

Regulation (EC) No 593/2008 of the European Parliament and of the Council  
of 17 June 2008 on the law applicable to contractual obligations (Rome I)

CHAPTER II

UNIFORM RULES

*Article 3*

**Freedom of choice**

1 A contract shall be governed by the law chosen by the parties. The choice shall be made expressly or clearly demonstrated by the terms of the contract or the circumstances of the case. By their choice the parties can select the law applicable to the whole or to part only of the contract.

2 The parties may at any time agree to subject the contract to a law other than that which previously governed it, whether as a result of an earlier choice made under this Article or of other provisions of this Regulation. Any change in the law to be applied that is made after the conclusion of the contract shall not prejudice its formal validity under Article 11 or adversely affect the rights of third parties.

3 Where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement.

4 Where all other elements relevant to the situation at the time of the choice are located in one or more [<sup>F1</sup>relevant states], the parties' choice of applicable law other than that of a [<sup>F2</sup>relevant state] shall not prejudice the application of provisions of [<sup>F3</sup>retained EU law] which cannot be derogated from by agreement.

5 The existence and validity of the consent of the parties as to the choice of the applicable law shall be determined in accordance with the provisions of Articles 10, 11 and 13.

**Textual Amendments**

- F1** Words in Art. 3(4) substituted (31.12.2020) by [The Law Applicable to Contractual Obligations and Non-Contractual Obligations \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/834\)](#), regs. 1, [10\(4\)\(a\)](#); 2020 c. 1, Sch. 5 para. 1(1)
- F2** Words in Art. 3(4) substituted (31.12.2020) by [The Law Applicable to Contractual Obligations and Non-Contractual Obligations \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/834\)](#), regs. 1, [10\(4\)\(b\)](#); 2020 c. 1, Sch. 5 para. 1(1)
- F3** Words in Art. 3(4) substituted (31.12.2020) by [The Law Applicable to Contractual Obligations and Non-Contractual Obligations \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/834\)](#), regs. 1, [10\(4\)\(c\)](#); 2020 c. 1, Sch. 5 para. 1(1)

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## Article 4

### Applicable law in the absence of choice

1 To the extent that the law applicable to the contract has not been chosen in accordance with Article 3 and without prejudice to Articles 5 to 8, the law governing the contract shall be determined as follows:

- a a contract for the sale of goods shall be governed by the law of the country where the seller has his habitual residence;
- b a contract for the provision of services shall be governed by the law of the country where the service provider has his habitual residence;
- c a contract relating to a right *in rem* in immovable property or to a tenancy of immovable property shall be governed by the law of the country where the property is situated;
- d notwithstanding point (c), a tenancy of immovable property concluded for temporary private use for a period of no more than six consecutive months shall be governed by the law of the country where the landlord has his habitual residence, provided that the tenant is a natural person and has his habitual residence in the same country;
- e a franchise contract shall be governed by the law of the country where the franchisee has his habitual residence;
- f a distribution contract shall be governed by the law of the country where the distributor has his habitual residence;
- g a contract for the sale of goods by auction shall be governed by the law of the country where the auction takes place, if such a place can be determined;
- h a contract concluded within a multilateral system which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments, as defined [F4: in Part 1 of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001], in accordance with non-discretionary rules and governed by a single law, shall be governed by that law.

2 Where the contract is not covered by paragraph 1 or where the elements of the contract would be covered by more than one of points (a) to (h) of paragraph 1, the contract shall be governed by the law of the country where the party required to effect the characteristic performance of the contract has his habitual residence.

3 Where it is clear from all the circumstances of the case that the contract is manifestly more closely connected with a country other than that indicated in paragraphs 1 or 2, the law of that other country shall apply.

4 Where the law applicable cannot be determined pursuant to paragraphs 1 or 2, the contract shall be governed by the law of the country with which it is most closely connected.

#### Textual Amendments

- F4** Words in Art. 4(1)(h) substituted (31.12.2020) by [The Law Applicable to Contractual Obligations and Non-Contractual Obligations \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/834\)](#), regs. 1, **10(5)**; 2020 c. 1, Sch. 5 para. 1(1)

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## Article 5

### Contracts of carriage

1 To the extent that the law applicable to a contract for the carriage of goods has not been chosen in accordance with Article 3, the law applicable shall be the law of the country of habitual residence of the carrier, provided that the place of receipt or the place of delivery or the habitual residence of the consignor is also situated in that country. If those requirements are not met, the law of the country where the place of delivery as agreed by the parties is situated shall apply.

