This chapter examines the impact of a contract on third parties. It addresses two main questions: whether or not a third party can acquire any rights under the contract, and whether or not the contract can impose upon him obligations or liabilities. The general rule adopted by English law is that the contract creates rights and imposes obligations only between the parties to the contract: the third party thus neither acquires rights under the contract nor is he subject to liabilities. This general rule is known as the doctrine of privity of contract. The Contracts (Rights of Third Parties) Act 1999, however, provides a relatively simple mechanism by which contracting parties can confer upon a third party a right to enforce a term of their contract. The dominant philosophy that underpins the 1999 Act is one of freedom of contract and, this being the case, the success of the Act in practice will depend upon contracting parties themselves. The chapter examines the individual sections of the 1999 Act, the exceptions to the doctrine of privity that existed at common law and under various statutes prior to the enactment of the 1999 Act.
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The chapter concludes by considering the extent to which a third party can be subject to an obligation by a contract to which he is not a party.

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