



SNS COLLEGE OF ENGINEERING

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DEPARTMENT OF MANAGEMENT STUDIES

COURSE NAME : 19BA104- LEGAL ASPECTS OF BUSINESS

I YEAR / I SEMESTER

Unit 2 – THE SALE OF GOODS ACT 1930

Implied Warranty and Conditions. Difference between Conditions and warranty, Transfer of property, Risk and Transfer of Title, performance of Contract for sale



IMPLIED WARRANTIES

Warranty as to quiet possession – Sec 14

In the absence to any contract showing contrary intention, there is an implied warranty that the buyer shall have and enjoy quiet possession of the goods. If the buyer is disturbed in the enjoyment of the goods, he can claim damages from the seller.

Warranty against encumbrances – Sec 14

Unless the circumstances of the case are such as to show a contrary intension, there is an implied warranty that the goods shall be free from any charge or encumbrance in favour of any party not declared to the buyer before or at the time contract is made. However, there will not be any such warranty if charge is declared to buyer at the time of sale.

Warranty as to quality and fitness by usage of Trade – Sec 16

An implied warranty as to quality or fitness for a particular purpose may be annexed by the usage of trade.



Warranty to disclose the dangerous nature of goods

In case of sale of dangerous goods, the seller is under an obligations to warn the buyer about the probable danger. Failure to do so will make the seller liable to pay damages.

Example :

A sold a tin of disinfectant to B, knowing that it was likely to be dangerous to the tin, whereupon disinfectant powder went into her eyes, causing her injury. Held, A was liable in damages to B, as he failed to warn B of the probable danger.

Matter	Condition	Warranty
Stipulation	Essential to main purpose of contract	Collateral (subsidiary) to main purpose of contract.
breach of Contract	Buyer has right to cancel contract	Buyer has no right to cancel the contract . Can claim damages
Treatment	Breach of condition may be treated as breach of warranty	Breach of warranty can't be treated as breach of condition



TRANSFER OF PROPERTY, RISK AND TRANSFER OF TITLE



Transfer of Title (sections 18 to 24)

Section 18 - Rule 1 - Ascertained Goods

Section 19 - Rule 2

The property in the goods is transferred to the buyer at such time the parties intend it to be transferred. For the purpose of ascertaining the intention of the parties the following factors shall be taken into account.

- (1) The terms of the contract,
- (2) The conduct, of the parties, and
- (3) The circumstances of the case.

Section 20 - Rule 3

This is an unconditional contract for the sale of specific goods in a deliverable state.

The property in the goods passes to the buyer when the contract is made.

It is immaterial whether the time of payment of the price or the time of delivery of the goods, or both is postponed



Section 21 - Rule 4

This is a contract for the sale of specific goods. However the seller is bound to do something to the goods for the purpose of putting the goods into a deliverable state. The property in the goods passes to the buyer when such thing is done and the buyer has notice thereof.

Section 22 - Rule 5

This is a contract for the sale of goods in a deliverable state, However, the seller is bound to weigh, 'measure, test or do some other act or thing in respect of the goods for the purpose of ascertaining the price. The property in the goods passes to the buyer when such act or thing is done and the buyer has notice thereof.

Section 23 - Rule 6

This is a contract for the sale of unascertained or future goods by description. The property in the goods passes to the buyer when goods of such description are unconditionally to the contract, either... (1) By the seller with the assent of the buyer, or (2) By the buyer with the assent of the Seller. Such assent may be express or implied .It may be given either before or after the appropriation is made.

Section 24 - Rule 7

Suppose the goods are delivered to the buyer on approval or "on sale or return" or ether similar terms, the property in the goods passes to the buyer-

- (1) When the buyer signifies his approval or acceptance to the seller or
- (2) When the 'buyer does any act adopting the transaction or
- (3) When the buyer retains the goods even after the stipulated time (or reasonable time) without giving notice of rejection.



F.O.B. Contracts- Free On Board

The property in the goods passes to the buyer only after the goods have been loaded onboard the ship.

C.I.F. Contracts - Cost Insurance Freight

This is to guard against the insolvency of the parties and the loss of the goods. The seller will insure the goods and deliver them to the shipping company. The bill of lading, insurance policy and the invoice will be sent to the bank. The buyer will have to receive the documents from the bank by paying the price



PERFORMANCE OF THE CONTRACT

Duties of Seller and Buyer - Section 31

It is the duty of the seller to deliver the goods and of the buyer to accept and pay for them in accordance with the terms of the contract of sale

Payment and delivery - Section 32

Delivery of the goods and payment of price are concurrent Conditions. The seller should be ready and willing to give possession of goods to the buyer in exchange for the price. The buyer should be ready and willing to pay the price in exchange for possession. This is subject to an agreement to the contrary.

Delivery - Section 33

Delivery of goods sold may be made by doing anything which the parties agree shall be treated as delivery or which has the effect of putting the goods in the possession of the buyer or of any person authorised to hold them on his behalf.



Part Delivery - Section 34

A delivery of part of the goods operators as a delivery of the whole. But an intention to seven it from the whole does not operate as a delivery of the remainder.

Buyer to Apply - Section 35

The seller is not bound to deliver the goods until the buyer applies for delivery. This is subject to an express contract.

Rules as to delivery - Section 36

Whether the buyer should take possession of the goods' or whether the seller should send the goods to the buyer depends upon the contract between the parties. The contract maybe express or implied.

Delivery or Wrong Quantity - Section 37

- 1) Short Delivery
- (2) 'Long Delivery'
- (3) Mixed Delivery

Delivery in Installments - Section 38

Delivery to a Carrier - Section 39

Different place of Delivery - Section 40

Acceptance - Section 42

Return of rejected goods - Section 43



RECAP

QUESTIONS???

THANK YOU