

International sales contract

The purpose of this diploma thesis was to analyse the term “fundamental breach” of international sales contract as defined in Art. 25 of the United Nations Convention on Contracts for the International Sale of Goods (hereinafter the “Vienna Convention”).

The thesis is composed of introduction, conclusion and four chapters, each of them dealing with different aspects of the international sales contract and its breach.

Chapter One is introductory and defines first international sales contract and Vienna Convention. The chapter is subdivided into two parts. Part One describes the characteristics of international sales contract. Part Two deals with history and characteristics of Vienna convention, and also explains the relationship between Vienna Convention and Regulation Rome I.

Second chapter describes three interpretative principles specified in Art. 7(1) of Vienna Convention, i.e., a) regard to the international character of the Vienna Convention, b) need to promote uniformity in its application and c) the observance of good faith in international trade. The chapter consists of three parts. Part One focuses on regard to the international character of the Vienna Convention. It states, that the Vienna Convention should be interpreted autonomously, without reference to the national legislation. Part Two investigates the principle of need to promote uniformity in its application, which says, that courts should take into consideration the decisions of other courts. Part Three deals with last and most complicated principle, which is the observance of good faith in international trade.

Chapter Three is the main part of the work. In this chapter we interpret the term “fundamental breach”. The definition of fundamental breach consists of two basic elements. First element is the substantial detriment, the second one is foreseeability. When all conditions of substantial detriment and foreseeability are met, the breach of the contract is fundamental.

Chapter Four concentrates on specific and most typical situations of the breach of the international sales contract. Every part of this chapter deals with one typical event of the breach. Chapter also contains an analysis of relevant court decisions.

Last part of our thesis is Conclusion. In this part we summarize the whole thesis.

We note, that the interpretation of article 25 of Vienna Convention is difficult, yet as an entity of the international sales contract it is important to understand it properly. The main part of the Conclusion provides several recommendations to the parties of the international sales contract. Basically, the parties should before entering into the contract negotiate the most precise conditions to prevent possible future disputes.