

# Contents

Preface	xix
Foreword to the First Edition	xxii
Preface to the First Edition	xxiii
Acknowledgements	xxvi
List of Figures	xxvii
Table of Statutes	xxxii
Table of Statutory Instruments	xlvi
Table of Codes	li
Table of European Treaties and Legislation	liii
Table of Conventions and Model Laws	lvii
Table of Uniform Rules, Uniform Trade Terms and Restatements	lxi
Table of Cases	lxiii

## PART ONE THE FOUNDATIONS OF COMMERCIAL LAW

1 The Nature and Sources of Commercial Law	3
1. The law merchant	3
2. The founding of English commercial law	6
3. The nature of commercial law	8
4. The interests to be protected	10
5. The principal sources of commercial law	12
6. The limitations of judicial precedent	26
7. The problem of language	28
8. The importance of certainty	30
9. The challenge of technology	32

## Contents

<b>2</b>	<b>Basic Concepts of Personal Property</b>	<b>37</b>
1.	Classification of rights	38
2.	Property and obligation	41
3.	Personal property defined	42
4.	The distinguishing characteristics of personal property	43
5.	Legal ownership	45
6.	Equitable ownership	53
7.	Possession	57
8.	Dealings in goods	61
9.	Dealings in intangibles	62
10.	Essential elements for the consensual transfer of real rights	65
11.	Conflicting claims to pure personalty	67
12.	The effect of transfers by a non-owner	73
13.	Identifying the object of a transfer obligation	75
14.	The protection of property rights through the law of torts	78
<b>3.</b>	<b>Some Aspects of Contract Law</b>	<b>81</b>
1.	The nature and function of contract law	81
2.	Contract, tort and restitution	83
3.	Promise and bargain	84
4.	Contract as a reflection of the will of the parties	90
5.	Formation and avoidance	91
6.	The classification of statements made in a contractual setting	99
7.	Ascertaining the contract terms	103
8.	Construing the contract	113
9.	Restrictions on what can be validly stipulated	119
10.	The privity rule and its consequences	131
11.	Variation and novation	134
12.	Waiver and estoppel	136
13.	Remedies for misrepresentation	138
14.	Performance of the contract	141
15.	Remedies for breach of contract	142
16.	Defences to a contract claim	166
17.	Illegality	166

18.	Impediments to performance and the doctrine of frustration	175
<b>4</b>	<b>Commercial Contracts</b>	<b>181</b>
1.	Commercial and non-commercial contracts	181
2.	Contract types and structures	182
3.	Factors influencing the choice	188
4.	Market contracts and their organization	194
5.	The legal power of the market	201
<b>5</b>	<b>Agency in Commercial Transactions</b>	<b>205</b>
1.	The concept of agency	207
2.	Sources of agency law	208
3.	Types of agent	210
4.	Authority and power of an agent	212
5.	Actual, apparent, and usual authority	214
6.	Conditions needed to be able to invoke apparent authority	215
7.	Ratification of acts done without authority	217
8.	Relations between principal and agent	217
9.	Position of third party: agency disclosed	222
10.	Position of third party: agency undisclosed	223
11.	Termination of the agent's authority	224
12.	Dispositions by and to A	226
<b>PART TWO DOMESTIC SALES</b>		
<b>6</b>	<b>A Brief History of Sales Law</b>	<b>229</b>
<b>7</b>	<b>The Contract of Sale: Its Nature and Function</b>	<b>237</b>
1.	Ambit of the Sale of Goods Act	237
2.	The language of the Sale of Goods Act	240
3.	The contract of sale defined	242
4.	The significance of the statutory definition	256
5.	Documentary and non-documentary sales	259
6.	Consumer sales	259

