

(No. 5)

EMERGENCY REGULATIONS (EXTENSION OF RESERVE
SERVICE AGE) (EXTENSION OF VALIDITY) LAW, 5731-1970*

1. The validity of the Emergency Regulations (Extension of Reserve Service Age), 5730-1970¹, is hereby extended until the 13th Tevet, 5732 (31st December, 1971). Extension of validity.
2. This Law shall come into force on the 3rd Tevet, 5731 (31st December 1970). Commencement.

GOLDA MEIR
Prime Minister

MOSHE DAYAN
Minister of Defence

SHNEUR ZALMAN SHAZAR
President of the State

(No. 6)

CONTRACTS (REMEDIES FOR BREACH OF CONTRACT)
LAW, 5731-1970**

CHAPTER ONE : GENERAL PROVISIONS

1. (a) In this Law —
- “breach” means an act or omission in contravention of a contract; Definitions.
- “injured party” means a person entitled to performance of a contract which has been broken;
- “enforcement” means enforcement by an order for the discharge of a monetary obligation or some other mandatory order or by a restraining order, and includes enforcement by an order for the repair or removal of the consequences of the breach;
- “damage” includes prevention of profit.
- (b) Every reference in this Law to the breach of a contract shall be taken to include a breach of any of its obligations.

* Passed by the Knesset on the 9th Kislev, 5731 (7th December, 1970) and published in *Sefer Ha-Chukkim* No. 609 of the 19th Kislev, 5731 (17th December, 1970) p. 13; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 908 of 5731, p. 24.

1) *Kovetz Ha-Takkanot* of 5730, p. 444; *Sefer Ha-Chukkim* of 5730, p. 14 — *LSI* vol. XXIV, p. 11.

** Passed by the Knesset on the 17th Kislev, 5731 (15th December, 1970) and published in *Sefer Ha-Chukkim* No. 610 of the 26th Kislev, 5731 (24th December 1970), p. 16; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 857 of 5729, p. 396.

Remedies of injured party.

2. Where a contract has been broken, the injured party is entitled to claim its enforcement or to rescind the contract, and in addition to or in lieu of one of the said remedies he is entitled to compensation, all as provided in this Law.

CHAPTER TWO : REMEDIES

ARTICLE ONE : ENFORCEMENT OF CONTRACT

Right of enforcement.

3. The injured party is entitled to enforcement of the contract unless one of the following obtains :

- (1) the contract is impossible of performance;
- (2) enforcement of the contract consists in compelling the doing or acceptance of personal work or a personal service;
- (3) implementation of the enforcement order requires an unreasonable amount of supervision on behalf of a court or an execution office;
- (4) enforcement of the contract in the circumstances of the case is unjust.

Conditions of enforcement.

4. The Court may make enforcement of the contract conditional upon fulfilment of the obligations of the injured party or upon assurance of their fulfilment or upon other conditions necessarily resulting from the contract in the circumstances of the case.

Enforcement in the case of transaction requiring registration.

5. Where an enforcement order is made in respect of an obligation to transfer the ownership of or a right in property and the transfer requires registration in a register kept under any enactment, the registration shall be made by virtue of the enforcement order and in accordance with its provisions as if it were made on the application of the parties.

ARTICLE TWO : RESCISSION OF CONTRACT

Definition.

6. For the purposes of this article, "fundamental breach" means a breach as to which it may be assumed that a reasonable person would not have entered into the contract had he foreseen the breach and its consequences, or a breach as to which it has been agreed in the contract that it shall be regarded as fundamental; a sweeping stipulation in a contract making breaches fundamental without differentiating between them is invalid unless it was reasonable at the time the contract was made.

Right to rescind.

7. (a) The injured party is entitled to rescind the contract if the breach thereof is fundamental.

(b) Where the breach of the contract is not fundamental, the injured party may rescind the contract if he has first given the person in breach an extension of time for its performance and the contract has not been performed within a reasonable time after the giving of

extension, unless in the circumstances of the case rescission of the contract is unjust; the plea that rescission of the contract is unjust shall not be heard unless the person in breach opposes the rescission within a reasonable time after notice of rescission is given.

