?**

According to general rules, such an agreement does not result in any consequences for the parties involved unless the actions specified in the agreement (such as the transfer of money or delivery of goods) have been carried out. Until the agreement is formally established, parties may return to the initial state. The agreement informs the buyer of the necessity to return the purchased goods to the seller (compensation is provided in the form of the value of the goods in the equivalent amount of money) and notifies the seller of the obligation to return the funds received for the goods.

### **Is it against the law?**

Based on Article 116 of the Civil Code of the Republic of Uzbekistan, the content that does not meet the requirements of legal documents cannot be considered a valid agreement. It emphasizes the importance of familiarizing oneself with the legal norms that establish the relevant order of contractual relations for the parties involved in the agreement since the law specifies certain types of agreements that are not considered valid agreements and introduces certain conditions regarding them.

Some examples of such conditions preserved in the Civil Code include:

A provision that states the power of a representative to bequeath property to themselves is not considered valid;

A provision that terminates the right of a borrower or the representative of the borrower to turn to the borrower's guarantor for compensation when the expired portion of an obligation secured by a guarantor has been fulfilled is not considered valid;

A provision in a contract between a lender and a borrower that determines the lender's rights in relation to the rights established by legal documents is not considered valid;

A provision that promises to deliver a specific item without specifying its exact characteristics and leaves the decision to deliver the item to the discretion of the person delivering it after the death of the promisor or after the death of the person who is supposed to receive the item is not considered valid;

Provisions that deal with the security of illegal benefits are also considered not valid.

As an example, it is possible to conclude agreements concerning regulated objects, such as weapons, controlled substances, precursor chemicals, psychotropic substances, and so on.

*If, by chance, goods that have been banned from sale are being sold in a legally permitted manner, then:*

*Firstly, the mentioned goods are considered not valid;*

*Secondly, such sold items and substances are confiscated;*

*And thirdly, sellers are held responsible in accordance with the law for their illegal activities<sup>3</sup>.*

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<sup>3</sup> [https://www.norma.uz/uz/bizning\\_sharhlar/haqiqiy\\_emas\\_bitim\\_sabablari\\_va\\_oqibatleri](https://www.norma.uz/uz/bizning_sharhlar/haqiqiy_emas_bitim_sabablari_va_oqibatleri)