The Rule laid down in Article 2 [UNIDROIT Draft Uniform Rules on Interpretation of Contracts in General], under which in the event of ambiguity the contract or its individual terms shall be interpreted in such a way as to give effect to them, rather than in such a way as to deprive them of any effect, represents a well known and universally recognised principle (*actus interpretandus est potius ut valeat quam ut pereat*).\(^47\)

[...]

Paragrapghs 2 and 3 deal with the case where an actual common intention of the parties cannot be established, and the solution provided for such an event represents a direct application of the general principle of good faith in accordance with Article 1: in fact, according to paragraph 2, the interpretation of the contract is first to be based on the intention of one of the parties provided, however, that this intention can be established and that the other party knew, or ought to have known, what that intention was; if, on the other hand, either the intention of one party cannot be established or the other party, although using an ordinary degree of diligence, could not realise that when entering into the agreement the former had such an intention, according to paragraph 3 resort must be had "to the intent that reasonable persons would have had in the same situation as the parties," *i.e.* to the meaning which a contract of the kind the parties have concluded normally has within the particular ambit (trade sector; market place; professional category etc.) to which the parties belong.

[...]

Article 6 of the draft, in stating that "In applying Article 5 due consideration shall be given to all relevant circumstances, including . . . any practices which the Parties have established between themselves, [and] any usages which reasonable persons in the same situation as the parties usually consider to be applicable . . .," deals with the relevance in the interpretation of international commercial contracts of courses of dealing, usages and customs.

[...]


**Referring Principles:**

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Title:
I.2.2 - Trade usages

IV.5.1 - Intentions of the parties

IV.5.3 - Interpretation in favor of effectiveness of contract

IV.5.4 - Interpretation against the party that supplied the term