

# Supply Management Terms of the Month

## Contractual term

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From Wikipedia, the free encyclopedia

A **contractual term** is "Any provision forming part of a contract".<sup>[1]</sup> Each term gives rise to a [contractual obligation](#), [breach](#) of which can give rise to [litigation](#). Not all terms are stated expressly and some terms carry less legal gravity as they are peripheral to the objectives of the contract.

### Classification of term

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#### Condition or Warranty

Conditions are terms that go to the very root of a contract. Breach of these terms gives the right to [repudiate](#) the contract, allowing the other party to discharge the contract. A warranty<sup>[2]</sup> is less imperative than a condition, so the contract will survive a breach. Breach of either a condition or a warranty will give rise to [damages](#).

### Enforceability

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In general, parties can only sue for enforcement of valid contractual terms as opposed to representations or mere puffs.

#### Statements

Only certain statements create contractual obligations. Statements can be split into the following types:

- **Puff (sales talk):** If no [reasonable person](#) hearing this statement would take it seriously, it is a puff, and no action in contract is available if the statement proves to be wrong. It may also be referred to as "puffery". This is common in [television commercials](#).
- **Representation:** A representation is a statement of fact which does not amount to a term of the contract but it is one that the maker of the statement does not guarantee its truth. This gives rise to no contractual obligation but may amount to a [tort](#), for example [misrepresentation](#).
- **Term:** A term is similar to a representation, but the truth of the statement is guaranteed by the person who made the statement therefore giving rise to a contractual obligation.