

SALE OF GOODS ACT, 1930

01. Distinguish between sale and an agreement to sell?

Sale. As contained in Section 4(3) of Sale of Goods Act, 1930; sale is the transfer of title or ownership of goods from seller to buyer.

Agreement to sell. An agreement to sell is the promise by the seller to buyer for transferring the ownership of goods in a future date. Goods may or may not be transferred on that date in case of an agreement to sale.

02. When does an agreement to sell become sell?

Or ~ When does the property in goods sold pass from the seller to the buyer?

In case of sale of goods, the title of the goods is transferred to the purchaser from seller at the time of delivery of goods. The title of the goods may be transferred after a certain period on some terms and condition in case of agreement to sell.

03. Who is an unpaid seller of goods?

As per Section 45(1) of Sale of Goods Act, 1930; an unpaid seller means any seller who has not been paid full value of goods or the value paid by Negotiable Instrument which has been dishonoured and the terms of payment has not been fulfilled.

04. Discuss about the rights of the seller against the buyer.

The rights of the seller are as follows;

- To get the price of the goods,
- To get demurrage, if the purchaser disagrees to take goods,
- To charge interest in case of delay in payment,
- To increase the value for any additional duty taxes imposed by the government.

05. What are the features of contract of sale of goods?

The features of a contract of sale of goods are;

- Transfer of title of goods from seller to purchaser,
- Agreement of sale is also treated as sale,
- Valid currency is only the consideration of sale,
- Only movable property is considered,
- Exchange of goods are excluded,
- Seller and purchaser are separate persons.

06. The general rule is that ‘no seller of goods can give the buyer of goods a better title to the goods than he himself has’. – Discuss.

Only owner can transfer the title or ownership to the purchaser. If any goods are purchased with due consideration and honestly from any person who is not the owner of the goods or has no power to sell the goods, the purchaser will not get the title of the goods.

There are some exceptions;

- Title by estoppels,
- Sale of goods by mercantile agent,
- Sale by one of the joint owners,
- Sale by unpaid seller,
- Sale under contract act.

07. What is the meaning of vendor’s lien?

The vendor or the seller has lien on goods until the price is settled by the purchaser under the following circumstances;

- The goods were not sold on credit,
- The goods were sold on credit but the period ended,
- The purchaser is declared insolvent.

08. Give an example of implied condition in a contract of sale of goods.

One of the implied condition in a contract of sale of goods is the seller has title of goods i.e. the seller has right to sell goods and the right for the title will also remain at the time of transfer of the title of goods.

09. What are the rights of an unpaid seller against the buyer?

Or ~ What are the rights of an unpaid seller under Sale of Goods Act?

The rights of an unpaid seller against buyer are;

- Lien of unpaid seller on goods sold to buyer,
- Right of stoppage of goods in transport,
- Right of re-sale of goods.

10. State the rights and liabilities of a finder of goods?

The rights of a finder of goods are; [Section-168]

- Right to deliver the goods to owner only not another,
- Compensation for keeping the goods safely,
- Rewarded if declared,
- Sale in certain cases.

The liabilities of a finder of goods are; [Section-169] (Contd.)

- To keep goods safely and carefully,
- Not to mix with own goods,
- Not to use the goods,
- To deliver to the owner,
- To try to find the owner.

11. What are the consequences of breach of condition and a warranty according to Sale of Goods Act?

Consequences of breach of condition:

The buyer may upon breach of condition;

- a) Treat the contract as repudiated, reject the goods and claim damages on the footing that the whole contract is broken,
- b) Waive the condition and require the other party to perform the contract,
- c) Elect to treat the breach of condition as breach of warranty and claim damages on that basis.

Consequences of breach of warranty:

The effect of a breach of warranty is;

- a) The contract cannot be repudiated by either party,
- b) The remedy is to claim compensation from the other for loss directly resulting from its breach.

12. What are the remedies for breach of contract of sale?

The remedies for breach of contract of sale are;

- Suit for the price,
- Suit for demurrage for non-acceptance of goods,
- Repudiation of contract,
- Suit for interest or demurrages.

13. Distinguish between condition and warranty.

The differences are;

Subject	Condition	Warranty
Essential Elements	It is an essential element of sale, contract of sale.	It is related for its objective but not essential.
Terminator of Contract	For its breach, contract is terminated.	For its breach, contract is not terminated.
Conversion	Can be converted to warranty.	Cannot be converted to condition.
Terms	It is the main term of sale.	It is the related term.

14. What is continuing guarantee?

A guarantee which extends to a series of transactions is called a continuing guarantee.

15. What do you understand by 'Caveat Emptor'? Give an example.

Doctrine of 'Caveat Emptor' is the general rule for the purchaser that he should be careful and justify the goods to be purchased before it is being purchased. If the purchaser suffered losses for the quality of the goods, the seller will not be liable subject to some exceptions.

Example:

'A' purchased some rice without asking anything from the seller and the rice was not good quality that he expected. In the case, the seller will not be liable as he has not purchased rice on the basis of opinion of the seller.