

Sale and Storage of Goods in Azerbaijan: Overview

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

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.

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 domestic legislation that applies to sale of goods contracts is the:

- Constitution of the Republic of Azerbaijan dated 12 November 1995.
- Civil Code of the Republic of Azerbaijan dated 29 December 1999, approved by Law No. 779-IG (Civil Code).
- Law on International Private Law No. 889-IQ dated 6 June 2000 (Law on International Private Law).
- Rules of trade, public catering, household and other services in the Republic of Azerbaijan, approved by decision of the Cabinet of Ministers of the Republic of Azerbaijan No. 94 dated 3 April 2014.
- Law on Protection of Consumer Rights No. 1113 dated 19 September 1995 (Law on Protection of Consumer Rights).

The Law on State Assistance to Small Entrepreneurship No. 673-IQ dated 4 June 1999 aims to guarantee the right to freely engage in entrepreneurial and other types of economic activities. It sets out the forms and methods of state support for small businesses.

The Agency for Small and Medium Business Development can also take the necessary measures to resolve disputes involving entrepreneurs through out-of-court mediation.

The Law on Mediation No. 1555-VQ was adopted on 29 March 2019 and came into full force on 1 July 2021. This law requires parties to commercial, family, and labour disputes to attend mandatory preliminary mediation before going to court.

The Decree of the President of the Republic of Azerbaijan "On deepening reforms in the judicial system" dated 3 April 2019, and the Law on Mediation, established a working group for the creation of a Mediation Council, with the support of the EU Delegation to Azerbaijan. The Mediation Council, a non-profit legal entity that provides mediation services, was established on 12 February 2020 and registered with the Ministry of Justice on 16 February 2020.

International Rules

Azerbaijan is a party to the following international treaties relevant to sale of goods contracts:

- UN Convention on Contracts for the International Sale of Goods 1980 (CISG) (*Law No. 116-VQ dated 1 February 2016 on accession to the United Nations Convention on Contracts for the International Sale of Goods*).
- Customs Convention on the International Transport of Goods under Cover of TIR Carnets 1975 (TIR Convention) (*Law No. 552-IIQ dated 9 December 2003 on the Approval of Amendments to the Customs Convention on the International Transport of Goods under Cover of TIR Carnets 1975*).
- Convention for the Unification of Certain Rules for International Carriage by Air 1999 (Montreal Convention) (*Law No. 1022-IVQ dated 30 September 2014 on the Convention for the Unification of Certain Rules for International Carriage by Air 1999 (Montreal Convention)*).
- Agreement between the Republic of Azerbaijan, the Islamic Republic of Iran, the Republic of Kazakhstan, the Russian Federation and Turkmenistan dated 12 February 2019 (*Law No. 1491*).
- Framework Agreement on Facilitation of Transboundary Paperless Trade in Asia and the Pacific dated 1 December 2017 (*Law No. 892*).
- Founding Agreement of the International Islamic Trade Finance Corporation dated 17 December 2013 (*Law No. 842*).
- Memorandum of Understanding on assistance in trade and transportation between GUAM member states (Georgia, Ukraine, Azerbaijan, and Moldova) dated 21 May 2004 (*Law No. 666-IIQ*).
- Agreement on the Establishment of a Free Trade Zone between the GUAM Member States (*Law No. 469-IIQ dated 10 June 2003*).
- Protocol on the rules of import licensing by the States Parties to the Agreement on the Establishment of a Free Trade Zone dated 22 June 2001 (*Law No. 152-IIQ*).
- Economic Cooperation Organization (ECO) Transit Trade Agreement dated 12 December 2000 (*Law No. 42-IIQ*).

Standard Contractual Terms

The following are commonly used:

- International Chamber of Commerce (ICC) International Commercial Terms (Incoterms®) 2020.
- UNIDROIT Principles of International Commercial Contracts (in part).
- Uniform Customs and Practice for Documentary Credits (UCP).

Formation

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

Substantive Requirements

A contract of sale is defined as a contract under which the seller undertakes to transfer the goods into the buyer's ownership, and the buyer undertakes to accept the goods and pay a price for them (*Article 567, Civil Code*).

To create a legally enforceable contract for the sale of goods, there must be a valid offer and acceptance of the offer.