2 To the extent that the law applicable to a contract for the carriage of passengers has not been chosen by the parties in accordance with the second subparagraph, the law applicable shall be the law of the country where the passenger has his habitual residence, provided that either the place of departure or the place of destination is situated in that country. If these requirements are not met, the law of the country where the carrier has his habitual residence shall apply.

The parties may choose as the law applicable to a contract for the carriage of passengers in accordance with Article 3 only the law of the country where:

- a the passenger has his habitual residence; or
- b the carrier has his habitual residence; or
- c the carrier has his place of central administration; or
- d the place of departure is situated; or
- e the place of destination is situated.

3 Where it is clear from all the circumstances of the case that the contract, in the absence of a choice of law, is manifestly more closely connected with a country other than that indicated in paragraphs 1 or 2, the law of that other country shall apply.

## Article 6

### Consumer contracts

1 Without prejudice to Articles 5 and 7, a contract concluded by a natural person for a purpose which can be regarded as being outside his trade or profession (the consumer) with another person acting in the exercise of his trade or profession (the professional) shall be governed by the law of the country where the consumer has his habitual residence, provided that the professional:

- a pursues his commercial or professional activities in the country where the consumer has his habitual residence, or
- b by any means, directs such activities to that country or to several countries including that country,

and the contract falls within the scope of such activities.

2 Notwithstanding paragraph 1, the parties may choose the law applicable to a contract which fulfils the requirements of paragraph 1, in accordance with Article 3. Such a choice may not, however, have the result of depriving the consumer of the protection afforded to him by provisions that cannot be derogated from by agreement by virtue of the law which, in the absence of choice, would have been applicable on the basis of paragraph 1.

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3 If the requirements in points (a) or (b) of paragraph 1 are not fulfilled, the law applicable to a contract between a consumer and a professional shall be determined pursuant to Articles 3 and 4.

4 Paragraphs 1 and 2 shall not apply to:

- a a contract for the supply of services where the services are to be supplied to the consumer exclusively in a country other than that in which he has his habitual residence;
- b a contract of carriage other than a contract relating to package travel within the meaning of [F5 Directive (EU) 2015/2302 of the European Parliament and of the Council of 25 November 2015 on package travel and linked travel arrangements];
- c a contract relating to a right *in rem* in immovable property or a tenancy of immovable property other than a contract relating to the right to use immovable properties on a timeshare basis within the meaning of [F6 Directive 2008/122/EC];
- d rights and obligations which constitute a financial instrument and rights and obligations constituting the terms and conditions governing the issuance or offer to the public and public take-over bids of transferable securities, and the subscription and redemption of units in collective investment undertakings in so far as these activities do not constitute provision of a financial service;
- e a contract concluded within the type of system falling within the scope of Article 4(1)(h).

#### Textual Amendments

- F5** Words in Art. 6(4)(b) substituted (31.12.2020) by [The Law Applicable to Contractual Obligations and Non-Contractual Obligations \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/834\)](#), regs. 1, [10\(6\)\(a\)](#); 2020 c. 1, Sch. 5 para. 1(1)
- F6** Words in Art. 6(4)(c) substituted (31.12.2020) by [The Law Applicable to Contractual Obligations and Non-Contractual Obligations \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/834\)](#), regs. 1, [10\(6\)\(b\)](#); 2020 c. 1, Sch. 5 para. 1(1)

### Article 7

#### Insurance contracts

1 This Article shall apply to contracts referred to in paragraph 2, whether or not the risk covered is situated in a [F7 relevant state], and to all other insurance contracts covering risks situated inside the territory of the [F8 relevant states]. It shall not apply to reinsurance contracts.

2 An insurance contract covering a large risk as defined in [F9 Article 13(27) of Directive 2009/138/EU] shall be governed by the law chosen by the parties in accordance with Article 3 of this Regulation.

To the extent that the applicable law has not been chosen by the parties, the insurance contract shall be governed by the law of the country where the insurer has his habitual residence. Where it is clear from all the circumstances of the case that the contract is manifestly more closely connected with another country, the law of that other country shall apply.

3 In the case of an insurance contract other than a contract falling within paragraph 2, only the following laws may be chosen by the parties in accordance with Article 3:

- a the law of any [F10 relevant state] where the risk is situated at the time of conclusion of the contract;

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- b the law of the country where the policy holder has his habitual residence;
- c in the case of life assurance, the law of the [F10relevant state] of which the policy holder is a national;
- d for insurance contracts covering risks limited to events occurring in one [F10relevant state] other than the [F10relevant state] where the risk is situated, the law of that [F10relevant state];
- e where the policy holder of a contract falling under this paragraph pursues a commercial or industrial activity or a liberal profession and the insurance contract covers two or more risks which relate to those activities and are situated in different [F11relevant states], the law of any of the [F11relevant states] concerned or the law of the country of habitual residence of the policy holder.

