

# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">2005/2022(INI)</a>	Procedure completed
European contract law and the revision of the acquis: the way forward		
Subject 4.60.06 Consumers' economic and legal interests 7.40.02 Judicial cooperation in civil and commercial matters		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>JURI</b> Legal Affairs		24/11/2004
		PPE-DE <a href="#">LEHNE Klaus-Heiner</a>	
European Parliament	Committee for opinion	Rapporteur for opinion	Appointed
	<b>IMCO</b> Internal Market and Consumer Protection (Associated committee)		18/04/2005
	<b>LIBE</b> Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Competitiveness (Internal Market, Industry, Research and Space)</a>	<a href="#">2694</a>	28/11/2005
European Commission	Commission DG <a href="#">Health and Food Safety</a>	Commissioner	

Key events			
11/10/2004	Non-legislative basic document published	<a href="#">COM(2004)0651</a>	Summary
12/05/2005	Committee referral announced in Parliament		
12/05/2005	Referral to associated committees announced in Parliament		
28/11/2005	Resolution/conclusions adopted by Council		Summary
23/02/2006	Vote in committee		Summary
03/03/2006	Committee report tabled for plenary	<a href="#">A6-0055/2006</a>	
22/03/2006	Debate in Parliament		
23/03/2006	Results of vote in Parliament		

23/03/2006	Decision by Parliament	<a href="#">T6-0109/2006</a>	Summary
23/03/2006	End of procedure in Parliament		

Technical information	
Procedure reference	2005/2022(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	JURI/6/26421

Documentation gateway					
Non-legislative basic document		<a href="#">COM(2004)0651</a>	11/10/2004	EC	Summary
Committee draft report		<a href="#">PE359.934</a>	25/01/2006	EP	
Committee opinion	IMCO	<a href="#">PE364.753</a>	25/01/2006	EP	
Amendments tabled in committee		<a href="#">PE369.914</a>	08/02/2006	EP	
Committee report tabled for plenary, single reading		<a href="#">A6-0055/2006</a>	03/03/2006	EP	
Text adopted by Parliament, single reading		<a href="#">T6-0109/2006</a>	23/03/2006	EP	Summary
Commission response to text adopted in plenary		<a href="#">SP(2006)1725</a>	19/04/2006	EC	
Commission response to text adopted in plenary		<a href="#">SP(2006)1918</a>	30/06/2006	EC	

## European contract law and the revision of the acquis: the way forward

PURPOSE: To present a communication entitled "European Contract Law and the revision of the acquis: the way forward".

CONTENT: This Communication sets out the Commission's follow-up to the 2003 Action Plan "A more coherent European Contract Law", in the light of the reactions from EU institutions, Member States and stakeholders. It outlines the plan for developing the Common Frame of Reference, which will provide clear definitions of legal terms, fundamental principles and coherent model rules of contract law, drawing on the EC acquis and on best solutions found in Member States' legal orders. The adoption of the Common Frame of Reference is foreseen for 2009 following extensive consultation and it will be used in particular as a "toolbox" for the Commission when presenting proposals to improve the quality and coherence of the existing and future acquis in the area of contract law.

The Communication also sets out the plans for further work on the other measures mentioned in the Action Plan: promoting the elaboration of EU-wide standard contract terms and reflection on the opportuneness of an optional instrument.

## European contract law and the revision of the acquis: the way forward

The Council adopted the following conclusions on European Contract Law. It recalled its Resolution of 22 September 2003, in which it considered that community law rules, in particular in the area of contract law, should be consistent and ensure proper transposition into national law. In this context, the Common Frame of Reference could contribute to improving the quality and consistency of both existing and future Community legislation in this area.

The Council recognises the unique opportunity afforded by the proposed Review and the introduction of the Unfair Commercial Practices Directive (2005/29/EC) to update and modernise the consumer acquis.

The Council emphasises :

- the need for work to focus on practical issues in order to deliver real benefits to consumers and business;
- the need to acknowledge the distinction between business-to-consumer and business-to-business contracts;

- the need for the Consumer Acquis to be fit for purpose, to protect the legal and economic interests and rights of consumers, to enhance the confidence of the EU's citizens in the Internal Market, and to promote the cross-border provision of goods and services, thus guaranteeing a high level of consumer protection.