## Contents

<b>8</b>	<b>The Passing of the Property</b>	<b>261</b>
1.	Identification of the contract goods	261
2.	Property: some general aspects	269
3.	Claims to goods forming part of a bulk	275
4.	The time when property passes to the buyer	285
<b>9</b>	<b>Risk and Frustration</b>	<b>299</b>
1.	The meaning of 'risk'	299
2.	The general principle of risk: <i>res perit domino</i>	301
3.	Wholly unascertained goods	302
4.	Quasi-specific goods	303
5.	Identified goods	305
6.	Goods supplied on approval or on 'sale or return'	316
7.	Insurance	316
8.	The Sale of Goods Act rules on frustration	318
9.	Effect of frustration at common law	321
<b>10</b>	<b>Delivery</b>	<b>323</b>
1.	The concept of delivery	323
2.	The relationship between implied terms and the delivery obligation	324
3.	Modes of delivery	325
4.	The delivery point	330
5.	Time of delivery	331
6.	Expenses of delivery	331
7.	Excuses for non-delivery	332
8.	The buyer's duties	332
9.	Instalment deliveries	332
10.	Remedies for non-delivery	340
<b>11</b>	<b>The Statutory Implied Terms in Favour of the Buyer</b>	<b>341</b>
1.	Conditions and warranties	341
2.	Title, freedom from encumbrances and quiet possession	345
3.	Correspondence with description	353
4.	Quality	362

5.	Fitness for purpose	379
6.	Correspondence with sample	390
7.	The exclusion of liability for fitness, quality and correspondence with description or sample	391
8.	Should further terms be implied?	396
<b>12</b>	<b>Rejection and its Consequences</b>	<b>399</b>
1.	The right to reject	400
2.	Time of rejection	402
3.	Mode of rejection	403
4.	Effectiveness of notice to reject	403
5.	Loss of right to reject	404
6.	The effect of improper rejection	404
7.	The effect of lawful rejection	405
8.	The right to cure	406
<b>13</b>	<b>Acceptance</b>	<b>411</b>
1.	The meaning of 'acceptance'	411
2.	Acceptance as non-rejection of an imperfect tender	411
3.	An outline of changes to the rules on acceptance	412
4.	What constitutes acceptance?	413
5.	The effect of acceptance	423
<b>14</b>	<b>The Buyer's Remedies for Misrepresentation or Breach by the Seller</b>	<b>427</b>
1.	The remedies in outline	427
2.	Anticipatory breach	432
3.	Non-delivery	433
4.	Delay in delivery	442
5.	Tender of non-conforming goods	445
6.	Defect in seller's title	446
7.	Damages for breach of warranty	446
8.	'Available market'	451
9.	The relevance of sub-contracts by the buyer	453
10.	A critique of the market-price rule	456

## Contents

11.	Remedies of the consumer buyer	459
15	<b>Duties of the Buyer and Remedies of the Seller for Misrepresentation or Breach</b>	465
1.	Duties of the buyer	465
2.	The seller's remedies in outline	465
3.	Taking of delivery	466
4.	Acceptance	467
5.	Payment	467
6.	Rescission of the contract	471
7.	Anticipatory breach	472
8.	Refusal to take delivery	477
9.	Non-acceptance	478
10.	Delay in taking delivery	484
11.	Remedies for non-payment	484
16	<b>Title Conflicts between Seller or Buyer and Third Parties</b>	493
1.	The competing claims for protection	494
2.	The nemo dat rule and its common law exceptions	495
3.	Statutory exceptions to the nemo dat rule	502
4.	Conflicts as to proceeds	524
5.	Remedies in a conflict situation	524
6.	Proposals for reform	526
	<b>PART THREE MONEY, PAYMENT AND PAYMENT SYSTEMS</b>	
17	<b>Money</b>	531
1.	The legal meaning of 'money'	532
2.	The different forms that money may take	537
3.	Claims to money	545
18	<b>Payment and Payment Systems</b>	555
1.	Payment: an introduction	555
2.	Payment systems	560
3.	Legal effects of interbank credit transfers	570

4.	Completion of payment of an in-house credit transfer	573
5.	Contract netting (netting by novation)	574
6.	Settlement	575
<b>19</b>	<b>Instruments Generally</b>	<b>579</b>
1.	What is an instrument?	579
2.	Classes of instrument	580
3.	Historical background of instruments	581
4.	The autonomy of the payment obligation	584
5.	Certainty and unconditionality?	585
6.	The negotiable instrument as an abstract payment undertaking	585
7.	Decline in the importance of instruments	586
<b>20</b>	<b>Bills of Exchange</b>	<b>587</b>
1.	The statutory definition	587
2.	Issue and acceptance	589
3.	Transfer of bills of exchange	594
4.	The holder	596
5.	Accommodation parties and accommodation bills	604
6.	Liabilities of parties	605
7.	Prerequisites of enforcement	614
8.	Remedies for dishonour	618
9.	Defences to a claim on a bill	620
10.	Discharge of bills of exchange	631
11.	Effect of bill on underlying contract	632
12.	Security over bills	633
13.	Advantages of a bill	634
<b>21</b>	<b>Other Instruments</b>	<b>637</b>
1.	Promissory notes	637
2.	Bankers' drafts	638
3.	Travellers' cheques	639
4.	Negotiable instruments as investment securities	641

