

# Sale and storage of goods in Jordan: overview

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Country Q&A | [Law stated as at 01-Feb-2020](#) | Jordan

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A Q&A guide to the sale and storage of goods in Jordan.

This Q&A covers key matters relating to sale of goods contracts, including legislative framework, rules on formation, price and payment, delivery, passing of title and risk, enforcement and remedies, exclusion of liability, choice of law and jurisdiction, and arbitration. It also provides an overview of the rules governing storage of goods.

This Q&A is part of the International Trade and Commercial Transactions Global Guide. To compare answers across multiple jurisdictions, visit the sale and storage of goods [Country Q&A tool](#).

For more information on the regulation of international trade in goods and services in Jordan, visit [International trade in goods and services in Jordan: overview](#).

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## Contracts for the sale of goods

### Legislative framework

1. What domestic legislation and international rules apply to a sale of goods contract in your jurisdiction? Are standard international contractual terms commonly used?

### Domestic legislation

The main legislation governing sale of goods contracts in Jordan includes the:

- Civil Law (No 43 of 1976).
- Trade Law (No 12 of 1966).
- Maritime Law (No 12 of 1972).

- Goods Transportation on Roads Law (No 21 of 2006).
- Competition Law (No 33 of 2004).
- Consumer Law (No 7 of 2017).
- Commercial Agents and Mediators Law (No 28 of 2001).
- Electronic Transactions Law (No 15 of 2015).
- Evidence Law (No 30 of 1952).

The Civil Law generally protects smaller contracting parties from oppressive contractual terms in adhesion contracts signed between a person or company and a dominant company imposing its terms and conditions. In such a case, the court can amend such terms or exempt the adhering party from any contractual terms deemed to be oppressive (*Article 204, Civil Law*).

In addition, under the Competition Law, small businesses are protected from unfair terms being forced on them by companies supplying goods and/or services (*Article 8, Competition Law*). Petitions under the Competition Law can be submitted administratively to the Competition Directorate or directly to the Criminal Court (*Article 17, Competition Law*).

## **International rules**

Jordan is a party to the following conventions relevant to sale of goods contracts:

- Customs Convention on the International Transport of Goods under Cover of TIR Carnets 1975 (TIR Convention).
- Convention for the Unification of Certain Rules for International Carriage by Air 1999 (Montreal Convention).

## **Standard contractual terms**

Standard contractual terms that are commonly used in sale of goods contracts involving international trade transactions include the:

- International Chamber of Commerce (ICC) international commercial terms (Incoterms) 2010.
- UNIDROIT Principles of International Commercial Contracts (PICC).

## **Formation**

2. What are the essential requirements to create a legally enforceable contract for the sale of goods?

## Substantive requirements

To create a legally enforceable sale of goods contract, Jordanian law requires there to be:

- An offer.
- Acceptance.
- The legal capacity of the parties to contract.
- A lawful subject matter for the contract.
- Certainty.
- A lawful cause of the contract.
- Consideration.

*(Articles 91, 116, 157, 165, 466 and 478, Civil Law.)*

## Formal requirements

Jordanian law does not require a contract to be written, and a contract need not be notarised to have legal effect.

No further formalities are required to enforce a sale of goods contract, except in some limited circumstances. For example, to enforce a contract for the sale of a vehicle in the Jordanian market, the contract must be registered with the Traffic Department (*Article 3, Traffic Law (No 49 of 2008)*).

Contracts made by electronic means are enforceable in Jordan. Article 9 of the Electronic Transactions Law provides that information messages are a means by which the will to contract can be expressed between parties. Article 2 of the Law defines "information messages" as any information generated, sent, received or stored by electronic or similar means, including Electronic Data Interchange (EDI), or the exchange of electronic mail, telegram, telex or telecopy.

English is the usual language used for international sale of goods contracts in Jordan. There is no language requirement for contract validity. Translation into Arabic is only required when a contract is presented as evidence before the Jordanian courts (*Article 79, Civil Prosecution Procedure Law (No 24 of 1988)*).

