



SNS COLLEGE OF ENGINEERING

Kurumbapalayam (Po), Coimbatore – 641 107

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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

Unpaid seller , Rights of unpaid seller against goods



UNPAID SELLER (SEC 45 – 54)

Seller is deemed to be an unpaid seller, when:

- Whole of the price has not been paid or tendered and seller had an immediate right of action for the price.
- bill of exchange or other negotiable instrument was given as payment, but the same has been dishonoured, unless this payment was an absolute and not a conditional payment

Rights of Unpaid Seller against Goods

- Right of lien or retention.
- Right of stoppage in transit.
- Right of resale.
- Right to withhold delivery



Right of Lien or Retention (Sec. 47 - 49 & 54)

It can be exercised on the goods for the price while he is in possession until the payment of price of such goods. It can be exercised in following cases:

- (i) Where goods have been sold without any stipulation as to credit.
- (ii) Where goods have been sold on credit but the term of credit has expired.
- ii) Where buyer becomes insolvent.

Right of Stoppage in Transit (Sec. 50 - 52)

It means right to stop the further transit of goods, to resume possession and to hold the same till the price is paid.

It can be exercised in following cases:

- (i) Seller must be unpaid. (ii) He must have parted with the possession of goods.
- (iii) Goods are in transit. (iv) Buyer has become insolvent.
- (v) Right is subject to provisions of the Act.

Goods are deemed to be in transit from the time they are delivered to carrier or other bailee- for transmission, until buyer or his agent takes delivery of them.

This right is lost under following cases:

- (i) Buyer taking delivery
- (ii) Acknowledgment by carrier
- (iii) Delivery to ship
- (iv) Wrong denial to deliver by carrier



Right of Resale (Sec. 54)

It can be exercised in following cases:

- a. Where the goods are of perishable nature, buyer need not be informed of the intention of resale.
- b. Where he gives notice to the buyer of his intention to resell the goods, the buyer does not within a reasonable time pay or tender the price.
- c. Where the right is expressly reserved in the contract.

If no notice has been given to the buyer of intention to re-sell, unpaid seller cannot claim any damages and buyer will be entitled for all profits.

Unpaid seller can recover from buyer the balance amount (if any) on resale.

Rights to Withhold Delivery

- It is exercised if the property in goods has not passed to the buyer.
- It is in additions to above 3 rights.
- However if the property has not been passed the unpaid seller has a right of with holding delivery similar to and co-extensive with his rights of lien and stoppage in transit.



Rights of Unpaid Seller against Buyer

Suit for Price (Sec. 55)

Seller may sue —

- (a) Where the property has passed to the buyer and he wrongfully neglects or refuses to pay for goods
- (b) Where the property has not passed and price is payable on a certain day irrespective of delivery and buyer wrongfully neglects or refuses to pay such price.

Suit for Damages for Non-Acceptance (Sec. 56)

The seller may sue the buyer for non-acceptance, where he wrongfully neglects or refuses to accept and pay for the goods.



RECAP

QUESTIONS???

THANK YOU