

Retention of Title Clauses in Sale of Goods Contracts in Europe



Retention of Title Clauses in Sale of Goods Contracts in Europe (Association of European Lawyers) by Shen Wei

★★★★★ 5 out of 5

Language : English
File size : 731 KB
Text-to-Speech : Enabled
Screen Reader : Supported
Enhanced typesetting : Enabled
Word Wise : Enabled
Print length : 151 pages



A retention of title clause is a contractual provision that allows the seller of goods to retain ownership of the goods until the buyer has paid the full Free Download price. Such clauses are commonly used in sale of goods contracts in Europe, and they can provide a number of benefits to sellers. This article will provide an overview of the legal framework governing retention of title clauses in Europe, the different types of clauses, and the advantages and disadvantages of using them.

Legal Framework

The legal framework governing retention of title clauses in Europe is set out in the United Nations Convention on Contracts for the International Sale of Goods (CISG). The CISG applies to contracts for the sale of goods between parties whose places of business are in different countries. The CISG provides that a retention of title clause is valid if it is expressly agreed

upon by the parties and if it is not contrary to public policy. In addition, the CISG sets out a number of rules governing the effect of retention of title clauses, including the following:

- The seller retains ownership of the goods until the buyer has paid the full Free Download price.
- The seller is entitled to recover the goods from the buyer if the buyer fails to pay the full Free Download price.
- The buyer is entitled to use and possess the goods, but cannot sell or dispose of them until the full Free Download price has been paid.

In addition to the CISG, there are a number of national laws governing retention of title clauses in Europe. These laws vary from country to country, but they generally follow the principles set out in the CISG.

Types of Clauses

There are two main types of retention of title clauses: simple retention of title clauses and security retention of title clauses. Simple retention of title clauses simply provide that the seller retains ownership of the goods until the buyer has paid the full Free Download price. Security retention of title clauses, on the other hand, provide that the seller retains ownership of the goods as security for the payment of the Free Download price. This type of clause is often used when the buyer is insolvent or when there is a risk that the buyer will not be able to pay the full Free Download price.

Advantages and Disadvantages

There are a number of advantages to using a retention of title clause in a sale of goods contract. These advantages include the following:

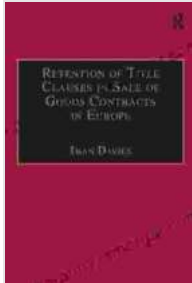
- The seller retains ownership of the goods until the buyer has paid the full Free Download price, which can provide the seller with a degree of security in the event that the buyer becomes insolvent.
- The seller can recover the goods from the buyer if the buyer fails to pay the full Free Download price, which can help the seller to mitigate its losses.
- The buyer is entitled to use and possess the goods, but cannot sell or dispose of them until the full Free Download price has been paid, which can help to protect the seller's interest in the goods.

There are also a number of disadvantages to using a retention of title clause in a sale of goods contract. These disadvantages include the following:

- The buyer may be reluctant to enter into a contract that contains a retention of title clause, as it can restrict the buyer's ability to use and dispose of the goods.
- The seller may be required to register the retention of title clause with a public authority in Free Download to make it effective against third parties, which can be a costly and time-consuming process.
- The seller may be liable for any damage to or loss of the goods while they are in the buyer's possession, even if the buyer has not paid the full Free Download price.

Retention of title clauses can be a useful tool for sellers in sale of goods contracts in Europe. They can provide sellers with a degree of security in the event that the buyer becomes insolvent, and they can help sellers to

mitigate their losses if the buyer fails to pay the full Free Download price. However, sellers should be aware of the disadvantages of using retention of title clauses before including them in a contract.



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