## Price and payment

3. If price provisions are not agreed by the parties, does local law impose requirements in relation to price (for example, the time, method and place of payment)?

A company can be required to disclose its payment practices under the Competition Law in relation to its discount policies (*Article 19, Competition Law*).

If the time of payment was not agreed by the parties, Jordanian law normally requires the buyer to effect payment at the time of contracting and before receipt of the goods (*Article 522, Civil Law*).

If the parties agree to effect the whole payment on signing the agreement, but do not agree on the place of payment, the place of payment is the location of the goods at the time of contracting. However, if the parties agree to delay payment while not agreeing on the place of payment, the place of payment is the buyer's place of domicile (*Article 526, Civil Law*).

Payment can be effected by all legitimate financial means, including letters of credit, bills of exchange, promissory notes, banker's drafts and funds transfers. However, monetary transactions must be expressed in Jordanian dinar, and foreign currencies can be used only to the extent permitted by the Foreign Currency Surveillance Law (No 95 of 1966) and any other rules and regulations issued under it (*Article 26, Central Bank Law (No 23 of 1971)*).

## Delivery

4. If delivery provisions are not agreed by the parties, does local law impose requirements in relation to delivery (for example, the time, method and place of delivery)?

The seller must deliver the goods free of any third-party rights and must do everything required to transfer ownership to the buyer following the transfer of ownership title of the sold goods to the buyer (*Article 488, Civil Law*).

The seller must deliver the goods to buyer in the same condition they were in at the time of sale (*Article 489, Civil Law*).

Delivery of the goods must be either actual or by the seller providing access to the sold goods to the buyer (*Article 494, Civil Law*).

If the sold goods were in the possession of the buyer before the sale, in whatever capacity and for whatever cause, that possession will be deemed complete delivery of the sold goods (*Article 495, Civil Law*).

Delivery can be deemed to have been completed if:

- The seller and buyer agree that the buyer will be deemed to have taken delivery of the sold goods.

- Statutory provisions state that a situation amounts to delivery (*Article 496, Civil Law*).
- The contract is registered, where that formality is required by law (*Article 497, Civil Law*).
- The buyer requests the seller to keep possession of the goods.
- The seller notified the buyer to pay the price and receive the goods within a reasonable period of time and the buyer failed to do so (*Article 498, Civil Law*).

The place of delivery is the location of the sold goods at the time the contract is made (*Article 499, Civil Law*).

There are no specific rules under Jordanian law on packing and removal of packaging materials.

## Passing of title and risk

5. If not agreed by the parties, when does title to the goods pass to the buyer?

As a general rule, title to the goods passes to the buyer once the contract is signed, and before delivery of the goods (*Article 485, Civil Law*).

If the law requires registration, title to the goods passes on registration of the contract (*Article 1148, Civil Law*).

If the goods to be sold require extraction from a bulk, title does not pass to the buyer until the seller extracts and divides the sold goods from the bulk (*Article 1147, Civil Law*).

6. Are retention of title clauses enforceable in your jurisdiction? If so, what are the requirements to create a legally enforceable retention of title clause?

Retention of title clauses are enforceable under Jordanian law, provided they comply with certain conditions. The law does not require such clauses to be in writing and they do not need to be registered to be enforceable.

The seller can retain title to the goods if the buyer does not fulfil its obligation to effect payment in full, regardless of whether the buyer provided a guarantee or a collateral for payment. However, that right is conditional on the goods being actually in the seller's possession at the time of contracting. Therefore, if goods were already delivered to the buyer, the seller cannot claim detainment of the goods unless the goods were possessed by the buyer without the seller's consent. In addition, if the seller consents to delay payment it cannot detain the goods (*Article 523, Civil Law*).

The seller must keep detained goods in good condition. If the goods are of a perishable nature, the seller must sell them, and the retention of title right is transferred from the goods to their price (*Article 390, Civil Law*).

