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CISG – Reservation

RELATIONSHIP BETWEEN CISG AND OLDER INTERNATIONAL AGREEMENTS.

CISG art. 90 → Older international agreements about issues governed in the CISG = prevail over CISG.

• Often the CISG and other agreements will work in tandem.

WHAT RESERVATIONS?

CISG art. 92 → Reservation not to be bound by CISG part 2 and 3 – Must be done before ratification

Even though 92-declaration, the CISG might apply when PIL says so, cf. CISG art. 1(1)(b).

<u>CISG art. 93 → Reservation if more than one territorial unit</u> – can declare that only parts of a state's territory is bound by the CISG – must be done before ratification.

<u>CISG art. 94</u> → <u>Reservation if similar or same legal rules as each other</u> – can declare that a contracting state will use the legal rules that looks the same as the other party's rules – can be done any time.

CISG art. 95 \rightarrow Reservation not to be bound by art. 1(1)(b) – must be done before ratification.

• Use of conflict-of-law rules to determine what law to use.

<u>CISG art. 96</u> → <u>Reservation about writing form</u> – can declare, at any time, that all contracts of sales must be in writing → reservation from art. 11 (freedom of form).

• In conjunction with art. 12 (states that freedom of form doesn't apply if art. 96-reservation.

WITHDRAWAL FROM RESERVATIONS?

<u>CISG art. 97(4)</u> → <u>Reservation can be withdrawn, at any time, with a formal notification</u> – Must be done before ratification

LIMITATION OF RESERVATION

CISG art. 98 → Reservation can only be made if expressly authorized in the CISG

CISG - Obligations of the of the Seller - article 30-44

<u>CISG art. 30 → Sellers main obligation</u> – Seller must deliver the goods or relevant document OR transfer the property in the goods as required by the contract or the CISG.

PLACE OF DELIVERY

CISG art. 31 → No place of delivery stated by the contract, party practice and trade usage:

- Carriage of goods → When handed over to the first carrier for transmission to the buyer
- Specie-sale, no delivery and placed somewhere the buyer knew about → When ready for buyer
- Other situations → When goods are available for the buyer at Sellers place of business.

CISG art. 32 → Identification and preparation of the goods for delivery:

- Goods must be specified,
- if carriage is required of the seller = S must provide what's necessary for this,
- if S is not required to insure the goods = must provide B with the relevant information to insure.

TIME OF DELIVERY

CISG art. 33 → **S must deliver the goods:** at the time or within the time-period stated in the contract.

• If not fixed time of delivery = within a reasonable time.

THIRD-PARTY CLAIMS

<u>CISG art. 41-43</u> → S must deliver free of third party claims – Unless the buyer accepts the third-part rights.

- If seller sells without accept = Seller liable to the third party for claims against the buyer.
- Must happen after domestic law = CISG doesn't govern this area.
- If the buyer knows about a third party claim but doesn't tell the seller = art. 41-42 doesn't apply.

CISG - General about breach and remedies

WHEN BREACH?

The parties are in breach of the contract, when they don't fulfil their obligations.

WHAT REMEDIES?

- Specific relief perform obligations (most natural remedy)
- Substitutionary relief compensation for the loss suffered
- Avoidance avoid the contract

DOMESTIC SALES LAW AS LIMITATION

<u>CISG art. 28 → No duty to give specific relief</u> – unless domestic law would have given det party specific relief = only specific relief if possible after national law.

- Important for common law countries and USA.
- If no specific relief = damage

WHICH PROVISIONS ARE RELEVANT WHEN SPEAKING ABOUT DAMAGE AND REMEDY

<u>CISG art. 25 → Fundamental breach</u> – when resulting as substantial detriment to the other party, UNLESS the breach wasn't foreseeable – may not be fixed.

- E.g. Too dangerous to use + too long delay + differ too much from the contract.
- For the buyer No pay + no letter of credit + no place of delivery + no taking of delivery.

INTEREST

CISG art. 78 → **Interest** – a party can claim interest if a breaching party doesn't fulfil obligation.

- Can still claim 74-damage
- Applies even though force majeure, cf. Art. 79.
- Must pay from the time of breach (DK don't agree)

Rate of interest – Matter governed but not settled, cf. Art. 7(2) – principle of full compensation – must commentators disagree and think to use domestic law.

CISG art. 84(1) → Buyer can claim interest from the time of return of payment from the seller