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CASE LAW ON UNCITRAL TEXTS (CLOUT)

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

Case 2205: CISG 1; 35; 36; 49; 74; 81; 84

People's Republic of China: Wuxi Municipal Intermediate People's Court, Jiangsu Province

Case No.: (2022) Su 02 Minchu No. 73

Wuxi Huamei Plates Processing Co. Ltd. v. AKK GmbH

17 November 2021

Original in Chinese

Abstract prepared by Zhang Bona, National Correspondent

This case deals with the avoidance of a contract for the international sale of goods and the legal effects of the avoidance. On 25 October 2016, Wuxi Huamei Plates Processing Co. Ltd. (the Buyer) signed a sales contract concerning the goods in question with AKK GmbH (the Seller), whereby the Buyer purchased machine A and machine B, sold by the Seller. After the installation of the two machines was completed, the Buyer discovered serious quality issues during the testing period. There were significant problems with ink blockage and ink breakage, making it impossible to produce complete printed products. After unsuccessful negotiations, the Buyer filed a lawsuit requesting the termination of the contract, the return of the payment and compensation for losses incurred, including interest, import duties and transportation fees.

Wuxi Municipal Intermediate People's Court, in Jiangsu Province, held that the machines delivered by the Seller did not meet the quality standards stipulated in the contract and agreed upon by both parties, rendering them unable to function properly for production and use. Furthermore, the Seller was unable to resolve the quality issues in question, resulting in the Buyer's inability to achieve the purpose of the contract. The Seller was responsible for the fact that the quality of the machines did not meet the terms of the contract, in violation of CISG articles 35 and 36. After the Buyer declared the contract in question avoided on 21 June 2018, it was entitled to request the Seller to return the contract payment of €486,000 and to pay the corresponding interest. The import duties and transportation fees claimed by the Buyer were substantiated by relevant contracts, payment receipts, invoices and other evidence. They were the actual expenses incurred by the Buyer for the purchase and transportation of the machines in question, and could not be recovered. Such expenses were costs that the Seller should have reasonably anticipated when the contract was concluded, and they should therefore be compensated. The costs for supporting



equipment and site renovation were beyond the foreseeable scope and should not be compensated. The Buyer and Seller had no clear agreement in the contract or other documents as to which party should bear lawyers' fees in the event of a breach. Therefore, the Buyer's claim that the Seller should cover incurred lawyers' fees was unsubstantiated.

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