

Value Judgment of Standard Contract Terms: A Discussion on the Auction of State-Owned Assets and Rights

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Abstract: This paper offers a comprehensive analysis of the legal implications and practical effectiveness of standard contract terms in the context of state-owned asset and rights auctions. It delves into the intricacies of entrusted auction contracts, bidding contracts, and transfer contracts, examining how Articles 496, 497, and 498 of the Chinese Civil Code are applied to address disputes and ensure the fairness and legality of the auction process. The study draws upon judicial practices to explore how standard contract terms are utilized in resolving conflicts and protecting the interests of all parties involved. By evaluating the normative legal framework surrounding these auction contracts, the paper aims to establish a robust legal basis for the implementation and enforcement of these terms. This research not only highlights the operational dynamics of auctions for state-owned assets but also provides insights into the effective application of standard terms in enhancing transactional security and legal certainty.

1. Introduction

Government agencies, like other enterprises, organizations, and individuals, have equal civil legal status when engaging in civil actions. They do not possess coercive or special privileges, and their civil rights are equally protected under the law. The disposal of state-owned assets or rights must be conducted through auctions. The auctioning of state-owned assets involves various contractual relationships and complex legal issues, with numerous disputes arising from auction contracts in practice. How can the law be applied to resolve disputes, settle conflicts, maintain the continuity and security of transactions, and safeguard the interests of all parties? This paper will evaluate the effectiveness of standard contracts and terms as provided in Articles 496, 497, and 498 of the Chinese Civil Code, based on judicial practice. It aims to establish the legal normative basis for resolving conflicts and disputes, thereby protecting the interests of all parties in auction contracts.

2. Nature of Auction Contracts

An auction is a method of selling specific items or property rights to the highest or lowest bidder through public bidding. Auction contracts include entrusted auction contracts, bidding contracts,

and transfer contracts among auction participants. Auction transactions have the following characteristics: (1) Public Competition: Auctions are typically public sales, distinct from private transactions. The consignor signs an "Entrusted Auction Contract" with the auctioneer, who issues an auction announcement to inform the public about the auction details and participation conditions. This ensures the transparency and fairness of the auction process, allowing participants to compete openly. The highest or lowest bidder wins the right to enter into a "Transfer Contract for Auctioned Items," making the transaction price public. (2) Diverse Legal Relationships and Multi-Participant Involvement: The consignor, also known as the seller, authorizes the auctioneer to conduct the auction through an "Entrusted Auction Contract." Multiple bidders participate in the auction, and the auctioneer enters into bidding contracts with them. According to these contracts, bidders place their bids, and the highest or lowest bidder acquires the right to purchase the item and sign a "Transfer Contract for Auctioned Items," thus becoming the transferee. This process reflects the diversity of legal relationships and the involvement of multiple parties. (3) Special Legal Application: Auctions, as a unique method of transferring property or rights, have specific legal implications. The Auction Law explicitly regulates the rights and obligations of consignors, auctioneers, bidders, bidding methods, and the relevant contracts. In the event of a dispute, the Auction Law applies, and if it does not provide specific provisions, the relevant contract provisions of the Civil Code govern the civil rights and obligations arising from the "Transfer Contract for Auctioned Items."

3. Standard Contracts and Standard Contract Terms in Auctions

3.1 Standard Contracts in Auctions

In the process of changing ownership or rights through auctions, multiple parties and various legal relationships are involved. These include the "Entrusted Auction Contract" between the consignor and the auctioneer, the bidding contract between the bidders and the auctioneer, and the "Transfer Contract" for the subject matter between the bidders and the seller. In China, auction institutions are special intermediary service organizations that must obtain legal auction qualifications to accept commissions for conducting auctions. The auctioned items must be legally tradable, including real estate, movable property, and property rights. Items or property rights prohibited by law or administrative regulations cannot be auctioned. Additionally, items or property rights requiring government approval for circulation must receive such approval before they can be auctioned (Article 7 of the Auction Law). This requirement also constitutes a statutory condition for the establishment of an "Entrusted Auction Contract." Furthermore, the "Entrusted Auction Contract" must be in written form. Article 44 of the Auction Law specifies the main terms of this contract, including: (1) The names and addresses of the consignor and auctioneer. (2) The name, specifications, quantity, and quality of the auctioned item. (3) The reserve price proposed by the consignor. (4) The time and place of the auction. (5) The time and method of delivery or transfer of the auctioned item. (6) The commission and its payment method and deadline. (7) The payment method and deadline for the auction price. (8) The liability for breach of contract. (9) Other matters agreed upon by both parties. These terms must be agreed upon and signed by both parties to establish and effectuate the "Entrusted Auction Contract."

