

**NAME AND STUDENT'S NUMBER:**

**International Business Law: Scenario-Based Problem Solving**

**Time Allotment:** 3 hours

**Instructions:** Open Book. You will find four (4) scenarios below. You must choose and answer any three (3) of these four scenarios. Please clearly indicate which three scenarios you have chosen to answer. For each chosen scenario, read it carefully and then answer all the questions provided within that scenario.

**Your answers must:**

1. **Analyze the situation** based on the specific clauses in **your own International Sales Agreement** drafted yesterday.
2. **Apply relevant principles of the CISG** (United Nations Convention on Contracts for the International Sale of Goods). Assume the CISG applies unless your contract explicitly states otherwise (and your justification for opting out would be relevant). Remember, both the USA and Italy are CISG contracting states.
3. **Propose solutions or courses of action** for the parties involved, justifying your reasoning with specific references to your contract clauses and/or CISG articles.
4. **Critique & Improve:** Where relevant, identify if your drafted contract was sufficient to handle the scenario, and suggest how you might improve the specific clauses in future drafts to better address such situations.

### **Scenario 1: Non-Conforming Goods upon Arrival**

Upon the arrival of the 500 Model X-Series Industrial Robotic Arms at Buyer Co.'s warehouse in Rome on October 25, 2025, Buyer Co. conducts an immediate inspection, as stipulated in your contract. During this inspection, it is discovered that 50 of the robotic arms have a significant manufacturing defect: their payload capacity is only 8 kg instead of the agreed-upon 10 kg, which makes them unsuitable for Buyer Co.'s intended high-precision tasks. Buyer Co. immediately notifies Seller Inc. of this non-conformity.

- a) Based on your drafted contract, what are Buyer Co.'s rights and obligations regarding the inspection and notification of non-conformity?
- b) What remedies might Buyer Co. pursue for the 50 non-conforming units under your contract and the CISG?
- c) What actions can Seller Inc. take under the CISG to remedy this situation?
- d) How would you assess if your contract's "Inspection and Acceptance" or "Warranties" clauses were effective in this situation? Suggest any improvements you might make to these clauses.

### **Scenario 2: Unforeseen Supply Chain Disruption**

In early September 2025, a critical, rare earth metal component essential for the manufacturing of the Model X-Series Industrial Robotic Arms becomes subject to a sudden, global export ban imposed by the world's primary producing country. This ban was entirely unforeseeable at the time your contract was signed. Seller Inc. immediately informs Buyer Co. that due to this unforeseen event, they will only be able to deliver 350 units by the November 1st deadline, with the remaining 150 units delayed indefinitely until the ban is lifted.

- a) Based on your drafted contract, does Seller Inc. have an excuse for non-performance due to this unforeseen export ban? Reference the specific clause(s) you included.
- b) How does the CISG address such unforeseen events that impede performance? Does Seller Inc.'s situation meet the criteria for an "impediment beyond control"? Justify your answer.
- c) What options does Buyer Co. have in response to Seller Inc.'s partial and delayed delivery? Consider remedies under the CISG.
- d) Reflect on your "Force Majeure" or "Excuses for Non-performance" clause. How effectively does it cover this scenario, and what specific improvements could you make to enhance protection for both parties in similar future situations?

### **Scenario 3: Total Failure to Deliver & Lost Profits**

Despite Seller Inc.'s attempts to resolve the issue from Scenario 2, they eventually inform Buyer Co. on November 5, 2025, that due to the ongoing export ban and their inability to source the critical component, they will be unable to deliver any of the 500 robotic arms. Buyer Co. had already entered into a resale contract with a major European client for 400 of these robotic arms at a significant profit, which they now cannot fulfill. This loss of profit was discussed and understood by both parties during the initial negotiations.

- a) Does Seller Inc.'s complete failure to deliver constitute a "fundamental breach" under the CISG? Justify your answer using the CISG definition.
- b) What are the primary remedies available to Buyer Co. under your contract and the CISG in this situation, specifically focusing on specific performance and money damages?
- c) Calculate the compensatory damages Buyer Co. could potentially claim, assuming they have to purchase substitute robotic arms from the market at USD 17,000 per unit.
- d) Calculate the consequential damages for lost profits from the unfulfilled resale contract, given the market price of the robotic arms (USD 17,000) and the resale price (e.g., USD 18,500 per unit for 400 units).

### **Scenario 4: Dispute Resolution & Choice of Law**

During a subsequent minor dispute related to technical support for some already delivered (and conforming) units, Seller Inc. decides to initiate legal proceedings in a court in Delaware, USA. However, Buyer Co. insists that any disputes must be resolved through arbitration in Geneva, Switzerland.

- a) Based on your drafted contract's "Governing Law" and "Dispute Resolution" clauses, where should this dispute be resolved, and what law should apply?
- b) If your contract was silent on dispute resolution, or if it chose a national law different from the CISG, explain how the CISG's default rules for applicability would come into play.
- c) Why is it crucial to have clear and explicit clauses for "Governing Law" and "Dispute Resolution" in an international sales agreement? Discuss the potential challenges if these clauses are vague or absent.