**PART FOUR SECURED FINANCING**

<b>22</b>	<b>The Classification and Characteristics of Credit and Security</b>	<b>651</b>
1.	The nature and forms of credit	652
2.	The secured creditor versus the unsecured creditor	656
3.	Consensual security	658
4.	Legal security	720
5.	The incidents of real security	725
6.	Attachment, perfection and priorities	725
7.	The transfer of security rights	725
<b>23</b>	<b>The Creation, Enforcement and Transfer of Security Rights</b>	<b>727</b>
1.	The grant of security: contract and conveyance	727
2.	The ingredients of attachment	730
3.	Effect of attachment	736
4.	Enforcement of the security	740
5.	Transfer of the security	745
6.	Assignment of security without debt, and vice versa	750
<b>24</b>	<b>Principles of Perfection and Priorities</b>	<b>751</b>
1.	The need to perfect	751
2.	Methods of perfection	751
3.	Priorities: some general points	758
4.	Registration requirements and their impact on priorities	763
5.	The after-acquired property clause and the purchase-money security interest	779
6.	Circularity problems	781
7.	General conclusions on perfection and priorities under English law	784
<b>25</b>	<b>The Floating Charge</b>	<b>787</b>
1.	Evolution of the charge	787
2.	The nature of the charge	789
3.	Creation of the charge	793
4.	Crystallization of the charge	795
5.	Effect of crystallization as between chargor and chargee	800

6.	Effect of crystallization as between chargee and third parties	801
7.	Priorities	801
8.	The future of the floating charge	804
<b>PART FIVE SPECIFIC FORMS OF SECURED BUSINESS FINANCE</b>		
<b>26</b>	<b>General Financing Considerations</b>	<b>809</b>
1.	Selecting the security instrument	809
2.	The assets cycle	815
3.	Types of finance required	817
4.	The functional classification of collateral	818
<b>27</b>	<b>Conditional Sale and Hire-Purchase</b>	<b>819</b>
1.	The financing technique	819
2.	Conditional sale	823
3.	Hire-purchase	825
4.	Relations between finance house and dealer	832
5.	Relations between dealer and buyer or hirer in direct collection transactions	833
6.	Tracing proceeds of authorized resales	834
<b>28</b>	<b>The Finance Lease</b>	<b>835</b>
1.	The nature of the finance lease	835
2.	Reasons for use	837
3.	Setting up the transaction	838
4.	The triangular relationship	839
5.	The rights and duties of lessor and lessee inter se	841
6.	The lessor and the supplier	844
7.	More developed structures	844
8.	The lessor and third parties	849
<b>29</b>	<b>Financing against Stock and Receivables</b>	<b>851</b>
1.	Stocking finance	852
2.	Receivables financing	858

## Contents

<b>30</b>	<b>Guarantees</b>	<b>873</b>
1.	The legal nature of a guarantee	874
2.	Types of guarantee	879
3.	Unilateral nature of the contract	905
4.	Relations between creditor and guarantor	906
5.	Rights of the guarantor against the debtor	912
6.	Discharge of the guarantor	915
7.	Contribution between guarantors	918

## PART SIX CORPORATE INSOLVENCY

<b>31</b>	<b>Principles of Corporate Insolvency Law</b>	<b>923</b>
1.	Historical background of the principles of corporate insolvency law	923
2.	Winding up distinguished from bankruptcy	927
3.	The regimes of corporate insolvency	927
4.	The objectives of corporate insolvency law	927
5.	The cardinal principles of corporate insolvency law	928
6.	Subsidiary principles	936
7.	The winding-up process	936
8.	Vulnerable transactions	941
9.	Administrative receivership	947
10.	Administration in corporate insolvency law	948
11.	Restructuring	953
12.	Liability of directors for improper trading	954
13.	Cross-border insolvencies	957