3.2 Bidding Contracts

According to auction procedures, the auctioneer, upon accepting a commission, must issue an auction announcement to the general public, describing the auctioned items and inviting public participation. Legally, such announcements are considered invitations to offer. Due to the

unspecified nature of the potential bidders, the auction company must review the bidders' purchasing capacity, performance conditions, and bidding qualifications to ensure the legality, fairness, and effectiveness of the auction process. The auctioneer then signs "Bidding Contracts" with multiple qualified bidders, specifying their qualifications, rights, and obligations. Chinese law does not clearly define the nature, form, or terms of these contracts. In practice, bidding contracts are often formalized in written agreements, although oral bidding agreements are not legally restricted. The auction procedures require the auctioneer to provide bidders with a bidding confirmation letter, a bid deposit notice, and an auction procedure notification, which bidders must accept and sign. To ensure the legality and effectiveness of the auction process and prevent bidders from defaulting or withdrawing midway, causing interruptions or cancellations, auction companies often use standardized bidding contracts. These contracts are provided by the auctioneer, and bidders typically sign or seal them without significant negotiation. This lack of negotiation often leads to disputes over the formation and validity of these contracts, as well as the interpretation of their terms.

3.3 Transfer Contracts for Auctioned Items

Transfer contracts for auctioned items generally refer to contracts for transferring state-owned assets or rights; in most cases, these are state-enforced actions rather than typical sales transactions. This paper focuses on contracts for the transfer of state-owned assets or rights authorized by government agencies, referred to as "State-Owned Asset Transfer Contracts." Such contracts must be in written form, as required by law, including Article 15 of the Real Estate Management Law of China. According to auction law, the highest or lowest bidder during the auction gains the priority right to purchase the item and sign the "State-Owned Asset Transfer Contract," thus acquiring the auctioned item or right upon payment. The auction price is confirmed at the final gavel strike, at which point the auctioneer issues a price confirmation letter to the bidder. The bidder then uses this letter to present an offer to the seller, exercising their priority right. The seller responds by signing the "State-Owned Asset Transfer Contract," which clearly specifies the price, payment terms, delivery time, place, and method; the quantity, quality, and specifications of the item; acceptance and inspection standards; liability for breach of contract; and judicial remedies. The contract is legally binding once signed. In reality, the transferor in most cases is a government agency or a local government, which often uses standardized contracts for transferring state-owned assets, such as land use rights. This prevalent use of standardized contracts is a significant source of disputes in auction contracts.

4. Value Judgment of Standard Contract Terms

4.1 Standard Contract Terms

Standard contract terms, referred to as "general trading terms" in the German Civil Code and "standardized contractual terms" in Taiwan, are called "standard terms" in the Chinese Civil Code. Although the terminology varies, the meaning remains the same. This paper uses the concept of standard terms as defined by Chinese law. Auction contracts, being a special type of sales contract, have characteristics that differentiate them from other ordinary sales contracts. In practice, transactions involving the transfer of property or property rights through auctions are often expressed as standard contracts or standard terms, especially in the case of transferring state-owned immovable property rights. The Chinese Civil Code (hereinafter referred to as the Civil Code) clearly stipulates that the rights and obligations of the parties and the auction procedures must comply with relevant laws and administrative regulations. Where there are legal provisions for other

remunerative contracts, they apply; where there are none, the provisions for sales contracts apply (Articles 645 and 646 of the Civil Code). Standard terms in auction contracts are subject to the adjustments provided by the Civil Code. According to Article 496 of the Civil Code, standard terms refer to clauses that are pre-drafted for repeated use and are not negotiated with the other party at the time of contract formation. Thus, standard terms, whether in the contract's form or as part of it, are binding. The parties must negotiate the pre-drafted terms freely; otherwise, terms that are not negotiated are excluded from the contract and do not become part of the agreement. Likewise, standard contract documents, if not freely negotiated, are not established as contracts and are not effective[1].