The Commission is invited to :

- come forward as soon as possible with a timetable, a detailed description of the process, and proposals for updating and modernising the Consumer Acquis and also to reprioritise accordingly the work on the Common Frame of Reference. The Council also looks forward to receiving more information from the Commission on the Review of the Consumer Acquis during 2006;

- keep the Council and European Parliament fully informed and consulted about its work in this area, to ensure maximum political engagement.

The Member States are invited to :

- co-operate with and help the Commission's work on gathering evidence concerning the implementation and functioning of the existing Consumer Acquis;

- actively participate in the Commission's work on the Common Frame of Reference encourage the contributions of stakeholders to the ongoing discussions at EU level.

## European contract law and the revision of the acquis: the way forward

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The committee adopted the own-initiative report drawn up by Klaus-Heiner LEHNE (EPP-ED, DE) in response to the Commission communication on European contract law and the revision of the acquis. The report sought to map out a strategic perspective for the future work of the Commission and the network of interest representatives from consumers' organisations, industry, business and the legal profession set up with a view to the creation of a Common Frame of Reference (CFR) on Community contract law. MEPs were particularly concerned to ensure that Parliament was fully involved in this process.

The report reiterated Parliament's previous assertions that a uniform internal market cannot be fully functional without further steps towards the harmonisation of civil law. It urged the Commission, in its revision of the acquis in the field of consumer protection, to use the results of the work carried out by the CFR Network and by academic research groups on the drafting of European contract law with a view to developing a common civil law.

As regards substantive law issues, MEPs highlighted the need to take account of the "fundamental principle of freedom to conclude a contract". They also called on the Commission to ensure that there was systematic separation between the business-to-business and the business-to-consumer sectors. The report noted that over-detailed legal provisions on individual aspects of contract law could lead to a lack of flexibility, and called for the adoption of "general regulations including legal concepts which are not precisely defined", thereby allowing courts the necessary margin of discretion in arriving at their judgments.

On procedural issues, the committee urged the Commission to submit a "clear legislative plan" setting out the future legal instruments by which it intended to bring the results of the research groups and the CFR Network into use in legal transactions. Moreover, MEPs wanted Parliament to be given a greater role in developing the CFR, through more consultation and information. The Commission was urged, on the basis of the researchers' final report, to submit the various possible legal options to Parliament, whose political approval, along with the Council's, was required for the final adoption of the Common Framework of Reference.

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The European Parliament adopted a resolution based on the own-initiative report drafted by Klaus-Heiner LEHNE (EPP-ED, DE) on European contract law and the revision of the acquis. (Please see the summary of 23/02/2006.)

Parliament stated in the recitals that, even though the Commission denied that this is its objective, it was clear that many of the researchers and stakeholders working on the project believe that the ultimate long-term outcome will be a European code of obligations or even a full-blown European Civil Code. In any event, the project is by far the most important initiative under way in the civil law field. Even if the initiative in its present form were limited to rationalising and tidying up the acquis in the field of consumer protection and to producing optional standard contract terms and conditions, it was essential that the political authorities had a proper input into the process.

Underlying principles and objectives: Parliament repeated its conviction that a uniform internal market cannot be fully functional without further steps towards the harmonisation of civil law. It called on the Commission to exploit straightaway the ongoing work with a view to using the results firstly towards the revision of the acquis in the field of civil law, and subsequently towards developing a system of Community civil law.

Substantive law issues: the Commission is asked to distinguish between legal provisions applicable to the business-to-business sector and those applicable to the business-to-consumer sector, and to separate the two systematically. Parliament highlighted the importance of taking into account the fundamental principle of freedom to conclude a contract, particularly in the business-to-business sector, and also highlighted the importance of taking into account the European social model when harmonising contract law.

Parliament noted that with over-detailed legal provisions on individual aspects of contract law there is a danger of being unable to react flexibly to altered legal circumstances. It favoured the adoption of general regulations including legal concepts which are not precisely defined, thus giving the courts the necessary margin of discretion in arriving at their judgments.

Procedural issues: Parliament called on the Commission to submit without delay a clear legislative plan setting out the future legal instruments by which it aimed to bring the results of the work of the research groups and the CFR-Net into use in legal transactions. The Commission should keep Parliament continually informed, at least in quarterly reports, of the results obtained and progress of the work of the research groups and of the Network. The resolution stressed the importance of Parliament's need for information and consultation.

