



SNS COLLEGE OF ENGINEERING

Kurumbapalayam (Po), Coimbatore – 641 107

An Autonomous Institution

Accredited by NBA – AICTE and Accredited by NAAC – UGC with ‘A’ Grade

Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai



DEPARTMENT OF MANAGEMENT STUDIES

COURSE NAME : 19BA104- LEGAL ASPECTS OF BUSINESS

I YEAR / I SEMESTER

Unit 2 – THE SALE OF GOODS ACT 1930

Price Of Goods , Conditions and Warranty, Implied Conditions



Price of Goods – Sec 9 – 10

Price means the money consideration for a sale of a Goods 2(10)

Modes of determining price: [Sec. 9]

Price is specified under the contract. It is the most common method of determining the price.

Here, parties decide the price in advance.

Price may be determined as per the method specified in contract.

Example :

Delivery of rice on 1st December 2008 at the rate prevailing on that day.

Price may be determined in accordance to custom and usage of trade. This method is applicable if parties regularly trade.

Where the price is not fixed as above, the buyer shall pay the seller a reasonable price. ‘What is a reasonable price is a question of fact and circumstances.

Fixation of price by third party. (Sec. 10)

If it is so, contract shall specify name of third party.

If third party fails to specify, contract is void but if goods are delivered to buyer and used by him, he is required to pay reasonable price.

If the third party is prevented from fixing price, defaulting party is liable for the damages.



CONDITIONS AND WARRANTIES



Generally, at the time of sale, the seller makes some representation, statements of stipulations for the praise of his goods. Some of representations are in nature of opinion others are in nature of facts.

Representation as to fact which becomes a part of contract of sale is called as stipulation.

Stipulation which is essential to the main purpose of contract is known as condition. Breach of condition gives the aggrieved party right to terminate the contract.

Stipulation which is collateral to the main purpose of the contract is warranty. Breach of warranty gives rise to the aggrieved party right to claim damages but contract cannot be terminated.

The conditions and warranties may be express or implied.

Express conditions and warranties are those, which the parties agree expressly, i.e. orally or in writing.

Implied conditions are those, which are implied by the law in the absence of any agreement to the contrary.



IMPLIED CONDITIONS

Conditions as to title – sec 14(a)

There is an implied condition on the part of the seller that

In the case of **sale**, the seller has a right to sell the goods, and•

In the **agreement to sell**, the seller will have a right to sell the goods at the time of passing of ownership in goods.

If the title of seller out to be defective, the **buyer** must return the goods to the true owner and recover the price from the seller

Conditions as to description – Sec 15

Where the goods are sold by description, there is an implied condition that the goods shall correspond to the description.

Example :

A agreed to sell to C some oil described as “Foreign refined oil” and warranted only equal to sample. The goods supplied were equal to sample, but contained a mixture to hemp oil. Held, C could reject the goods.



Conditions as to quality and fitness for buyer's purpose –Sec 16

Where the buyer, expressly or impliedly, tells the seller the particular purpose for which he needs the goods and relies on the skill or judgment of the seller, there is an implied condition that the goods shall be reasonably fit for such purpose.

When the article can be used only for one particular purpose, the buyer need not inform the seller the purpose for which the goods are required.

Example:

A purchased a hot water bottle from a chemist. While the bottle was being used by A's wife, it burst and injured A's wife. Held, the seller was liable for damages as the bottle was not fit for the purpose for which it was meant – Priest vs Last.

Exceptions to the implied condition as to quality or fitness

The condition as to quality or fitness' well not apply, if the buyer is suffering from an abnormality, which renders the goods unsuitable for a particular purpose and the buyer does not inform the seller about that abnormally.



Conditions as to merchantability

Where goods are bought by description from a seller, who deals in goods of that description, there is an implied conditions that the goods shall be of merchantable quality.

‘Merchantability’ means that there is no defect in the goods, which renders them unfit for sale. Thus, a watch that will not keep time and a pen that will not write cannot be regarded as merchantable.

Example:

A radio set was sold to a layman. The set was defective. It did not work in spite of repairs, Held, the buyer could return the set and claim refund.

Condition as to wholesomeness

In the case of eatable and food – stuff, there is an implied condition that the goods shall be wholesomeness, i.e., free from any defect which renders them unfit for human consumption.

Example:

A Purchased milk from B, a milk dealer. The milk contained typhoid germs. A’s wife on taking the milk got infected and died. Held, A was entitled to get damages – Frost vs Aylesbury Dairy Co. Ltd.



RECAP

QUESTIONS???

THANK YOU