

# Sale of Goods Act, 1930

## Module - IV



Contract of Sale



Conditions and Warranties



Property



Unpaid Seller

# Definition of legal terms

## 1. Buyer and Seller –

S. 2 (1) – “a person who buys or agrees to buy”

S. 2(13) – Seller – “a person who sells or agrees to sell”

## 2. Delivery – S.2(2) – “Voluntary transfer of possession from one person to another”

3. Deliverable state– S. 2(3) – “goods are said to be in a ‘deliverable state’ when they are in such state that the buyer would under the contract, be bound to take delivery of them”.

e.g. – Abdul wants to buy a kilo of mangoes. When the selection of mangoes, weighing and packing is over, the goods are said to be in a deliverable state.

# 4. Document to title to goods -

Bill of Lading

Dock warrant

Warehousekeeper's  
Certificate

Wharfinger's  
Certificate

Railway Receipt

Delivery order

# 5. Goods

▶ Definition:

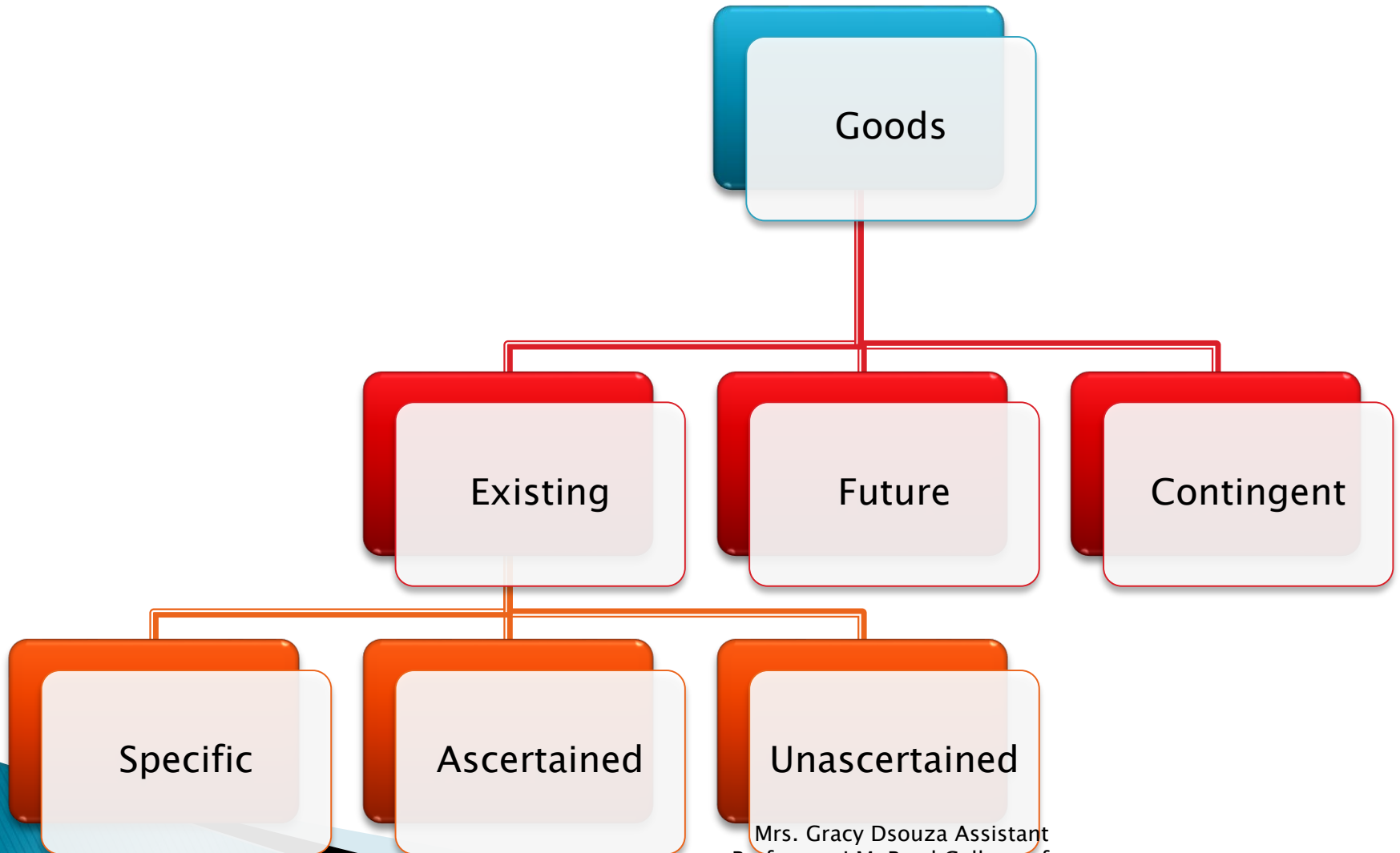
*“Every kind of **movable property** other than **actionable claims** and **money**; and includes stocks and shares, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before sale or under the contract of sale”.*