Offer. An offer to conclude a contract addressed to one or more persons is considered made when it expresses the willingness of the offeror to enter into the contract on acceptance by the offeree. The offer must contain the essential terms of the contract (*Article 408, Civil Code*). An offer addressed to an indefinite number of persons (including advertising) is deemed an invitation to treat unless otherwise expressly provided.

The offer becomes binding on receipt by the offeree. If the notice of revocation of the offer is received earlier than, or simultaneously with, the offer, the offer is considered as not received. The offer cannot be withdrawn within the period set for its acceptance, unless otherwise provided in the offer itself or dictated by the nature of the offer or the circumstances in which it was made.

Acceptance. Acceptance is the offeree's consent to the offer. Acceptance must be complete and unconditional (*Article 409, Civil Code*). If the offer sets a time limit for acceptance, acceptance can only be made within that period. Silence does not constitute acceptance unless otherwise provided by law, business customs, or the parties' previous course of business.

Performance of the contract by the offeree is considered acceptance unless otherwise provided by the Civil Code or the offer. If the offeror received the notice of acceptance after the deadline for acceptance, and it is clear that it was dispatched on time, acceptance can only be considered late if the offeror immediately notifies the offeree of receipt of the late acceptance. When the notice of withdrawal of acceptance is received by the offeror before the acceptance itself or simultaneously with it, the acceptance is not considered as received.

The contract is considered concluded on receipt of acceptance by the offeror within the stipulated period (if any).

Formal Requirements

As a general rule, agreements can be concluded orally or in writing (simple or notarised). However, sale agreements must be concluded in writing when either:

- One of the parties is a legal entity.
- The contract relates to immovable property, in which case the contract must be notarised and registered in the State Register of Real Estate.

A simple written contract is considered concluded from the moment it is duly signed (*Decision of the Plenum of the Constitutional Court of the Republic of Azerbaijan dated 12 August 2020*).

Sale of goods contracts can be concluded electronically (*Article 7, Law on E-Commerce No. #908-IIQ dated 10 May 2005*).

There is no language requirement for sale of goods contract. However, contracts to which the Republic of Azerbaijan is a party must be in Azerbaijani.

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)?

The buyer must pay the price stipulated in the contract. If the contract does not specify the price, the buyer must pay the price that is usually charged for similar goods in comparable circumstances. The buyer must take all the necessary actions to effect payment at its own expense (*Article 597.1, Civil Code*).

When the price is based on the weight of the goods, the net weight is used to determine the price unless otherwise provided in the contract (*Article 597.2, Civil Code*).

Payment can be made in cash or via bank transfer. The price must be expressed in Azerbaijan Manat. If one of the parties is a foreign individual or legal entity, the parties can also refer to a foreign currency unless prohibited by law.

If the contract provides that the price is subject to variation based on certain indexes, but the method for revising the price is not determined, the price is determined based on the ratio of these indexes at the time of conclusion of the contract and at the time of delivery (*Article 597.3, Civil Code*). In the event of late delivery, the price is determined based on the ratio of the indexes at the time of conclusion of the contract and at the time delivery was due under the contract.

The buyer must pay for the goods immediately before or after delivery of the goods, unless otherwise provided in the contract. The buyer must pay the full price unless the contract provides for payment in instalments.

If not provided in the contract, the seller can demand immediate performance of the buyer's obligation to pay the price. The buyer must then fulfil its obligation within a reasonable time or by the time specified in the seller's demand. If the buyer does not fulfil its obligations within a reasonable time, it must do so within seven days from the date of the seller's demand for performance.

In a sale on credit, the buyer must pay the price within the period specified in the contract. A contract for the sale of goods on credit can provide for payment in instalments. In this case, the contract must specify the price, the procedure, terms, and amounts of payments.

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)?

Delivery Obligations

Unless otherwise provided in the contract, the seller's obligation to transfer the goods to the buyer is considered fulfilled at the time of:

- Delivery of the goods to the buyer or to a person indicated by them, if the contract provides for the seller's obligation to deliver the goods.
- Placing the goods at the buyer's disposal, if the goods are to be transferred to the buyer or a person indicated by them at the location of the goods. The goods are deemed placed at the buyer's disposal when, by the time specified in the contract, the goods are ready for transfer at the correct location and the buyer is aware of this. The goods are not ready for transfer if they are not identified by marking or otherwise.

(*Article 570, Civil Code.*)

If the seller is not obliged to deliver the goods at the place of their location, the seller's obligation to transfer the goods is considered fulfilled at the time the goods are handed over to the carrier, or the upcoming delivery is notified to the buyer, unless otherwise provided in the contract.