7. If not agreed by the parties, when does risk in relation to the goods pass to the buyer?

The common practice is to rely on Incoterms for determining the passing of risk. However, if the contract is silent, risk in relation to the goods passes to the buyer on delivery of the goods. If the goods were damaged before delivery due to a cause related to the buyer, the risk passes to buyer before the goods are delivered by the seller (*Article 501, Civil Law*).

Risk also passes to the buyer in the case of non-delivery if either:

- The buyer requests the seller to keep possession of the goods.
- The seller notifies the buyer to take delivery of the goods within a reasonable period of time and the buyer fails to do so.

(*Article 498, Civil Law*.)

## **Enforcement and remedies**

8. What are the seller's obligations in relation to the description and quality of the goods?

The seller must deliver the goods to the buyer free of defects. If any defect is found in the goods, the seller is liable and must compensate the buyer regardless of what the parties agreed on in the contract (*Articles 512-521, Civil Law*).

Accordingly, violations of any obligation relating to quality and description amounting to a defect in the sold goods entitle the buyer to compensation. Alternatively, if violations of quality and description clauses do not amount to a defect, the buyer can still repeal the contract (*Article 246(1), Civil Law*).

The legislation that applies to product liability and product safety in Jordan includes the:

- Standards and Metrology Law (No 22 of 2000).
- Consumer Protection Law (No 7 of 2017).

9. What are the main remedies and rules for losses and damages for breach of a sale of goods contract?

Actual losses and profit losses can be recovered under Jordanian law.

As a general rule, if the parties did not agree on the amount of damages in the contract, the court can assess injuries and determine the amount of actual losses suffered by the affected party. The amount of damages must be proportionate to the material injury caused. Loss of profit and moral damages can only be awarded by a court if the breach of contract is determined to be either reckless or fraudulent (*Articles 266 and 267, Civil Law*).

The court can also order the breaching party to perform or repeal the contract (*Articles 246, 358, 363 and 364, Civil Law*).

10. What are the buyer's remedies for breach of a sale of goods contract?

There are no specific rules on the buyer's remedy for non-delivery, late delivery and breach of terms regarding quality and description. However, remedies can be sought under the basic rule set by Article 203 of the Civil Law, which entitles any party to withhold performance of its obligations if the other party does not fulfil its obligations. This means that the buyer can withhold payment for any breach relating to delivery, quality and description.

If the seller fails to fulfil its obligation to deliver the goods after full payment by the buyer, the buyer can also request the seller to perform its obligation or repeal the contract. If the seller fails to perform the contract, the buyer can repeal the contract and reclaim payment from the seller in addition to damages (*Article 246(1), Civil Law*).

11. What are the seller's remedies for non-payment or late payment?

Non-payment by the buyer entitles the seller to withhold performance of its obligation by detaining the goods (*Article 203, Civil Law*).

If the seller has already fulfilled its obligation by delivering the goods, it can request the buyer to perform its obligation or repeal the contract.

## **Exclusion of liability**

12. Are exclusion clauses enforceable in your jurisdiction? If so, what are the requirements to create a legally enforceable exclusion clause?

Parties to a sale of goods contract cannot agree to exclude the seller's liability for guaranteeing title to the sold goods where the goods are owned by a third party (*Article 506(1), Civil Law*).

It is possible to exclude the seller's liability for defects in the goods if the seller does not purposely conceal such defects from the buyer when offering the goods for sale (*Article 514(4), Civil Law*).

### **Choice of law**

13. Will local courts recognise a choice of foreign law in a sale of goods contract? Are there any mandatory local rules that apply, despite a choice of foreign law?

Jordanian courts recognise a choice of foreign law in a sale of goods contract, provided that the provisions of that law do not contravene the public order or morality in Jordan (*Articles 20 and 29, Civil Law*).

The choice of foreign law must be limited to the internal law of the foreign country and not include the provisions of international private law of that foreign country (*Article 28, Civil Law*).