Where, in the cases set out in points (a), (b) or (e), the [F11relevant states] referred to grant greater freedom of choice of the law applicable to the insurance contract, the parties may take advantage of that freedom.

To the extent that the law applicable has not been chosen by the parties in accordance with this paragraph, such a contract shall be governed by the law of the [F10relevant state] in which the risk is situated at the time of conclusion of the contract.

4 The following additional [F12rule] shall apply to insurance contracts covering risks for which a [F13relevant state] imposes an obligation to take out insurance:

- a the insurance contract shall not satisfy the obligation to take out insurance unless it complies with the specific provisions relating to that insurance laid down by the [F13relevant state] that imposes the obligation. Where the law of the [F13relevant state] in which the risk is situated and the law of the [F13relevant state] imposing the obligation to take out insurance contradict each other, the latter shall prevail;

F14b .....

5 For the purposes of paragraph 3, third subparagraph, and paragraph 4, where the contract covers risks situated in more than one [F15relevant state], the contract shall be considered as constituting several contracts each relating to only one [F15relevant state].

6 For the purposes of this Article, the country in which the risk is situated shall be determined in accordance with [F16Article 13(13) of Directive 2009/138/EU] and, in the case of life assurance, the country in which the risk is situated shall be the country of the commitment within the meaning of [F17Article 13(14) of Directive 2009/138/EU].

#### Textual Amendments

- F7** Words in Art. 7(1) substituted (31.12.2020) by The Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/834), regs. 1, 10(7)(a)(i); 2020 c. 1, Sch. 5 para. 1(1)
- F8** Words in Art. 7(1) substituted (31.12.2020) by The Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/834), regs. 1, 10(7)(a)(ii); 2020 c. 1, Sch. 5 para. 1(1)
- F9** Words in Art. 7(2) substituted (31.12.2020) by The Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/834), regs. 1, 10(7)(b); 2020 c. 1, Sch. 5 para. 1(1)
- F10** Words in Art. 7(3) substituted (31.12.2020) by The Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/834), regs. 1, 10(7)(c)(i); 2020 c. 1, Sch. 5 para. 1(1)

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- F11** Words in Art. 7(3) substituted (31.12.2020) by The Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/834), regs. 1, **10(7)(c)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F12** Word in Art. 7(4) substituted (31.12.2020) by The Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/834), regs. 1, **10(7)(d)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F13** Words in Art. 7(4) substituted (31.12.2020) by The Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/834), regs. 1, **10(7)(d)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F14** Art. 7(4)(b) omitted (31.12.2020) by virtue of The Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/834), regs. 1, **10(7)(d)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F15** Words in Art. 7(5) substituted (31.12.2020) by The Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/834), regs. 1, **10(7)(e)**; 2020 c. 1, Sch. 5 para. 1(1)
- F16** Words in Art. 7(6) substituted (31.12.2020) by The Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/834), regs. 1, **10(7)(f)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F17** Words in Art. 7(6) substituted (31.12.2020) by The Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/834), regs. 1, **10(7)(f)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)

## Article 8

### Individual employment contracts

1 An individual employment contract shall be governed by the law chosen by the parties in accordance with Article 3. Such a choice of law may not, however, have the result of depriving the employee of the protection afforded to him by provisions that cannot be derogated from by agreement under the law that, in the absence of choice, would have been applicable pursuant to paragraphs 2, 3 and 4 of this Article.

2 To the extent that the law applicable to the individual employment contract has not been chosen by the parties, the contract shall be governed by the law of the country in which or, failing that, from which the employee habitually carries out his work in performance of the contract. The country where the work is habitually carried out shall not be deemed to have changed if he is temporarily employed in another country.

3 Where the law applicable cannot be determined pursuant to paragraph 2, the contract shall be governed by the law of the country where the place of business through which the employee was engaged is situated.

4 Where it appears from the circumstances as a whole that the contract is more closely connected with a country other than that indicated in paragraphs 2 or 3, the law of that other country shall apply.

## Article 9

### Overriding mandatory provisions

1 Overriding mandatory provisions are provisions the respect for which is regarded as crucial by a country for safeguarding its public interests, such as its political, social or economic

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organisation, to such an extent that they are applicable to any situation falling within their scope, irrespective of the law otherwise applicable to the contract under this Regulation.

2 Nothing in this Regulation shall restrict the application of the overriding mandatory provisions of the law of the forum.

3 Effect may be given to the overriding mandatory provisions of the law of the country where the obligations arising out of the contract have to be or have been performed, in so far as those overriding mandatory provisions render the performance of the contract unlawful. In considering whether to give effect to those provisions, regard shall be had to their nature and purpose and to the consequences of their application or non-application.

