

BUSINESS LAW

Contracts for the international sale of goods I

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Contracts in the law of international business transactions

- (1) independent contracts (like contracts for the international sale of goods)
- (2) accessory contracts
 - (i) contracts related to the marketing of goods
 - (ii) contracts related to transport of goods
 - (iii) contracts related to international payments

United Nations Convention on Contracts for the International Sale of Goods (CISG)

- international treaty which contains universally applicable substantive law
- deals with two issues:
 - (1) formation of the sale contract
 - (2) rights and obligations of the parties
- for other issues conflict of law rules of the forum

CISG – material scope

- **material scope** reflects that the contract is about sale of goods
- negative definition
- excluded because of the nature of the transaction:
 - goods bought for personal, household use
 - goods bought on auction
 - goods bought on execution
- excluded because of the nature of the object of the transaction:
 - negotiable instruments, stocks, shares, money
 - ships, aircrafts
 - electricity
- all other movables fall under the material scope of the Convention

CISG – personal, territorial scope

- **personal scope** reflects that it is about international sale of goods, between parties whose places of business are in different countries
- **territorial scope** means that
 - (1) either their places of business are in contracting states or
 - (2) rules of private international law lead to the application of the law of a contracting state

CISG - interpretation

- parties are free to **exclude** the application of the Convention (art. 6)
- **interpretation of the Convention** (art. 7)
 - (1) the international character of the Convention,
 - (2) the need to promote uniformity in its application, and
 - (3) the principle of good faith.
- **interpretation of the statements of the parties** (art. 8)
 - (1) subjective approach: statements should be interpreted based on the intent of the party making the statement, but only where the other party knew or could not have been unaware of the speaker's intent.
 - (2) objective approach: statements made by a party are to be interpreted according to the understanding that a reasonable person of the same kind as the other party would have had in the same circumstances

CISG – written usages

- written usages if the parties did not exclude them expressly, they are applicable to their contract
- conditions for this:
 - (1) the parties knew or ought to have known about these usages,
 - (2) they are widely known in international trade, and
 - (3) regularly observed in the particular trade concerned

CISG – formation of the contract

- the contract is concluded with the acceptance of the offer
- valid offer:
 - (1) addressed to one or more specific persons,
 - (2) with the intention to conclude the contract, and
 - (3) sufficiently definite (goods, quantity, price)
- acceptance of an offer can be express statement or performance of an act
- silence or inactivity is not acceptance
- substantial alteration of the offer is considered a counter-offer
- contract is concluded when the acceptance reaches the offeror
- no formal requirement

Thank you!



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