## PART SEVEN INTERNATIONAL TRADE AND FINANCE

<b>32</b>	<b>The Characteristics and Organization of International Sales Transactions</b>	<b>967</b>
1.	Characteristics of international sales transactions	967
2.	Trends in export procedures	968
3.	Problems peculiar to export sales	970
4.	Sources of law	970

5.	The delivery point on sale to an overseas buyer	971
6.	A typical export transaction	979
7.	Documents in export sales	989
8.	Breach of duty to tender documents	1023
<b>33</b>	<b>The Vienna Convention on International Sales</b>	<b>1025</b>
1.	Sphere of application of the CISG	1028
2.	Formation of the contract	1036
3.	Rights and duties of the parties	1037
<b>34</b>	<b>Documentary Sales</b>	<b>1045</b>
1.	Strict f.o.b.	1045
2.	Extended f.o.b.	1053
3.	C.i.f.	1054
<b>35</b>	<b>The Financing of International Trade</b>	<b>1067</b>
1.	Payment arrangements generally	1067
2.	The documentary bill	1068
3.	The documentary credit: nature, mechanism and relationships	1069
4.	Documentary credits: grounds for withholding or blocking payment	1116
5.	The transfer of a credit and its proceeds	1129
6.	Back-to-back credits	1139
7.	Raising of funds by seller against drafts or credits	1140
8.	Raising of finance by buyer on security of imported goods	1141
9.	Demand guarantees, performance bonds and standby credits	1149
<b>36</b>	<b>Rights and Duties of the Sea Carrier</b>	<b>1167</b>
1.	Sources of law	1168
2.	Application of the Hague-Visby Rules	1172
3.	The parties to the contract of carriage	1174
4.	Formation and evidence of the contract	1177
5.	Duties and liabilities of the carrier under or by virtue of the contract of carriage	1178
6.	Evidence and burden of proof in contractual claims against the carrier	1192

## Contents

7.	Duties and liabilities of the shipper	1194
8.	Transfer and loss of contractual rights against the carrier	1197
9.	Carrier's rights against transferees	1199
10.	Claims against the carrier and others in tort	1200
11.	Claims based on bailment and sub-bailment	1201
12.	To whom defences and limitations of liability are available	1202
13.	Multimodal transport operations	1204
<b>37</b>	<b>Conflict of Laws</b>	<b>1215</b>
1.	Jurisdiction	1216
2.	Recognition and enforcement of foreign judgments	1237
3.	Applicable law	1244
4.	Foreign money obligations	1267
	<b>PART EIGHT THE RESOLUTION OF COMMERCIAL DISPUTES</b>	
<b>38</b>	<b>Commercial Litigation</b>	<b>1273</b>
1.	Litigation and its alternatives	1273
2.	The nature of litigation	1277
3.	The Civil Procedure Rules and the courts	1283
4.	The interim stages	1292
5.	Judgment without trial	1292
6.	Stages in a contested Queen's Bench action	1294
7.	Forum non conveniens	1313
8.	Anti-suit injunction	1315
9.	Interim applications	1316
10.	Commercial litigation costs	1325
11.	Enforcement	1326
12.	Commercial litigation appeals	1329
13.	Transnational litigation	1330
<b>39</b>	<b>Commercial Arbitration</b>	<b>1333</b>
1.	The nature of arbitration	1333
2.	Arbitration versus litigation	1334

3.	Types of commercial arbitration	1336
4.	The development of English arbitration law	1340
5.	The sources of arbitration law	1341
6.	The arbitration agreement	1344
7.	Principles of English arbitration law	1347
8.	The principles examined	1348
9.	Effectiveness of the agreement to arbitrate	1363
10.	The conduct of the arbitration	1365
11.	Judicial review of arbitral awards	1375
12.	The enforcement of an English arbitral award	1380
13.	International commercial arbitration and investor-state arbitration	1381

PART NINE ENVOI

40	<b>Final Reflections</b>	1393
1.	Are there principles of commercial law?	1393
2.	The philosophical foundations of commercial law	1394
3.	Should commercial law be codified?	1395
4.	Towards a new <i>lex mercatoria</i> ?	1400
	<b>Index</b>	1405