

Ch-2

Unit - 8

* Bailment :

Delivery of goods, by one person to another, for some purpose, upon a contract, that they shall, when the purpose is accomplished, be returned or otherwise disposed, according to the directions of the person delivering them.

* Parties :

- i) Bailor - Who delivers
- ii) Bailee - Who receives

* Essentials :

1. Agreement
2. Delivery of goods
3. For some purpose
4. Return of goods

* Kinds of Bailment :

⇒ On the basis of Benefit - Bailor, Bailee, Both

⇒ On the basis of Consideration - Gratuitous, Non-Gratuitous

* Gratuitous Bailment :

⇒ Without Consideration, Bailor is liable for all faults. For known faults only, All expenses borne by bailor.

* Non-Gratuitous Bailment:

⇒ With Consideration, Bailor is liable for all faults, Extra Ordinary expenses borne by Bailor

* Duties of Bailor:

- Disclose known faults
- Indemnify bailee
- Bear expenses
- Receive back goods

Duties →

* Rights of Bailee:

- Take care of the goods bailed
- No unauthorized use of goods
- Not mix goods with own goods
- Return the goods
- Return accretions to the goods
- Not to set up adverse title

* Rights of Bailor:

- ⇒ Right to Compensation ⇒ Claim charges
- ⇒ Action for wrongful deprivation of goods
- ⇒ Deliver goods to any of the Joint Bailor
- ⇒ Right of lien

* Lien:

⇒ Meaning: To retain the goods belonging to another until his claim is satisfied or some debt due to him is repaid.

- General lien - Right to retain any goods in respect of any debt.
- Particular lien - Right to retain any goods in respect of concerned debt only.

* Termination of Bailment:

On expiry of stipulated period, Accomplishment of specified purposes, Bailee does anything inconsistent with conditions, Gratuitous Bailment (Any time), By Death, Destruction of subject-matter.

* Finder of Lost Goods:

⇒ Duties: Same as of Bailee

⇒ Rights: Lien, Sue for reward, Sale of Goods (if perishable).

* Pledge:

Bailment of goods as security for payment of a debt or performance of a promise.

* Parties:

⇒ Bailor - Pawnor; Bailee - Pawnee

* Duties of Pawnee: (Same as of Bailee)

=> Take care of the goods pledged, No unauthorized use of goods, Not mix goods with own goods, Return the goods, Return accretions to the goods, Not to setup adverse title.

* Duties of Pawnor:

=> Pay debt, Disclose all the faults, Indemnify Bailee, Pay extra ordinary expenses, Pay deficit if Pawnee sells goods due to default by Pawnor.

* Rights of Pawnee:

- Retain The Pledged Goods
- Retention for subsequent debts
- Recover Extra Ordinary expenses
- Right on Default by Pawnor

* Rights of Pawnor:

- Terminate Bailment
- Claim Accretion
- Demand return of goods any time
- Right against third party
- To Redeem the Goods before sale.

* Pledge by Non-Owner:

=> Pledge by Mercantile Agent

=> Pledge by Person in Possession under voidable contract

=> Pledge where Pawnor has only a limited interest.