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Contract with Foreign Buyer Calling for Delivery in Airworthy Condition may Imply Compliance with Airworthiness Standards of Foreign Nation

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In a recent decision in *Daiichi Koku Co. v. J.E. Aero, Inc.*, the U.S. District Court for the Northern District of Illinois considered a claim in which the plaintiff, a Japanese air carrier, had entered into an Aircraft Purchase Agreement to acquire a used aircraft from an Illinois broker. The buyer claimed to have informed the broker that the aircraft would need to be exported to Japan, and that it would be operated there. The parties' agreement specified that the aircraft was to be delivered in airworthy condition, with all airworthiness directives complied with, and with an annual inspection, and an Export Certificate of Airworthiness to Japan. After the Seller performed the modifications required to meet U.S. airworthiness standards, the buyer demanded the performance of additional repairs required to make the aircraft airworthy by Japanese standards. On these facts, the Court ruled that the buyer had stated a claim for rescission of the sales agreement based on a mistake of fact on the question whether the agreement provided for the purchase of an aircraft that would be airworthy for use in Japan. The Court therefore overruled the seller's motion to dismiss Daiichi's complaint.

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