The buyer must accept the goods, except in cases when they have the right to claim replacement goods or refuse to perform the contract (*Article 596, Civil Code*). Unless otherwise provided in the contract, the buyer must take the necessary actions to ensure transfer and receipt of the goods.

The seller must deliver the goods to the place specified by the buyer within the deadline set in the contract. If the contract does not indicate the place of delivery, the seller must deliver the goods to the buyer's place of residence (individual) or business (legal entity).

If the contract does not specify the time of delivery, the goods must be delivered within a reasonable time after receipt of the buyer's demand for delivery.

Unless otherwise provided in the contract, goods sold under a contract of sale by sample are deemed transferred from the time the goods are:

- Delivered to the place specified in the contract.
- Delivered at the buyer's place of residence (individual) or business (legal entity), if the contract does not indicate the place of delivery.

Packing Requirements

Unless otherwise provided in the contract or arising from the nature of the agreement, the seller must deliver the goods in containers and/or packaging, except for goods that, by their nature, do not require packing or packaging (*Article 593, Civil Code*).

If the contract does not define the packing and packaging requirements, the goods must be packed in the usual way for such goods. If there is no such way, the packaging must ensure the safety of goods of this kind under normal conditions.

The seller must also comply with any mandatory packing requirements applicable to the goods in question.

If the goods are handed over to the buyer without containers and/or packaging, or in improper containers and/or packaging, the buyer can request the seller to pack the goods or replace the inappropriate containers/packaging, unless otherwise provided in the contract or arising from the nature of the agreement or goods.

Passing of Title and Risk

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

Unless otherwise provided in the contract, the seller's obligation to transfer title to the goods to the buyer is deemed fulfilled at the following time:

- On delivery of the goods to the buyer or the person indicated by them, if the contract provides for the seller's obligation to deliver the goods.
- At the time the goods are handed over to the buyer, if the goods are to be handed over to the buyer or to the person indicated by them at the place where the goods are located. The goods are deemed to have been placed at the buyer's disposal if they are ready to be delivered at the appropriate place within the period

specified in the contract and the buyer is aware of it. The goods are not ready for transfer if they have not been identified by marking or otherwise for the purposes of the contract.

- On delivery of the goods to a carrier or post office, if the seller is not obliged to deliver the goods to the buyer under the contract.

(*Article 570, Civil Code.*)

Title to real estate passes on registration of the transfer of ownership in the State Register of Real Estate. The risks, costs, and benefits associated with the real estate pass to the buyer after registration of the transfer in the Register. The party responsible for any delay in registration must compensate the other party for losses arising from the delay.

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

The seller can retain ownership of the goods until the buyer pays the purchase price in full. In the event of late payment, the seller can terminate the contract and/or foreclose on the goods.

If the contract contains a retention of title clause, the buyer cannot appropriate the goods or otherwise dispose of them until title passes, unless otherwise provided in the contract or arising from the nature of the goods (*Civil Code*).

In practice, the most common forms of security used to secure a debtor's obligation under a civil law contract (including a sale of goods contract) are:

- Mortgage.
- Pledge.
- Bank guarantee.
- Suretyship.

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

Unless otherwise provided in the contract, the risk of accidental destruction of, or damage to, the goods passes to the buyer from the time the seller is considered to have performed their obligation to transfer the goods to the buyer under the contract (*Civil Code*) (see [Question 4](#)). The risk of accidental destruction of, or damage to, goods sold in transit passes to the buyer from the time of conclusion of the contract, unless otherwise provided by the contract.

An agreement to transfer the risk of accidental destruction or accidental damage to the buyer on delivery of the goods to the first carrier may be considered invalid by a court (at the buyer's request) if the seller knew or should have known about any loss or damage at the time of the contract and did not inform the buyer.

The parties are free to rely on Incoterms® for the passing of risk. For example:

- Under CFR (Cost and Freight), the risk of loss of, or damage to, the goods passes when the goods have been delivered on board the ship.
- Under DAP (Delivered at Place), the seller bears all risks involved in bringing the goods to the named place of destination.

Enforcement and Remedies

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

Requirements relating to the quality of goods and product liability are set out in the Civil Code and the Law on Protection of Consumer Rights.