14. If the parties do not make a choice of law, what rules determine the law applicable to a sale of goods contract?

If there is no agreement between the parties on a choice of law, contractual obligations are governed by the law of the state of the parties' common domicile, if they have their domicile in the same country. If they are domiciled in different countries, the applicable law is that of the state in which the contract was made (*Article 20, Civil Law*).

### **Choice of jurisdiction**

15. Will local courts recognise a choice of foreign jurisdiction in a sale of goods contract? Are there any mandatory local rules that apply, despite a choice of foreign jurisdiction?

Jordanian courts do not recognise a contractual choice of foreign jurisdiction (*Article 27, Civil Procedure Law*).

16. If the parties do not make a choice of jurisdiction, what rules determine the jurisdiction applicable to a sale of goods contract?

Under Jordanian law, the jurisdiction of the local courts is determined by the domicile of the defendant. If the defendant is not domiciled in Jordan, the local court where the defendant has their temporary domicile has jurisdiction. If there is more than one defendant in the case, any of the courts of their local domiciles can have jurisdiction (*Article 36, Civil Procedure Law*).

Generally, the Jordanian courts have competence over lawsuits filed against foreign nationals who do not have a domicile in Jordan if the dispute is either:

- Related to money located in Jordan or a commitment established, executed or to be executed in Jordan.
- Related to a bankruptcy transaction taking place in Jordan.

(*Article 28, Civil Procedure Law*.)

## **Arbitration**

17. Are arbitration clauses commonly included in sale of goods contracts in your jurisdiction?

Jordanian courts recognise and enforce local and foreign arbitration awards. Jordan is a party to the UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (New York Convention).

## Storage of goods

18. How is title to goods in storage protected and evidenced? Are warehouse receipts recognised as documents of title in your jurisdiction?

A sale of goods contract constitutes the principal proof of ownership of goods in storage. However, warehouse receipts are also recognised as deeds of proof against third parties (*Articles 10 and 12, Evidence Law*). The bearer of a deed is the owner of the goods (*Article 1189, Civil Law*).

19. What conditions and formalities must warehouse receipts comply with?

A warehouse receipt does not constitute proof of title against third parties unless it has a fixed date. The date on the receipt is fixed when:

- It is certified by a notary public.
- Its contents are affixed in another document with an official fixed date.
- It is marked by a judge or a competent employee.
- Any person with a fixed or authenticated mark on the receipt (whether handwriting, signature, stamp or fingerprint) has died, or when it becomes impossible for any of those persons to write or affix a mark due to a physical disablement.

(*Article 12, Evidence Law*.)

20. Are other interests over goods in storage recognised?

Various interests over goods are recognised. Creditors with security pledges gain security interests over the goods to guarantee debts and have priority over other ordinary creditors (*Article 1322, Civil Law*).

All expenses and charges incurred for the maintenance of the goods are privileged and are paid before any other right (*Article 1434, Civil Law*).

Judicial expenses and charges incurred for the common interest of creditors in preserving and selling the debtor's goods are privileged and are paid before any other right (*Article 1432, Civil Law*).

## Reform

21. Are there impending developments or proposals for reform of national legislation affecting sale of goods contracts and/or storage of goods in your jurisdiction?

At the end of 2017, the Law on Forming Regular Courts (No 17 of 2001) was amended to create a specialised economic chamber within the court of first instance to adjudicate economic and commercial cases. The creation of the Economic Court was intended to ensure that disputes arising under economic and commercial laws are handled efficiently and promptly by specialised judges. The Economic Court has jurisdiction over a wide array of disputes arising under commercial law, including the Maritime Law and contractual disputes, where a referral is requested by the parties to contracts.

### Online resources

#### Legislation and Opinion Bureau

W [www.lob.jo](http://www.lob.jo)

**Description.** The Legislation and Opinion Bureau is the competent authority in Jordan for drafting laws and regulations. All laws and regulations are published on this website in Arabic.

### Contributor profile

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