(c) Where the contract is severable into parts and one of the parts has been broken in a manner giving cause for rescission of that part, the injured party is only entitled to rescind the part which has been broken; if the breach constitutes also a fundamental breach of the whole contract, the injured party is entitled to rescind the part which has been broken or the whole contract.

8. Rescission of the contract shall be by notice by the injured party, within a reasonable time after he learnt of the breach, to the person in breach; however, in the case referred to in section 7(b) and in every other case in which the injured party has given an extension of time for performance of the contract, notice of rescission shall be given within a reasonable time after the extension of time has expired.

Rescission procedure.

9. (a) Where the contract is rescinded, the person in breach shall restore to the injured party what he has received thereunder, or, if restitution is impossible or unreasonable or the injured party so chooses, shall pay him the value thereof; and the injured party shall restore to the person in breach what he has received under the contract, or, if restitution is impossible or unreasonable or the injured party so chooses, shall pay him the value thereof.

Restitution after rescission.

(b) Where part of the contract is rescinded, the provisions of subsection (a) shall apply to what the parties have received under that part.

ARTICLE THREE : COMPENSATION

10. The injured party is entitled to compensation for the damage caused to him by the breach and its consequences and which the person in breach foresaw or should have foreseen, at the time the contract was made, as a probable consequence of the breach.

Right to compensation.

11. (a) Where an obligation to supply or receive any property or service has been broken and the contract is rescinded by reason of the breach, the injured party shall, without proof of damage, be entitled to compensation in the amount of the difference between the consideration for the property or service under the contract and its value on the date of rescission of the contract.

Compensation without proof of damage.

(b) Where an obligation to pay a sum of money has been broken, the injured party shall, without proof of damage, be entitled to compensation in the amount of the interest on the sum in arrears from the date of the breach to the date of payment, at the full rate under the Adjudication of Interest Law, 5721-1961¹, unless the Court has prescribed a different rate.

1) *Sefer Ha-Chukkim* of 5721, p. 192; *LSI* vol. XV, p. 214.

- Saving of right.** 12. The provisions of section 11 shall not derogate from the right of the injured party to compensation for damage proved under section 10; however, if the consideration in respect of the obligation that has been broken was unreasonable, or if there was no consideration at all, the Court may reduce the compensation to the amount indicated in section 11.
- Compensation for non-pecuniary damage.** 13. Where the breach of contract has caused other than pecuniary damage, the Court may award compensation for that damage at the rate it deems appropriate in the circumstances of the case.
- Reduction of damage.** 14. (a) The person in breach shall not be liable to pay compensation under sections 10, 12 and 13 for damage which the injured party could have prevented or reduced by reasonable measures.
 (b) Where the injured party has incurred reasonable expenses or contracted reasonable liabilities for the prevention or reduction of damage, the person in breach shall indemnify him therefor, whether or not the damage was in fact prevented or reduced; if the expenses or liabilities were unreasonable, the person in breach shall indemnify the injured party to the extent reasonable in the circumstances of the case.
- Agreed compensation.** 15. (a) Where the parties have agreed in advance on the rate of compensation (such compensation hereinafter referred to as "agreed compensation"), compensation shall be as agreed, without proof of damage; however, the Court may reduce the compensation if it finds that it was fixed without any reasonable relation to the damage which could be foreseen, at the time the contract was made, as a probable consequence of the breach.
 (b) An agreement as to agreed compensation shall not by itself derogate from the right of the injured party to claim compensation under sections 10 to 14 in lieu thereof or from any other remedy for breach of contract.
 (c) For the purposes of this article, sums which the person in breach paid to the injured party before the breach and which the parties agreed in advance should be forfeited to the injured party are deemed to be agreed compensation.
- Compensation and insurance.** 16. In fixing the amount of compensation, no sum which by reason of the breach of contract the injured party has received or is entitled to receive under a contract of insurance shall be taken into account.

CHAPTER THREE : MISCELLANEOUS

- Anticipatory breach.** 17. Where a party to the contract indicates his intention not to perform it or where it appears from the circumstances that he will be unable or unwilling to perform it, the other party is entitled to the remedies under this Law even before the time fixed for performance of the contract; but the Court shall not, in making an enforcement order, direct that an obligation shall be carried out before the time fixed for its performance.