Quality of Goods

Under the Civil Code, the goods must comply with the terms of the contract. If the contract is silent on the quality of the goods, the goods must be suitable for the purposes for which this type of goods are usually used. If the buyer informed the seller of the specific purposes for which the goods are being bought, the goods must be suitable for these purposes.

The seller must also comply with any mandatory requirements applicable to the goods in question. The parties can agree on additional quality requirements.

If the goods do not comply with the contract specifications or are not fit for purpose, the buyer can request any of the following, regardless of whether the seller is at fault:

- A proportional price reduction.
- Removal of the defects within a reasonable time.
- Reimbursement of their expenses for removing the defects.

In the event of a significant violation of quality requirements (for example, fatal deficiencies, defects that cannot be removed without disproportionate costs, and other similar shortcomings), the buyer can:

- Refuse to perform their obligations and demand reimbursement of the price.
- Request replacement goods.

In this case, the buyer must return the defective goods to the seller at their expense.

Product Liability

Under the Law on Protection of Consumer Rights, a consumer who is not satisfied with a non-food product due to its shape, size, form, or colour, or because the product cannot be used for its intended purpose, has the right to request replacement goods at the place of purchase. The consumer has the right to exchange the goods within 14 days. If there are no suitable goods for sale at the time of exchange, the consumer can obtain any other goods of the same value, obtain a refund, or obtain replacement goods as soon as some are available for sale. The seller must notify the consumer when the goods in question are put up for sale.

Under the Civil Code, a seller or manufacturer must compensate damages caused to the life, health or property of individuals resulting from defective products or incorrect information about the goods, regardless of fault or whether the victim has a contractual relationship with them. Damages to property are only compensated if the property was used for its intended purpose.

A product is considered defective if it does not meet the expected reliability for products of the same type, considering all the circumstances. A product cannot be considered defective only due to the subsequent introduction of a better product.

Any movable item is considered a product, even if it is part of another movable or immovable item. Agricultural products not yet processed, livestock, beekeeping and fishery products (natural agricultural products) are not included in the definition of product.

A manufacturer is a person who produces the final product, the main elements of the product, or part of the product. Anyone who acts as a manufacturer on their own behalf or affixes a trade mark or other distinctive mark on a product is considered a manufacturer.

If it is not possible to identify the manufacturer, the seller or the person who supplied the product to them is considered a manufacturer, except when they informed the buyer of the identity of the manufacturer within one month following a request. The same rule applies to imported goods.

The buyer can claim damages for defective goods if the damage occurred during the specified storage period of the goods. If the storage period is not determined, the damage must have occurred within ten years from the date of production of the goods.

The seller or manufacturer are not liable if they prove that damage was caused by force majeure or the buyer's failure to comply with the instructions for use and storage.

The claimant bears the burden of proof.

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

Generally, breach of contractual obligations entitles the innocent party to claim compensation for damages. There are no requirements related to the assessment of damages under domestic law.

The limitation period for contractual claims is three years from the date of the breach (six years for contracts relating to real estate).

For specific information on the buyer's and seller's remedies for breach, see [Question 10](#) and [Question 11](#). See also [Question 8](#) for remedies for breach of terms regarding quality and description of the goods, as well as rules governing product liability.

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

The buyer's remedies for breach of a sale of goods contract are as follows:

- **Refusal to perform.** In the event of non-delivery, the buyer can refuse to perform their obligations under the sale of goods contract.
- **Granting a rescue period.** The buyer can request the seller to perform their obligations within a certain time.
- **Termination for cause.** A party can terminate the contract unilaterally based on a material breach of the contract or other grounds set out the Civil Code or the contract.
- **Monetary compensation.** A seller who breaches their contractual obligations must compensate losses suffered by the buyer (*Article 443, Civil Code*). Under Article 21.2 of the Civil Code, losses include:
 - expenses incurred or to be incurred, and loss of, or damage to, property caused by the breach (actual loss); and
 - profits that the innocent party would have made if the breach had not been committed (lost profit).

In practice, it is difficult to prove loss of profit and there are no unified rules approved by the courts in that respect. When determining the amount of compensation, the courts will consider the case on its individual merits. If the claimant cannot prove lost profit, the court will only award compensation for actual loss.

If the seller does not provide the buyer with accessories or documents related to the goods, the buyer can set a reasonable time for their delivery. If the seller does not deliver within the specified period, the buyer can refuse the accessories or documents unless otherwise provided in the contract.

