

# CONTENTS

<i>Foreword</i>	v
<b>Introduction</b>	vii
<b>The UNIDROIT Governing Council</b>	xi
<b>Members of the Working Group</b>	xiii
<b>Other Participants in the Project</b>	xv
<b>PREAMBLE</b> ( <i>Purpose of the Principles</i> )	<b>1</b>
<b>CHAPTER 1: GENERAL PROVISIONS</b>	<b>7</b>
Article 1.1 ( <i>Freedom of contract</i> )	7
Article 1.2 ( <i>No form required</i> )	8
Article 1.3 ( <i>Binding character of contract</i> )	9
Article 1.4 ( <i>Mandatory rules</i> )	10
Article 1.5 ( <i>Exclusion or modification by the parties</i> )	12
Article 1.6 ( <i>Interpretation and supplementation of the Principles</i> )	13
Article 1.7 ( <i>Good faith and fair dealing</i> )	16
Article 1.8 ( <i>Usages and practices</i> )	19
Article 1.9 ( <i>Notice</i> )	22
Article 1.10 ( <i>Definitions</i> )	24
<b>CHAPTER 2: FORMATION</b>	<b>26</b>
Article 2.1 ( <i>Manner of formation</i> )	26
Article 2.2 ( <i>Definition of offer</i> )	27
Article 2.3 ( <i>Withdrawal of offer</i> )	29
Article 2.4 ( <i>Revocation of offer</i> )	30
Article 2.5 ( <i>Rejection of offer</i> )	33
Article 2.6 ( <i>Mode of acceptance</i> )	34
Article 2.7 ( <i>Time of acceptance</i> )	37
Article 2.8 ( <i>Acceptance within a fixed period of time</i> )	38
Article 2.9 ( <i>Late acceptance. Delay in transmission</i> )	39
Article 2.10 ( <i>Withdrawal of acceptance</i> )	40
Article 2.11 ( <i>Modified acceptance</i> )	41
Article 2.12 ( <i>Writings in confirmation</i> )	43
Article 2.13 ( <i>Conclusion of contract dependent on agreement on specific matters or in a specific form</i> )	45
Article 2.14 ( <i>Contract with terms deliberately left open</i> )	47



## UNIDROIT Principles

Article 2.15	<i>(Negotiations in bad faith)</i>	50
Article 2.16	<i>(Duty of confidentiality)</i>	52
Article 2.17	<i>(Merger clauses)</i>	54
Article 2.18	<i>(Written modification clauses)</i>	55
Article 2.19	<i>(Contracting under standard terms)</i>	56
Article 2.20	<i>(Surprising terms)</i>	58
Article 2.21	<i>(Conflict between standard terms and non-standard terms)</i>	60
Article 2.22	<i>(Battle of forms)</i>	61

### **CHAPTER 3: VALIDITY** **64**

Article 3.1	<i>(Matters not covered)</i>	64
Article 3.2	<i>(Validity of mere agreement)</i>	64
Article 3.3	<i>(Initial impossibility)</i>	66
Article 3.4	<i>(Definition of mistake)</i>	68
Article 3.5	<i>(Relevant mistake)</i>	69
Article 3.6	<i>(Error in expression or transmission)</i>	72
Article 3.7	<i>(Remedies for non-performance)</i>	73
Article 3.8	<i>(Fraud)</i>	74
Article 3.9	<i>(Threat)</i>	75
Article 3.10	<i>(Gross disparity)</i>	77
Article 3.11	<i>(Third persons)</i>	80
Article 3.12	<i>(Confirmation)</i>	81
Article 3.13	<i>(Loss of right to avoid)</i>	81
Article 3.14	<i>(Notice of avoidance)</i>	83
Article 3.15	<i>(Time limits)</i>	84
Article 3.16	<i>(Partial avoidance)</i>	85
Article 3.17	<i>(Retroactive effect of avoidance)</i>	86
Article 3.18	<i>(Damages)</i>	87
Article 3.19	<i>(Mandatory character of the provisions)</i>	88
Article 3.20	<i>(Unilateral declarations)</i>	88

### **CHAPTER 4: INTERPRETATION** **90**

Article 4.1	<i>(Intention of the parties)</i>	90
Article 4.2	<i>(Interpretation of statements and other conduct)</i>	91
Article 4.3	<i>(Relevant circumstances)</i>	93
Article 4.4	<i>(Reference to contract or statement as a whole)</i>	95
Article 4.5	<i>(All terms to be given effect)</i>	96
Article 4.6	<i>(Contra proferentem rule)</i>	97
Article 4.7	<i>(Linguistic discrepancies)</i>	98
Article 4.8	<i>(Supplying an omitted term)</i>	99