4.2 Determining Standard Contract Terms

The validity of standard contract terms often becomes the focal point in disputes. It is necessary to make an effective judgment based on current Chinese law. First, if one party provides a contract document that the other party cannot read, view, or understand and the terms are not open to negotiation, this situation constitutes a standard contract. Second, if the contract document is used repeatedly and long-term by the other party's company, it is a standard contract. Third, there have been multiple lawsuits involving bidding (agreement) contracts where, for instance, the second clause stipulated that the auctioneer does not assume liability for defects in the auctioned item; the third clause stated that the bidder accepts the item's quality, quantity, and defects, including undiscovered ones, without objection after inspection; the sixth clause designated the item's storage location as the delivery point, with the buyer bearing costs incurred post-auction; and the eighth clause held the buyer liable for breach of contract if the auction price was not paid, with the buyer's deposit of 5 million yuan being non-refundable and additional auction commissions and price differences to be covered. Such clauses unreasonably limit or waive the seller's responsibility for item defects, the delivery of the item, and the associated costs, and increase the bidder's liability. Furthermore, they exempt the auctioneer from signing and delivering the auction transaction confirmation to the successful bidder, depriving the bidder of priority rights and thus seriously infringing on their legal rights. This indicates a potential attempt to circumvent the auctioneer's liability. The clause that requires the bidder to pay the auction price to the seller before signing the transfer contract is unreasonable, as it deprives and harms the other party's primary substantive rights. Therefore, these standard contract terms or provisions are invalid. The judicial determination of the validity of standard contracts and terms is crucial for protecting the legal rights of all parties.

4.3 Judging Standardized Contract Terms

A contract is provided by one party, and the content is not given adequate time for the other party to read and understand. If the terms affecting the actual interests of one party are not equally negotiated, the contract is considered to have the statutory requirements of a standard contract or standardized contract terms. This view is shared by both legal theory and judicial practice. Chinese civil law and the civil laws of countries and regions following common law also generally define these terms. For example, Article 305 of the German Civil Code stipulates that any terms pre-drafted for multiple contracts, proposed by the contracting party (provider of standardized contracts) at the time of contract formation, and not individually negotiated by the other party, are standardized contract terms. Similarly, Article 12 of Taiwan's Consumer Protection Law also defines standardized contract terms. China's former Contract Law (Article 39, Paragraph 2) stipulated that terms pre-drafted for repeated use and not negotiated at the time of contract formation are standardized contract terms, a definition reiterated in Article 496 of the Civil Code. This legal provision provides a statutory standard for identifying standard contract terms in practice.

The widespread use of printed standard contracts and contract terms without mutual negotiation suggests that these contracts or terms are standardized. If one party claims that the contract document is not a standard contract or that the terms are not standardized, it must prove that the content of the standard terms was freely negotiated with the other party. The definition of standard terms requires that they be proposed unilaterally, pre-drafted, used repeatedly, and not freely negotiated by the other party. Scholars have suggested that in practice, when business entities use standard terms, commercial practices and special relationships between business entities can negate the attributes of standard terms. In my view, to negate the attributes of standard terms, the commercial practices must be established by a national statutory body, followed by business organizations, and must not conflict with current civil and commercial laws. They can then be applied as commercial practices[2].

4.4 Judging the Effectiveness of Standard Contract Terms

Article 1341 of the Italian Civil Code stipulates that general conditions prepared by the provider bind the other party if they are or should be aware of them under ordinary attention. Specific terms that favor the provider, such as those limiting liability or restricting the right to terminate the contract, suspend performance, or conclude contracts with third parties, or those that implicitly extend or renew the contract, restrict arbitration clauses, or differ from the legal jurisdiction, are invalid unless explicitly agreed upon in writing by the other party. In other words, terms that have not been negotiated with the other party, even if they appear in the contract text, cannot be considered contract terms. Taiwan's civil law also includes similar provisions in its Consumer Protection Law, clarifying the effectiveness, interpretation, and evaluation standards of standard contract terms. Standard terms become contract terms only after negotiation or written consent from the party providing the standard contract. If a dispute arises from standard terms or if the meaning of the terms is ambiguous or unclear, the party providing the terms bears the unfavorable consequences. The Consumer Protection Law of Taiwan inherits from the German Civil Code and clearly defines standard contract terms. Terms that violate the principle of good faith and are unfair to the other party are invalid; standardized terms that conflict with individually negotiated terms are invalid. These principles are instructive for the recognition of standard contract terms and the resolution of disputes in various countries and regions. The Civil Code of China generally accepts the relevant provisions of standard contract terms in the civil laws of these common law countries and regions and the Consumer Protection Law of Taiwan. The Civil Code defines standard terms as pre-drafted for repeated use and not negotiated with the other party at the time of contract formation. To become contract terms, standard terms must be negotiated with the other party. The Civil Code requires that the provider of standard terms comply with the principle of fairness and, if requested by the other party, explain or highlight terms that significantly affect the other party's rights. Failure to fulfill this obligation means the other party can assert that the terms are not part of the contract (Article 496 of the Civil Code). This is consistent with Article 39 of the former Contract Law. The Civil Code, in Articles 497(2) and (3), provides that standard terms that unreasonably exempt or limit the liability of the provider, impose unreasonable responsibilities on the other party, or exclude the primary rights of the other party are invalid. This provision expands the scope of invalid standard terms compared to Article 40 of the former Contract Law, but there are no other substantive differences. The provisions of Articles 39 and 40 of the former Contract Law have certain contradictions. When the former Contract Law was promulgated and implemented, scholars raised this issue, and some scholars held different views, leading to disputes. To address regulatory shortcomings and theoretical disagreements, the Supreme People's Court stated in Article 10 of the "Interpretation II of the Supreme People's Court on the Application of the Contract Law of the

