



# General Assembly

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## United Nations Commission on International Trade Law

### CASE LAW ON UNCITRAL TEXTS (CLOUT)

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

##### Case 2207: CISG 1; 7; 18; 23; 25; 35; 51; 74; 81; 84

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

Case No.: (2020) Su 05 Minchu No. 411

LEGS Production and Trading Limited (PPH LEGS Sp. z o.o) v. Suzhou Zhengbang Chemical Fiber Co., Ltd.

31 May 2021

Original in Chinese

Abstract prepared by Zhang Bona, National Correspondent

This case involves the avoidance of an international sales contract for goods and the legal effects following such avoidance. On 27 September 2016, Suzhou Zhengbang Chemical Fiber Co., Ltd. (the Seller) issued a shipping estimate to LEGS Production and Trading Co., Ltd. (the Buyer). On 20 October 2016, the Seller prepared a packing list and issued a commercial invoice to the Buyer. The loading location was Shanghai, and the unloading location was Gdansk. On 22 December 2016, when the Buyer opened the packaging in preparation for production, it discovered that the fibres did not match the specifications. The order specified a fibre length of 32mm, but the received fibre length was only 22mm, rendering it unusable. On that same day, the Buyer filed a claim for damages with the Seller and returned the received goods.

The Suzhou Municipal Intermediate People's Court of Jiangsu Province held that the Buyer and Seller had engaged in transactions prior to their dispute. Based on the evidence provided by the Seller, there was an established practice where the Seller would send an estimated shipping list and the Buyer would receive the goods and make payment. Therefore, in this case, when the Buyer accepted the goods according to this customary practice, a sales contract was established between the parties. The estimated shipping list specified 32mm polyester fibres, but the goods were actually 22mm polyester fibres. Consequently, the Buyer had the right to declare the contract avoided. On 24 February 2018, the Buyer instructed a lawyer to send a letter to the Seller stating "contract termination". This should be considered as the Buyer's declaration to avoid the contract, which took effect when it reached the Seller on 25 February 2018. After the contract was avoided, the Buyer was required to return the goods within 60 days, and the Seller was obligated to refund the payment. Additionally, the Seller must pay interest to the Buyer and compensate for various



expenses, including export shipping costs, customs clearance fees, taxes, the Buyer's costs for returning the goods, translation fees and notarization fees.

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