If the seller delivers fewer goods than specified in the contract, the buyer can claim:

- Delivery of the missing goods or refuse to pay for the goods, unless otherwise provided in the contract.
- A refund (if they paid the price).

If the contract requires goods to be within a certain range (by type, model, size, colour or other characteristics), the seller must deliver goods within that range. Otherwise the buyer can refuse to accept and pay for the goods, and request a refund of any amount paid.

The buyer must notify the seller of any breach of the terms of the contract on the quantity, range, quality, completeness, and packing of the goods within the time specified in the contract or, if the contract is silent, within a reasonable time after the breach should have been discovered based on the nature and purpose of the goods.

If the buyer fails to notify the seller in time, the seller can refuse to satisfy the buyer's claims (*see Question 4, Packing Requirements and Question 8*), in whole or in part, if they prove that this results in either:

- Impossibility to satisfy the buyer's demand.
- Disproportionate costs in comparison with those that would have been incurred if they had been promptly notified of the breach.

For information on remedies for breach of terms regarding quality/description and product liability see *Question 8*.

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

In the event of non-payment or late payment, the seller can either:

- Sue the buyer for the price and claim interest.
- Refuse to perform the contract.
- Claim monetary compensation for any loss suffered.

If the contract requires the seller to deliver other goods to the buyer, the seller can withhold delivery until all delivered goods are paid in full, unless otherwise provided by the contract.

The interest rate is the bank discount rate on the day of performance of the monetary obligation or its relevant part. If the debt is settled in court, the court can apply the bank discount rate on the day of the decision. The bank discount rate is determined by the Central Bank of the Republic of Azerbaijan.

Exclusion of Liability

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

Exclusion clauses are generally enforceable in Azerbaijan. The contract must clearly specify the type of contractual liability that is excluded or limited.

It is not possible to exclude liability arising from wilful misconduct and gross negligence (*Article 448.2, Civil Code*).

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?

The parties can choose the law that governs the whole or parts of the contract. The chosen law governs the:

- Parties' rights and obligations.
- Interpretation of the contract.
- Execution of the contract.
- Non-performance.
- Termination of the contract.
- Consequences of improper performance and invalidity of the contract.
- Transfer of contractual obligations.

(*Article 24, Law on International Private Law*.)

The parties can choose the applicable law at any time, including on or after signing the contract. The parties can also agree to change the applicable law at any time.

If a foreign law applies, the contract must still comply with:

- Mandatory provisions of Azerbaijani law, especially the Constitution and laws adopted by referendum (*Article 4, Law on International Private Law*).
- Rules of public policy.

Contractual terms that do not comply with the above rules are considered null and void.

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

If the parties do not make a choice of law, a sale of goods contract will be governed by the law of the country of the seller's residence. Contracts for the sale of real estate are governed by the law of the country where the real estate is located (*Article 25, Law on International Private Law*).

The parties must also take into account the law of the country of execution of the contract. In practice, this is understood to mean that parties cannot exclude the mandatory provisions of the law of the country of execution.

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?

The local courts recognise a choice of the foreign jurisdiction in a sale of goods contract. However, the local courts must refuse to enforce a foreign judgment if any of the following apply:

- The courts of Azerbaijan have exclusive jurisdiction over the matter (*see below*).
- The defendant has been deprived of the opportunity to participate in the proceedings due to failure to notify them of the proceedings in a timely and proper manner.
- There is a valid decision of the courts of Azerbaijan between the same parties, on the same subject matter, and on the same grounds, or such a case is pending before a foreign court. If such proceedings are pending before a local court, the court must suspend consideration of the application for recognition and enforcement of the foreign judgment. If a decision is made on the enforcement and recognition, the local court must terminate the proceedings. If the application for recognition is rejected, the dispute will be considered on the merits.

- The judgment has not entered into force under the law of the state where it was issued.
- Enforcement of the judgment violates the basic legal principles and sovereignty of Azerbaijan.
- The foreign state does not provide for the mutual recognition of Azerbaijani judgments.

The courts of Azerbaijan have exclusive jurisdiction over the following matters:

- Claims relating to rights to immovable property (including leases and pledges) located in Azerbaijan.
- Cases relating to the validity of legal entities and cancellation of their decisions, for legal entities located in Azerbaijan.
- Cases relating to patents and other rights registered or applied for in Azerbaijan.
- Cases relating to compulsory enforcement measures implemented in Azerbaijan.
- Claims against carriers arising from freight contracts concluded in Azerbaijan.
- Cases on the dissolution of marriage between:
 - citizens of Azerbaijan; and
 - foreign nationals or stateless persons, if both spouses have their residence in Azerbaijan.