People's Republic of China" that if a party providing standard terms violates Article 39(1) of the Contract Law and meets the conditions specified in Article 40 of the Contract Law, the court shall declare such standard terms invalid. The Civil Code, in its compilation, inherits the provisions of Articles 39 and 40 of the Contract Law. This issue of inconsistency should draw the attention of the judicial community, as it poses a challenge to the specific implementation of the Civil Code. I recommend addressing this issue in future judicial interpretations of the Civil Code[3].

4.5 Methods for Judging the Effectiveness of Standard Terms

In judging the effectiveness of standard terms, scholars have pointed out that the fairness principle in Article 496 of the Civil Code should be used to determine the parties' rights and obligations. Although the fairness principle differs from the good faith principle in other common law countries or regions, both aim to maintain contractual justice. The question is whether terms that exempt or limit liability become part of the contract. If the provider of the standard terms fulfills the obligation to explain and highlight these terms, and the other party accepts them, the contract meets the legal requirements of fairness. Judges may use their discretion to determine whether standard terms become part of the contract based on Article 496 of the Civil Code. The Civil Code continues the provisions of Articles 39 and 40 of the former Contract Law, with some inconsistencies. Future judicial interpretations of the Civil Code should address and reconcile these inconsistencies. The legal value judgment when providing judicial relief for standard contract terms is consistent across the German Civil Code, Italian Civil Code, Taiwan Consumer Protection Law, and Article 498 of the Chinese Civil Code. If there are two or more different interpretations of a standard term, the interpretation unfavorable to the provider should prevail. This is an internationally accepted rule. When standard terms conflict with individually negotiated terms, the latter take precedence, rendering the standard terms invalid. In judicial practice, the determination of the validity of standard contract terms involves a substantive judgment. It requires defining the rights and obligations of the parties based on the contract, ensuring fairness and justice within the contract, maintaining normal market order, and ensuring transactional safety. The proper implementation of the law and the achievement of judicial justice are the goals. Judges and arbitrators should make substantive judicial judgments based on the content of standard terms, as provided in Article 497 of the Civil Code, to determine the parties' rights and obligations. The Civil Code explicitly states that any standard term is invalid if it: (1) Contains provisions that are invalid under the general rules in Chapter 6, Section 3, or Article 506 of the Civil Code; (2) Unreasonably exempts or limits the provider's liability, imposes unreasonable responsibilities on the other party, or restricts the other party's main rights; (3) Excludes the primary rights of the other party. If any of these conditions are met, the court or arbitration institution should declare the standard term invalid[4].

5. Application of Auction Law and Judicial Practices

An auction contract is a special type of property transfer contract, established through the fair and open bidding process by participating bidders. The auctioneer determines the final sale price of the auctioned item as the highest bid. During the auction, the highest bidder submits an offer to purchase to the seller. The seller then agrees to sign a written "Transfer Contract for Auctioned Items" with the successful bidder, and the transfer contract becomes effective. Some scholars in Chinese legal theory and practice believe that "once the auction is concluded, a sales contract is established between the bidder and the seller. The seller is obligated to deliver the item and transfer the ownership, and the bidder is obligated to pay the price". I contend that this viewpoint is debatable. The auctioneer's final hammer strike is merely the bidder's offer to purchase. According

