

Case scenario

- **Seller: Shenzhen TechParts Ltd.** (Chinese company)
- **Buyer: Maple Leaf Electronics Inc.** (Canadian company)

Background:

Shenzhen TechParts Ltd., a reputable manufacturer of electronic components in China, entered into a contract with Maple Leaf Electronics Inc., a Canadian electronics retailer, to supply 5,000 units of high-end graphic processing units (GPUs). The total contract value is **USD 1,000,000**.

Contract Details:

- **Date of Agreement:** January 15, 2023
- **Payment Terms:** 30% upfront payment (USD 300,000) and 70% (USD 700,000) upon delivery.
- **Delivery Terms:** **FOB Shenzhen Port** (Incoterms 2020)
- **Delivery Date:** March 15, 2023
- **Governing Law:** United Nations Convention on Contracts for the International Sale of Goods (CISG)
- **Dispute Resolution:** Arbitration under the Hong Kong International Arbitration Centre (HKIAC) rules. (this case can't submitted to the court because there is an arbitration clause unless the parties agreed on ignoring the arbitration clause)

Sequence of Events:

1. **January 20, 2023:** Maple Leaf Electronics Inc. pays the 30% upfront payment.
2. **March 10, 2023:** Shenzhen TechParts Ltd. completes production and ships the goods, providing all shipping documents to the buyer.
3. **March 25, 2023:** Goods arrive at the Port of Vancouver.
4. **March 26, 2023:** Maple Leaf Electronics Inc. claims that the GPUs do not meet the agreed specifications and refuses to pay the remaining 70%.
5. **March 27, 2023 - April 10, 2023:** Multiple communications occur between both parties without resolution.
6. **April 15, 2023:** The goods remain unclaimed at the port, incurring storage fees.
7. **April 20, 2023:** Shenzhen TechParts Ltd. decides to pursue legal action to recover the outstanding payment and associated damages.

1. Company and Contact Information

- **Full Legal Name and Registration:**
 - What is your company's full legal name and registration details?
- **Primary Contacts:**
 - Who are the key personnel involved in this transaction (names, titles, contact information)?
- **Legal Representation:**
 - Have you engaged legal counsel? If so, provide their contact information.

2. Details of the Buyer

- **Company Information:**
 - What is the full legal name of the Canadian buyer?
- **Contact Persons:**
 - Who are your points of contact at Maple Leaf Electronics Inc.?

3. Background of the Business Relationship

- **Prior Dealings:**
 - Have you conducted business with the buyer before this transaction?
 - Were there any previous issues or disputes?

4. Contractual Agreements

- **Contract Documentation:**
 - Provide a copy of the signed contract and any amendments.
- **Key Terms:**
 - Payment terms, delivery terms, product specifications, governing law, and dispute resolution clauses.
- **Negotiation Records:**
 - Any emails or documents related to contract negotiations.

5- how did the buyer place the order for GPUs specification?

- Did maple leaf sent you a sample?
- Did maple leaf required the specification in written documents?
- Did maple leaf set out specific certifications for the order?

Dis the order were OEM or ODM order?

6. Product Specifications and Compliance

- **Product Details:**
 - Describe the GPUs, including model numbers and technical specifications.
- **Quality Assurance:**
 - What quality control measures were in place?
 - Do you have inspection reports or compliance certificates?
- **Compliance with Specifications:**
 - How do you ensure the products meet the buyer's specifications?

7. Manufacturing and Quality Control

- **Production Timeline:**
 - When was production started and completed?
- **Quality Checks:**
 - Details of any in-house or third-party inspections conducted.
 - Please name the inspector or inspection company?
 - Did that inspection company was introduce by the buyer?

8. Shipping and Delivery Details

- **Shipment Information:**
 - Copies of Bills of Loading, packing lists, and shipping documents.
- **Shipping Dates:**
 - Confirm the date of shipment and expected arrival date.
- **Incoterms Confirmation:**
 - Verify that FOB Shenzhen Port was the agreed-upon term.

9. Payment Transactions

- **Initial Payment:**
 - Confirmation and records of the 30% upfront payment received.
- **Outstanding Balance:**
 - Invoices and payment requests for the remaining 70%.

- **Payment Communications:**
 - Copies of payment reminders or demands sent to the buyer.

Communications with the Buyer

- **Correspondence Records:**
 - All emails, letters, and messages exchanged, especially regarding the alleged defects.
- **Buyer's Complaints:**
 - Specific details of the buyer's claims about non-conformity.
- **Your Responses:**
 - How have you addressed their concerns?
- **Meeting Notes:**
 - Summaries of any phone calls or meetings held.

10. Issues Leading to the Dispute

- **Timeline of Dispute:**
 - **When did the buyer first notify you of the alleged defects?**
 - **Did the buyer requested any finished product before shipment of the goods?**
- **Nature of Defects Claimed:**
 - What exact specifications does the buyer claim were not met?
 - Is that issue is something that can easily modify or it requires completely change of the productions?
- **Evidence Provided by Buyer:**
 - Has the buyer provided any proof of the defects?
- **Your Position:**
 - Do you dispute their claims? On what basis?

11. Attempts at Resolution

- **Negotiation Efforts:**
 - Details of any proposals or concessions offered to resolve the issue.
- **Third-Party Mediation:**
 - Have you suggested involving a neutral third party for inspection?

- **Buyer's Responses:**

- How has the buyer responded to your attempts?

12. Legal and Contractual Considerations

How did u draft the contract?

Did you use the ready template or drafted by a professional lawyer?

- **Dispute Resolution Clause:**

- Confirm the arbitration agreement under HKIAC rules.

- **Governing Law:**

- Verify that CISG governs the contract.

- **Awareness of Legal Obligations:**

- Are you aware of the procedures to initiate arbitration?

13. Evidence and Supporting Documents

- **Quality Assurance Documentation:**

- Inspection certificates, testing reports, and compliance documentation.

- **Shipping Documents:**

- Proof of timely and proper shipment.

- **Customs and Port Documents:**

- Any notices or documents from the Port of Vancouver regarding the unclaimed goods.

14. Financial Impact Assessment

- **Outstanding Amount:**

- Confirmation of the USD 700,000 due.

- **Additional Costs Incurred:**

- Storage fees at the port, potential costs of returning goods, legal fees.

- **Impact on Business:**

- Any loss of business opportunities or reputational damage.

15. Legal Actions Considered

- **Previous Legal Advice:**

- Have you consulted with a lawyer about your options?

- **Intended Actions:**

- Are you planning to initiate arbitration, litigation, or seek a settlement?
- **Urgency:**
 - Are there any time-sensitive issues (e.g., perishable goods, statute of limitations)?

16. Desired Outcome (very Important)

- **Primary Objectives:**
 - Full payment, return of goods, compensation for damages, termination of the contract.
- **Willingness to Compromise:**
 - Are you open to alternative solutions, such as discounts or extended payment terms?

17. Additional Information

- **Third-Party Involvement:**
 - Were any agents or brokers involved in facilitating the deal?
- **Insurance Coverage:**
 - Do you have insurance that might cover losses in this situation?
- **Regulatory Compliance:**
 - Confirmation that all export regulations and customs requirements were met.

18. Potential Risks and Concerns

- **Enforcement Challenges:**
 - Concerns about enforcing an arbitration award in Canada.
- **Counterclaims:**
 - Possibility of the buyer filing counterclaims against you.
- **Reputational Impact:**
 - Potential effects on your company's reputation in the international market.