18. (a) Where the breach of contract is the result of circumstances which at the time of making the contract the person in breach did not know of or foresee and need not have known of or foreseen, and which he could not have avoided, and performance of the contract under these circumstances is impossible or fundamentally different from what was agreed between the parties, the breach shall not give cause for enforcement of the contract or for compensation.

Exemption by reason of constraint or frustration of contract.

(b) In the cases referred to in subsection (a), the Court may, whether or not the contract has been rescinded, require each party to restore to the other party what he has received under the contract or, at his choice as provided in section 9, to pay him the value thereof, and require the person in breach to indemnify the injured party for expenses reasonably incurred and liabilities reasonably contracted by him for the performance of the contract, all if and in so far as the Court deems it just to do so in the circumstances of the case.

19. Where in consequence of the contract the injured party has received any property of the person in breach which he must return, the injured party shall have a lien on such property to the extent of the sums due to him from the person in breach in consequence of the breach.

Lien.

20. Mutual debts of the parties under this Law may be set off.

Set-off.

21. (a) Notice under this Law shall be given in the manner determined by the parties, and in the absence of such a determination, by registered post or in some other manner customary in the circumstances of the case.

Provisions as to notice.

(b) An injured party who has given notice as provided in subsection (a) and who has reason to believe that the notice reached its destination in time may rely on it even if its arrival was delayed or it has not arrived at all.

22. (a) This Law shall not derogate from the power of the Court to grant a declaratory judgment, a mandatory or restraining order (whether provisional or permanent), an interim decision or any other relief.

Saving of laws.

(b) The provisions of this Law shall apply where no Law regulating labour relations or any other Law contains special provisions for the matter in question.

23. Articles 106 to 111 of the Ottoman Code of Civil Procedure of the 2nd Rejeb, 1296 (21st June, 1879) are hereby repealed.

Repeal.

24. In matters dealt with by this Law, article 46 of the Palestine Order in Council, 1922-1947¹, shall not apply.

Autarky of Law.

1) *Laws of Palestine*, vol. III, p. 2569 (English Edition).

Commencement
and transitional
provisions.

25. This Law shall come into force on the 1st Nisan, 5731 (27th March, 1971); contracts made before the coming into force of this Law shall continue to be governed by the previous law.

GOLDA MEIR
Prime Minister

YAACOV S. SHAPIRO
Acting Minister of Finance

SHNEUR ZALMAN SHAZAR
President of the State

(No. 7)

STANDARDS (AMENDMENT No. 2) LAW, 5731-1970*

Amendment of
section 1.

1. In section 1 of the Standards Law, 5713-1953¹ (hereinafter referred to as "the principal Law"), the definition of "specification" shall be replaced by the following definition :

"specification" means a description of the properties of a commodity, including all or any of the following particulars :

destination, action, purpose, process of production, installation, operation, modes of use; quality and modes of preservation thereof; quantity, dimensions and modes of measurement thereof; modes of testing, storage, maintenance and transportation; origin, appellation, marking and packing, and such other particulars of the commodity or the parts or materials of which it consists as the institute may require;"

Replacement of
section 2.

2. Section 2 of the principal Law shall be replaced by the following section :

"The Standards Institute — a body corporate and an inspected body. 2. The Israel Standards Institute (hereinafter referred to as "the Institute") is a body corporate competent in respect of any right, obligation and legal act and is subject to inspection by the State Comptroller."

Addition of
section 2A.

3. The following section shall be inserted after section 2 of the principal Law :

"Objects of Institute. 2A. The object of the Institute is standardisation and the assurance, either by prescribing standards or otherwise, of an appropriate level of the quality of commodities; and it may, *inter alia*, carry out research on and

* Passed by the Knesset on the 23rd Kislev, 5731 (21st December, 1970) and published in *Sefer Ha-Chukkim* No. 611 of the 2nd Tevet, 5731 (30th December, 1970), p. 22; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 878 of 5730, p. 113.

1) *Sefer Ha-Chukkim* of 5713, p. 30 — *LSI* vol. VII, p. 24; *Sefer Ha-Chukkim* of 5718, p. 2 — *LSI* vol. XII, p. 3.