

THE SALE OF GOODS ACT, 1930

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Sale
Of
Goods
Act



DEFINATION OF CONTRACT OF SALE

Section 4 defines a contract of sale as “a

Contract whereby a seller transfers or agrees to transfer the property in goods to the buyer for a price.

ESSENTIALS OF A CONTRACT OF SALE

Two Parties

Goods

Price

Transfer of
general
property

Essential
elements of a
valid contract

SALE AND AGREEMENT TO SELL

Where under a contract of sale, the property in the goods is transferred from the seller to the buyer, the contract is called a 'sale', but where transfer of the property in the goods is to take place at a future time or subject to some conditions thereafter to be fulfilled, the contract is called an 'agreement to sell'.



**Sale and
Agreement
to sell**

DIFFERENCES BETWEEN SALE AND AGREEMENT TO SELL

Transfer of
property

Types of
goods

Risk of loss

Consequences
of breach

Right to resell

CONDITIONS AND WARRANTIES



CONDITION [Sec. 12(2)]- A condition is a stipulation essential to the main purpose of the contract. If there is a breach of a condition, the aggrieved party can treat the contract as repudiated.

WARRANTY[Sec. 12(3)]- A warranty is a stipulation which is collateral to the main purpose of the contract. If there is a breach of a warranty, the aggrieved party can only claim damages and it has no right to treat the contract as repudiated.

DIFFERENCES BETWEEN A CONDITION AND A WARRANTY

DIFFERENCE
AS TO
VALUE

DIFFERENCE
AS TO
BREACH

DIFFERENCE
AS TO
TREATMENT

EXPRESS AND IMPLIED CONDITIONS AND WARRANTIES

EXPRESS conditions and warranties are those which are expressly provided in the contract.

IMPLIED conditions and warranties are those which the law implies into the contract.

Condition vs Warranty

Sale of Goods Act

IMPLIED CONDITIONS

CONDITION AS TO TITLE

SALE BY DESCRIPTION

SALE BY DESCRIPTION AS WELL AS BY SAMPLE

CONDITION AS TO QUALITY OR FITNESS

CONDITION AS TO MERCHANTABILITY

SALE BY SAMPLE

CONDITION AS TO WHOLESOMENESS

IMPLIED WARRANTIES

WARRANTY OF QUIET POSSESSION

WARRANTY OF
FREEDOM FROM
ENCUMBRANCES

WARRANTY AS TO QUALITY OR
FITNESS BY USAGE OF TRADE

WARRANTY TO DISCLOSE
DANGEROUS NATURE OF
GOODS



RULE OF “CAVEAT EMPTOR”



This means ‘let the buyer beware’, i.e., in a contract of sale of goods the seller is under no duty to reveal unflattering truths about the goods sold. Therefore, when a person buys some goods, he must examine them thoroughly. If the goods turn out to be defective or do not suit his purpose or if he depends upon his own skill or judgment and makes a bad selection, he cannot blame anybody excepting himself.

CAUTION

**BUYER
BEWARE!**

Proceed At Own Risk

EXCEPTIONS TO THE RULE OF “CAVEAT EMPTOR”

FITNESS FOR BUYER'S PURPOSE

SALE UNDER A PATENT OR TRADE NAME

MERCHANTABLE QUALITY

USAGE OF TRADE

CONSENT BY FRAUD

SALE BY NON-OWNERS

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The general rule of law is that “no one can give that which one has not got”. This is expressed in Latin maxim “nemo dat qui non habet”. That means it is only the owner of the goods, or a person authorised by him, who can sell the goods. This is, however, subject to certain exceptions.

EXCEPTIONS

SALE BY A PERSON
NOT THE OWNER

SALE BY A
MERCANTILE AGENT

SALE BY ONE OF
SEVERAL JOINT
OWNERS

SALE BY A PERSON IN
POSSESSION UNDER
A VOIDABLE
CONTRACT

SALE BY SELLER IN
POSSESSION AFTER
SALE

SALE BY AN UNPSALE
BY BUYER IN
POSSESSION AFTER
BOUGHT
AID SELLER

WHO IS AN UNPAID SELLER?

Who is
Unpaid Seller?

Sales of Goods Act

A seller of goods is deemed to be an unpaid seller when-

- The whole of the price has not been paid or tendered;
- A bill of exchange or other negotiable instrument has been received as a conditional payment, and the condition on which it was received has not been fulfilled by reason of the dishonour of the instrument or otherwise[Sec. 45(1)].

RIGHTS OF AN UNPAID SELLER

- RIGHTS OF AN UNPAID
SELLER AGAINST THE GOODS
[Sec. 46(1)]
- Right of lien
- Right of stoppage in transit
- Right of re-sale

RIGHTS OF AN UNPAID SELLER

(2) RIGHTS OF AN UNPAID SELLER AGAINST THE BUYER
PERSONALLY

Suit for price

Suit for damages for non-acceptance

Repudiation of contract before due date

Suit for interest

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THANK YOU