## Contents

<b>CHAPTER 5: CONTENT</b>	<b>101</b>
Article 5.1 ( <i>Express and implied obligations</i> )	101
Article 5.2 ( <i>Implied obligations</i> )	101
Article 5.3 ( <i>Co-operation between the parties</i> )	102
Article 5.4 ( <i>Duty to achieve a specific result. Duty of best efforts</i> )	103
Article 5.5 ( <i>Determination of kind of duty involved</i> )	105
Article 5.6 ( <i>Determination of quality of performance</i> )	108
Article 5.7 ( <i>Price determination</i> )	109
Article 5.8 ( <i>Contract for an indefinite period</i> )	112
<b>CHAPTER 6: PERFORMANCE</b>	<b>113</b>
<b>Section 1: Performance in General</b>	<b>113</b>
Article 6.1.1 ( <i>Time of performance</i> )	113
Article 6.1.2 ( <i>Performance at one time or in instalments</i> )	114
Article 6.1.3 ( <i>Partial performance</i> )	115
Article 6.1.4 ( <i>Order of performance</i> )	117
Article 6.1.5 ( <i>Earlier performance</i> )	119
Article 6.1.6 ( <i>Place of performance</i> )	121
Article 6.1.7 ( <i>Payment by cheque or other instrument</i> )	124
Article 6.1.8 ( <i>Payment by funds transfer</i> )	125
Article 6.1.9 ( <i>Currency of payment</i> )	127
Article 6.1.10 ( <i>Currency not expressed</i> )	130
Article 6.1.11 ( <i>Costs of performance</i> )	131
Article 6.1.12 ( <i>Imputation of payments</i> )	131
Article 6.1.13 ( <i>Imputation of non-monetary obligations</i> )	133
Article 6.1.14 ( <i>Application for public permission</i> )	133
Article 6.1.15 ( <i>Procedure in applying for permission</i> )	138
Article 6.1.16 ( <i>Permission neither granted nor refused</i> )	141
Article 6.1.17 ( <i>Permission refused</i> )	143
<b>Section 2: Hardship</b>	<b>145</b>
Article 6.2.1 ( <i>Contract to be observed</i> )	145
Article 6.2.2 ( <i>Definition of hardship</i> )	146
Article 6.2.3 ( <i>Effects of hardship</i> )	151
<b>CHAPTER 7: NON-PERFORMANCE</b>	<b>156</b>
<b>Section 1: Non-performance in general</b>	<b>156</b>
Article 7.1.1 ( <i>Non-performance defined</i> )	156
Article 7.1.2 ( <i>Interference by the other party</i> )	157
Article 7.1.3 ( <i>Withholding performance</i> )	158
Article 7.1.4 ( <i>Cure by non-performing party</i> )	159
Article 7.1.5 ( <i>Additional period for performance</i> )	163



## UNIDROIT Principles

Article 7.1.6 ( <i>Exemption clauses</i> )	166
Article 7.1.7 ( <i>Force majeure</i> )	169
<b>Section 2: Right to performance</b>	<b>172</b>
Article 7.2.1 ( <i>Performance of monetary obligation</i> )	172
Article 7.2.2 ( <i>Performance of non-monetary obligation</i> )	172
Article 7.2.3 ( <i>Repair and replacement of defective performance</i> )	176
Article 7.2.4 ( <i>Judicial penalty</i> )	178
Article 7.2.5 ( <i>Change of remedy</i> )	180
<b>Section 3: Termination</b>	<b>182</b>
Article 7.3.1 ( <i>Right to terminate the contract</i> )	182
Article 7.3.2 ( <i>Notice of termination</i> )	185
Article 7.3.3 ( <i>Anticipatory non-performance</i> )	187
Article 7.3.4 ( <i>Adequate assurance of due performance</i> )	188
Article 7.3.5 ( <i>Effects of termination in general</i> )	189
Article 7.3.6 ( <i>Restitution</i> )	190
<b>Section 4: Damages</b>	<b>194</b>
Article 7.4.1 ( <i>Right to damages</i> )	194
Article 7.4.2 ( <i>Full compensation</i> )	195
Article 7.4.3 ( <i>Certainty of harm</i> )	198
Article 7.4.4 ( <i>Foreseeability of harm</i> )	200
Article 7.4.5 ( <i>Proof of harm in case of replacement transaction</i> )	201
Article 7.4.6 ( <i>Proof of harm by current price</i> )	203
Article 7.4.7 ( <i>Harm due in part to aggrieved party</i> )	204
Article 7.4.8 ( <i>Mitigation of harm</i> )	206
Article 7.4.9 ( <i>Interest for failure to pay money</i> )	208
Article 7.4.10 ( <i>Interest on damages</i> )	210
Article 7.4.11 ( <i>Manner of monetary redress</i> )	211
Article 7.4.12 ( <i>Currency in which to assess damages</i> )	212
Article 7.4.13 ( <i>Agreed payment for non-performance</i> )	213
<b>Index</b>	<b>217</b>
<b>Annex: Text of the Articles of the Principles of International Commercial Contracts</b>	<b>233</b>