#### *Article 10*

### **Consent and material validity**

1 The existence and validity of a contract, or of any term of a contract, shall be determined by the law which would govern it under this Regulation if the contract or term were valid.

2 Nevertheless, a party, in order to establish that he did not consent, may rely upon the law of the country in which he has his habitual residence if it appears from the circumstances that it would not be reasonable to determine the effect of his conduct in accordance with the law specified in paragraph 1.

#### *Article 11*

### **Formal validity**

1 A contract concluded between persons who, or whose agents, are in the same country at the time of its conclusion is formally valid if it satisfies the formal requirements of the law which governs it in substance under this Regulation or of the law of the country where it is concluded.

2 A contract concluded between persons who, or whose agents, are in different countries at the time of its conclusion is formally valid if it satisfies the formal requirements of the law which governs it in substance under this Regulation, or of the law of either of the countries where either of the parties or their agent is present at the time of conclusion, or of the law of the country where either of the parties had his habitual residence at that time.

3 A unilateral act intended to have legal effect relating to an existing or contemplated contract is formally valid if it satisfies the formal requirements of the law which governs or would govern the contract in substance under this Regulation, or of the law of the country where the act was done, or of the law of the country where the person by whom it was done had his habitual residence at that time.

4 Paragraphs 1, 2 and 3 of this Article shall not apply to contracts that fall within the scope of Article 6. The form of such contracts shall be governed by the law of the country where the consumer has his habitual residence.

5 Notwithstanding paragraphs 1 to 4, a contract the subject matter of which is a right *in rem* in immovable property or a tenancy of immovable property shall be subject to the requirements of form of the law of the country where the property is situated if by that law:

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- a those requirements are imposed irrespective of the country where the contract is concluded and irrespective of the law governing the contract; and
- b those requirements cannot be derogated from by agreement.

### *Article 12*

#### **Scope of the law applicable**

- 1 The law applicable to a contract by virtue of this Regulation shall govern in particular:
  - a interpretation;
  - b performance;
  - c within the limits of the powers conferred on the court by its procedural law, the consequences of a total or partial breach of obligations, including the assessment of damages in so far as it is governed by rules of law;
  - d the various ways of extinguishing obligations, and prescription and limitation of actions;
  - e the consequences of nullity of the contract.
- 2 In relation to the manner of performance and the steps to be taken in the event of defective performance, regard shall be had to the law of the country in which performance takes place.

### *Article 13*

#### **Incapacity**

In a contract concluded between persons who are in the same country, a natural person who would have capacity under the law of that country may invoke his incapacity resulting from the law of another country, only if the other party to the contract was aware of that incapacity at the time of the conclusion of the contract or was not aware thereof as a result of negligence.

### *Article 14*

#### **Voluntary assignment and contractual subrogation**

- 1 The relationship between assignor and assignee under a voluntary assignment or contractual subrogation of a claim against another person (the debtor) shall be governed by the law that applies to the contract between the assignor and assignee under this Regulation.
- 2 The law governing the assigned or subrogated claim shall determine its assignability, the relationship between the assignee and the debtor, the conditions under which the assignment or subrogation can be invoked against the debtor and whether the debtor's obligations have been discharged.
- 3 The concept of assignment in this Article includes outright transfers of claims, transfers of claims by way of security and pledges or other security rights over claims.



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### Article 15

#### **Legal subrogation**

Where a person (the creditor) has a contractual claim against another (the debtor) and a third person has a duty to satisfy the creditor, or has in fact satisfied the creditor in discharge of that duty, the law which governs the third person's duty to satisfy the creditor shall determine whether and to what extent the third person is entitled to exercise against the debtor the rights which the creditor had against the debtor under the law governing their relationship.

### Article 16

#### **Multiple liability**

If a creditor has a claim against several debtors who are liable for the same claim, and one of the debtors has already satisfied the claim in whole or in part, the law governing the debtor's obligation towards the creditor also governs the debtor's right to claim recourse from the other debtors. The other debtors may rely on the defences they had against the creditor to the extent allowed by the law governing their obligations towards the creditor.

### Article 17

#### **Set-off**

Where the right to set-off is not agreed by the parties, set-off shall be governed by the law applicable to the claim against which the right to set-off is asserted.

### Article 18

#### **Burden of proof**

1 The law governing a contractual obligation under this Regulation shall apply to the extent that, in matters of contractual obligations, it contains rules which raise presumptions of law or determine the burden of proof.

2 A contract or an act intended to have legal effect may be proved by any mode of proof recognised by the law of the forum or by any of the laws referred to in Article 11 under which that contract or act is formally valid, provided that such mode of proof can be administered by the forum.

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