to legal theory, the formation of a contract requires the acceptance of the offer by the offeree. The contract becomes established and effective only when the offeree consents to the offer. The offer is binding only on the offeror and does not constitute a contract with rights and obligations between the seller and the buyer. If the offer is withdrawn before acceptance, no claim for damages can arise, even if the other party suffers loss as a result. The latter must bear the loss themselves. Similarly, before the final hammer strike, which is before the auction procedure is completed, the "Bidding Agreement" signed between the auctioneer and the bidder does not bind the seller. The bidder's confirmation letter, which constitutes an offer to the seller to purchase the auctioned item, becomes effective only upon the seller's acceptance, forming the transfer contract and giving it legal effect. Specifically, for state-owned assets, the law requires both parties to sign a "State-Owned Asset Transfer Contract." Unlike ordinary goods auctions, verbal agreements do not establish a contract. Chinese laws and regulations mandate that the transfer of state-owned assets must determine the sale price through public listing or auction and must sign a written transfer contract. In particular, the transfer of state-owned land use rights must be executed through an auction and requires a written transfer contract as stipulated by Article 15 of the Real Estate Management Law. Therefore, the notion that a transfer contract is established once the auction is concluded is not supportable. I believe that while the auction is concluded, it confirms the effectiveness of the bidder's offer to purchase the auctioned item at the final bid price, giving them the priority right to sign a "Sales Contract for Auctioned Items" with the seller. The transferor and the transferee's rights and obligations are confirmed by the "Sales Contract for Auctioned Items." The practice of determining the sale price and signing a written "Land Use Rights Transfer Contract" for state-owned assets has become the norm in China. Even though the sale price is finalized, the rights and obligations between the seller and the buyer do not come into effect until a written "Sales Contract for Auctioned Items" is signed. Although the current Auction Law does not explicitly stipulate this, referring to other legal provisions and adhering to judicial practices is a principle of law application in China. In judicial practice, arbitration bodies or people's courts should determine the legal relationship of rights between the seller and the buyer according to the "Transfer Contract for Auctioned Items." If the "Transfer Contract for Auctioned Items" is not stipulated, it should be judged and ruled according to current Chinese civil laws or judicial practices, and selective justice should be avoided[5].

According to the Auction Law, once the auction is concluded, the auctioneer and the bidder should sign a transaction confirmation letter. This confirmation letter cannot replace the written "Sales Contract for Auctioned Items"; it only indicates that the auctioneer has fulfilled the auction activities stipulated in the "Bidding Agreement." If the seller has not signed the "Sales Contract for Auctioned Items" with the buyer, it is difficult to determine the establishment of the transfer contract. The Supreme People's Court's "Guidelines for the Application of Civil Case Causes of Action and Normative Basis for Claims" points out that various disputes arising from auction procedures should be handled according to the special provisions of the Auction Law. Once the auction contract is established as an independent cause of action, all disputes arising from the auction process should be determined as auction contract disputes. Disputes arising from the entrusted auction contract should be determined as disputes over the entrusted contract. The Supreme People's Court's viewpoint that all disputes arising from the auction of state-owned assets, except for entrusted auction contract disputes, should be determined as auction contract disputes is debatable. The Auction Law regulates the qualifications of the auctioneer, the buyer, the identity and qualifications of the consignor, the tradability of the auctioned items, the signing of the entrusted auction contract, and the auction procedures. The rights and obligations between the auctioneer and the bidder during the auction process should be stipulated in the "Bidding Agreement," and disputes over these rights and obligations should be identified as auction contract

disputes without ambiguity. After the auction is concluded, the bidder's offer to the seller requires the signing of a written "Transfer Contract for Auctioned Items" by law. This contract's establishment, performance, transfer of items, and payment of price can all give rise to disputes. Relying solely on the Auction Law for the determination of civil case causes of action and the application of laws is insufficient. Article 655 of the Civil Code stipulates that where there are legal provisions for other remunerative contracts, they apply; where there are none, the provisions for sales contracts apply. Given the specific nature of the "Transfer Contract for Auctioned Items," the Auction Law does not clearly stipulate its provisions. Hence, disputes arising from the transfer contract should be classified as transfer contract disputes. Thus, the determination of transfer and sales contract disputes under the cause of action for auction contracts is evidently unreasonable.

