

*Article 53*

[Place of payment]

(1) If the buyer is not bound to pay the price at any other particular place, he must pay it to the seller:

(a) at the seller's place of business; or

(b) if the payment is to be made against the handing over of the goods or of documents, at the place where the handing over takes place.

(2) The seller must bear any increase in the expenses incidental to payment which is caused by a change in the place of business of the seller subsequent to the conclusion of the contract.

PRIOR UNIFORM LAW

ULIS, article 59.

**Commentary**

1. Article 53 provides a rule for the place at which payment of the price is to be made. Because of the importance of the question, the contract will usually contain specific provisions on the mode and place of payment. Accordingly, the rule in article 53 is expressly stated to apply

only if "the buyer is not bound to pay the price at any other particular place".<sup>1</sup>

2. It is important that the place of payment be clearly established when the contract is for the international sale of goods. The existence of exchange controls may make it particularly desirable for the buyer to pay the price in his country whereas it may be of equal interest to the seller to be paid in his own country or in a third country where he can freely use the proceeds of the sale.

3. This Convention does not govern the extent to which exchange control regulations or other rules of economic public order may modify the obligations of the buyer to pay the seller at a particular time or place or by a particular means. The buyer's obligations to take the steps which are necessary to enable the price to be paid are set forth in article 50. The extent to which the buyer may be relieved of liability for damages for his failure to pay as agreed because of exchange control regulations or the like is governed by article 65.<sup>2</sup>

*Place of payment, paragraph (1)*

4. Article 53 (1) (a) provides the primary rule that the buyer must pay the price at the seller's place of business. If the seller has more than one place of business, the place of business at which payment must be made "is that which has the closest relationship to the contract and its performance".<sup>3</sup>

5. If payment is to be made against the handing over of the goods or of documents, article 53 (1) (b) provides that payment must be made at the place where the handing over takes place. This rule will be applied most often in the case of a contract stipulation for payment against documents.<sup>4</sup> The documents may be handed over directly to the buyer, but they are often handed over to a bank which represents the buyer in the transaction. The "handing over" may take place in either the buyer's or the seller's country or even in a third country.

*Example 53A:* The contract of sale between Seller with his place of business in State X and Buyer with his place of business in State Y called for payment against documents. The documents were to be handed over to Buyer's bank in State Z for the account of Buyer. Under article 53 (1) (b) Buyer must pay the price at his bank in State Z.

*Change of seller's place of business, paragraph (2)*

6. If the seller changes his place of business at which the buyer is to make payment subsequent to the conclusion of the contract, the buyer must make payment at the seller's new place of business. However, any increase in expenses incidental to payment must be borne by the seller.

<sup>1</sup> This result is also reached through the operation of article 5. However, the express re-iteration of the principle emphasizes the importance that the contract will usually attach to the place of payment of the price.

<sup>2</sup> For the extent to which the seller may be relieved of the duty to deliver the goods if the buyer does not pay as agreed, see articles 54 (1), 60, 62, 63 and 64.

<sup>3</sup> Article 9 (a). But see also article 53 (2) and paragraph 6 below.

<sup>4</sup> The documents referred to in article 53 (1) (b) are those which the seller is required to hand over by virtue of articles 28 and 32.