**Movable property** – it means one that can be moved from one place to another.

**Actionable claims** – means a claim which can be enforced through the courts.

**Money** – refers only to the legal tender and not old coins and foreign currency.

# Classification of goods



- ▶ Existing Goods: These are goods which are in existence at the time of the contract.
- ▶ E.g *a shopkeeper selling goods in the shop.*



▶ **Existing goods:**

Goods which are physically in existence and which are in seller's ownership and/or possession, at the time of entering the contract of sale are called 'existing goods.'

Where seller is the owner, he has the general property in them. Where seller is in possession, say, as an agent or a pledgee, has a right to sell them.

Existing goods may again be either 'specific' or 'unascertained.'

## **(a) Specific goods:**

- ▶ Good identified and agreed upon at the time of making of the contract of sale are called 'specific goods' [Sec. 2(14)].
- ▶ It may be noted that in actual practice the term 'ascertained goods' is used in the same sense as 'specific goods.'

## (b) Unascertained goods:

- ▶ The goods which are not separately identified or ascertained at the time of making of the contract are known as 'unascertained goods'. They are indicated or defined only by description.
- ▶ For example, if *A agrees to sell to B one bag of sugar out of the lot of one hundred bags lying in his godown*, it is a sale of unascertained goods because it is not known which bag is to be delivered.
- ▶ As soon as a particular bag is separated from the lot for delivery, it becomes ascertained or specific goods.

### 3. Contingent goods:

- ▶ Goods, the acquisition of which by the seller depends upon an uncertain contingency are called 'contingent goods' [Sec. 6(2)].
- ▶ It is important to note that a contract of sale of contingent goods is enforceable only if the event on the happening of which the performance of the contract is dependent happens, otherwise the contract becomes void.

## ▶ Illustrations :

(a) A agrees to sell to B a specific rare painting provided he is able to purchase it from its present owner. This is a contract for the sale of contingent goods.

(b) X agrees to sell to Y 25 bales of Egyptian cotton, provided the ship which is bringing them reaches the port safely. It is a contract for the sale of contingent goods. If the ship is sunk, the contract becomes void and the seller is not liable.

## 4. Future goods:

- ▶ Goods to be manufactured, produced or acquired by the seller after the making of the contract of sale are called 'future goods' [Sec. 2(6)].
- ▶ These goods may be either not yet in existence or be in existence but not yet acquired by the seller.

▶ **Illustrations :**

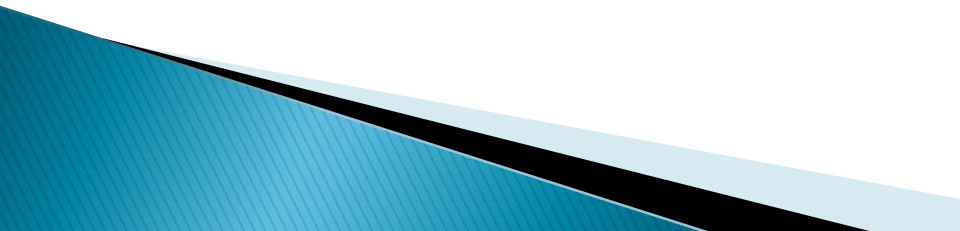
(a) A agrees to sell to B all the milk that his cow may yield during the coming year. This is a contract for the sale of future goods.

(b) X agrees to sell to Y all the mangoes which will be produced in his garden next year. It is contract of sale of future goods, amounting to 'an agreement to sell.'

(c) P contracts on 1 January 1990, to sell to B ten bales of Egyptian cotton to be delivered and paid by 1 March, 1990. This is a valid contract of sale, amounting to an agreement to sell, even though P has no cotton bales with him at the time of making the contract.

- ▶ An agreement to sell becomes sale when the time lapses or the conditions are fulfilled subject to which the property in goods is to be transferred





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