6. Normative Basis for Claims in Disputes over State-Owned Asset Transfers

Article 39, paragraph 1 of the Auction Law stipulates that the buyer must pay the auction price for the auctioned item as agreed. If the buyer fails to pay the price as agreed, they must bear liability for breach of contract, or with the consent of the consignor, the auctioned item can be auctioned again. The term "as agreed" in this law is ambiguous and unclear, requiring necessary corrections or explicit guidance in judicial interpretations. I believe that the buyer's payment obligation refers to the contractual obligations in the "Transfer Contract for Auctioned Items." Once the auction is concluded, the highest bidder has made an offer to the seller. If the seller has not signed the "Transfer Contract for Auctioned Items" with the bidder, the seller has not formally accepted the offer, and thus the "Transfer Contract for Auctioned Items" has not been established. Therefore, Article 39, paragraph 1 of the Auction Law cannot serve as a normative basis for claims, as there is no legal factual basis to assert that the buyer must pay the price or bear liability for breach of contract. Similarly, the buyer cannot use Article 39 as a normative basis for claims to demand the delivery of the item or hold the seller liable for failure to deliver or delayed delivery. In judicial practice, arbitration institutions or people's courts may find it difficult to support claims based on Article 39, paragraph 1 of the Auction Law due to incorrect normative bases for claims. In cases involving the disposal of state-owned assets or rights, disputes arising from the formation, validity, rights and obligations, and performance responsibilities under the "Bidding Agreement" should be based on the normative basis provided by the Auction Law. Where the Auction Law is silent, the relevant provisions of the Civil Code should be used as the normative basis for claims, which is reasonable and legitimate.

After a successful auction, the highest bidder makes an offer to the owner of the auctioned item. The seller's acceptance and the signing of a written "Transfer Contract for Auctioned Items" establish the contract's formation and effectiveness. The Auction Law, as a special procedural law, does not provide explicit regulations for this process. It is generally recognized in academic and judicial circles that the law's application is special, particularly regarding the auction of state-owned assets or rights. Other laws explicitly require both parties to sign a written transfer contract for the auctioned items, rejecting the validity of verbal contracts. Therefore, the normative basis for claims regarding the formation, validity, performance, and breach of the "Transfer Contract for Auctioned Items" should follow special laws where provided; where not, the relevant provisions of the Civil Code regarding sales contracts should apply (Civil Code Article 655). The normative basis for claims in such disputes should be the relevant provisions of the Civil Code concerning sales contracts.

In my opinion, according to Articles 473 and 480 of the Civil Code and the relevant provisions of the Real Estate Law, as well as the customary practice of state-owned asset transactions, a written "Transfer Contract for Auctioned Items" is required for the transfer of state-owned assets. The

written "Transfer Contract for Auctioned Items" is an objective condition for determining the contract's formation and effectiveness. The Civil Code explicitly states in Article 502 that a lawfully established contract becomes effective upon formation. The current Civil Code's third chapter of the Contract Section provides the legal basis for confirming the validity of contracts. When parties request arbitration institutions or people's courts to confirm the invalidity of a contract or part of its clauses, the normative basis for claims is the provisions of the third chapter of the Contract Section. If the law does not stipulate, the relevant provisions of Chapter 6 of the first section of the Civil Code shall apply (Civil Code Article 508). A contract is valid as long as its content does not violate mandatory provisions of laws and regulations and does not contravene public order and good morals. Claims regarding whether standard terms in a contract constitute contract terms and whether they are legally valid can be based on the normative basis provided by Article 506 of the Civil Code. Exemption clauses in the contract that cause personal injury to the other party or property damage due to intentional or gross negligence are invalid. The normative basis for claims regarding the other party's liability for breach of contract due to non-performance or incomplete performance is provided by Articles 577 and 578 of the Civil Code. If one party explicitly indicates or demonstrates by their actions that they will not perform their contractual obligations, the other party may claim liability for breach of contract before the expiration of the performance period, based on Article 578 of the Civil Code. Claims for continued performance or compensation for losses due to the other party's non-performance or non-conforming performance may be based on Articles 577, 580, 583, and 584 of the Civil Code. In practical judicial work, arbitration institutions or people's courts must ensure fairness and justice in their rulings, making each party feel judicial fairness and justice. Accurately applying the normative basis for claims is crucial for ensuring the correct legal ruling and improving case quality.

7. Conclusion

In conclusion, the auctioning of state-owned assets involves complex legal relationships and multiple participants, necessitating a robust framework to manage disputes and ensure transaction security. Standard contract terms, while essential for maintaining order, often lead to disputes due to their lack of negotiation and potential for bias. The Chinese Civil Code provides a comprehensive legal basis for evaluating the validity and fairness of these terms, ensuring that they do not unreasonably limit liabilities or infringe on parties' rights. Judicial practices must align with these legal standards to protect all parties' interests and uphold justice in auction transactions. Future judicial interpretations should address inconsistencies and provide clear guidelines for applying the law to auction contracts, particularly those involving state-owned assets.

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