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

If the parties do not make a choice of jurisdiction, the local courts will apply the Civil Procedure Code to determine jurisdiction.

Under the Civil Procedure Code, the courts of Azerbaijan can consider cases if any of the following apply:

- Any of the claimants or defendants have their place of residence or usual place of business in Azerbaijan.
- The governing body, branch, or representative office of a foreign entity party to the case is located in Azerbaijan.
- The defendant owns property located in Azerbaijan.
- Claims for compensation for damage to property based on an action or other circumstance that occurred in Azerbaijan.
- Claims arising in whole or in part from a contract to be executed or implemented in Azerbaijan.

- Claims arising from unjust enrichment in Azerbaijan.
- Claims relating to the protection of the honour, dignity and business reputation, if the claimant has their place of residence in Azerbaijan.

Arbitration

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

Azerbaijan acceded to the UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (New York Convention) (*Law No. 734-IQ dated 9 November 1999 on accession to the UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (New York Convention)*).

Local courts recognise foreign arbitral awards if they are not contrary to the laws of Azerbaijan or the rule of law, and provided recognition is mutually guaranteed in the country of issue.

A legal entity or an individual requesting the recognition and enforcement of a foreign arbitral award must submit the original or a certified copy of the arbitral award, as well as the original or a copy of the arbitration agreement (*Article 475, Civil Procedure Code*). If the award is in a foreign language, the parties must submit a certified Azerbaijani translation.

The courts can refuse to recognise and enforce a foreign arbitral award on the following grounds:

- One of the parties to the arbitration agreement has been declared incapable.
- The party against whom the award was made was not duly notified of the appointment of the arbitrator or arbitral tribunal, or was unable to present their case.
- The dispute was not covered by the arbitration agreement or the award goes beyond the scope of the arbitration agreement (parts of the award that relate to matters covered by the agreement can be recognised and enforced).
- The composition of the arbitral tribunal or the rules of arbitration do not comply with the arbitration agreement or the law of the country of arbitration.
- The award is not yet binding on the parties or has been annulled or suspended by the courts of the country of arbitration.

Storage of Goods

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

Under a consignment warehouse agreement, one of the parties (warehouse keeper) undertakes to store goods for another person (bailor). During the term of the agreement, the warehouse keeper has the right to use the goods in the course of their ordinary commercial activities.

If required by the bailor, the warehouse keeper must insure the goods against theft, destruction, and damage.

The warehouse keeper can issue commodity papers when accepting goods for storage. A commodity paper is a document (for example, a warehouse certificate, bill of lading, and so on) that establishes the right of the owner to dispose of the goods specified in the paper and receive these goods on presentation of the paper. Commodity papers can be issued in the name of the depositor or owner of the goods. The warehouse keeper can only transfer goods to the person(s) specified in the paper.

A warehouse certificate can be either:

- A double warehouse certificate, which includes a warehouse certificate and a pledge certificate in favour of the warehouse keeper.
- An ordinary warehouse certificate, which confirms the acceptance of goods for storage by the warehouse keeper.

There is no requirement to create negotiable warehouse certificates under local law.

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

Commodity papers must include the following information:

- Place and date of issue of the document, and signature of the person who issued the document.
- Name and place of residence or location of the person who issued the document.
- Name and place of residence or location of the warehouse keeper.
- Description of the goods stored or delivered for storage, including their quality, quantity, and characteristics.
- Withholding and prepayments made.

- Special agreements relating to the handling of the goods.
- Number of the commodity paper.
- Name of the authorised person (that is, the person to whom the goods must be returned).

There are no registration requirements.

A document that does not comply with these requirements is not regarded as a commodity paper, but as a simple receipt of acceptance or other approval document.

20. Are other interests over goods in storage recognised?

The warehouse keeper has the right to be reimbursed for all costs unrelated to the storage of the goods, such as freight, customs duties, and repair costs. On request of the warehouse keeper, the bailor must immediately reimburse the costs incurred.

The warehouse keeper has a right of pledge over all goods stored in the warehouse in respect of claims arising from the storage contract.

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?

There are currently no impending developments or proposals for reform of national legislation affecting sale of goods contracts and/or storage of goods.

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