

Lex Mercatoria

Quick Reference Guide

legalterms.net

WHAT IT IS

A body of rules, customs, and principles governing international commercial transactions, developed by the global business community — independent of any single national legal system.

LATIN ORIGIN

Lex = Law | **Mercatoria = Merchant**

PRONUNCIATION

leks · mer-kuh-TOR-ee-uh

5 KEY SOURCES OF LEX MERCATORIA

1

Trade Customs

Standard practices of the global business community (payment, delivery, risk transfer).

2

International Conventions

Treaties like CISG (adopted by 90+ countries) governing international sales contracts.

3

Model Laws and Principles

UNIDROIT Principles of International Commercial Contracts — accepted across legal systems.

4

Standard Trade Terms

INCOTERMS (ICC) — defines buyer and seller duties in international shipments.

5

Arbitral Awards

Decisions by ICC, LCIA, AAA tribunals applied consistently across cases.

WHERE IT APPLIES

International Commercial Arbitration:

ICC, LCIA, AAA recognize lex mercatoria as a valid governing body of law.

Cross-Border Contracts:

Parties may designate "general principles of international trade law" as governing law.

When No National Law Is Adequate:

Applied when no single country's legal system satisfactorily governs the dispute.

CAUTION

Some national courts do not recognize lex mercatoria as a standalone source of law.

Always designate a governing law clause and consult a lawyer for international contracts.

REFERENCES

Cornell Law School, Legal Information Institute. "Lex Mercatoria." law.cornell.edu/wex/lex_mercatoria

UNIDROIT Principles of International Commercial Contracts (2016)

United Nations Convention on Contracts for the International Sale of Goods (CISG), 1980

Black's Law Dictionary (11th ed.). "Lex Mercatoria."

International Chamber of Commerce. INCOTERMS 2020.