

Origin

→ From Contract Act, 1872  
with effect from 1st July 1930.

Sale is Transfer of — ①  
Property — ②  
in Goods — ③  
for a price — ④

### ① Transfer —

- ↳ Transfer does not mean physical transfer.
- ↳ Although goods move from seller to buyer but not in all cases.
- ↳ Sale may take place even without movement of Goods.  
Eg- ~~Lessee~~ Lessee of a machine purchasing the same machine from Lessor.
- ↳ Transfer involved in a Sale is a permanent transfer. This case can be revoked if Contract allows.
- ↳ This transfer may be absolute and may be Conditional.  
↳ Absolute means there is no conditions attached.  
Eg- Buying a pen required no conditions to be fulfilled.
- ↳ Conditional means transfer will take place only when condition attached is fulfilled.  
Eg- Buying medicines is possible only when we show prescription to the pharmacist.
- ↳ Transferor of such transactions is called **Seller**.
- ↳ Transferee of such transactions is called **Buyer**.



## ② Property -

- ↳ As we know Sale may or may not involve movement of goods from Seller to buyer.
- ↳ But it must involve transfer of property.
- ↳ Property implies ownership which needs to be transferred upon Sale.
- ↳ Property means General property and Not Specific Property.

General property means all rights in general.

Specific property means Specific rights and not

all rights.

- ↳ It means buyer has all the rights to use goods in a manner he feels good, provided it is legal and valid.

## ③ Goods -

- ↳ Every kind of movable property is called Goods.
- ↳ Movable means anything that can be transported from one place to another.
- ↳ If something is moving on its own, it shall not be called moveable, it shall be moving.
- ↳ Although Goods seem to include only Tangible items but Sale of Goods specify intangibles as well to be goods.
- ↳ Intangibles are also saleable and can be transferred from one person to another.
- ↳ It is important to note that Fictitious assets are not goods, only Intangibles which are not fictitious are goods.

## ④ Price —

↳ Price means monetary consideration.

↳ If goods are exchanged for a non-monetary consideration, it is a valid transaction which is called Barter but it is not Sale.

↳ Price must include monetary consideration whether less or more, it does not matter.

↳ Price may or may not be adequate the only requirement is involvement of money.

Eg.:

Exchange of old car with new car without any payment of money

Barter

Eg.:

Exchange of old car with new car upon payment of ₹2 lakh extra.

Sale

- General provisions of the Indian Contract Act, 1872 apply to a Contract of Sale of Goods.



# Buyer and Seller

Buyer - Sec 2(1)

Seller - Sec 2(13)

One who  
Buys

OR

One who  
agrees  
to buy

One who  
Sells

OR

One who  
agrees  
to Sale

↳ Person who purchases is of course a Buyer.  
In addition to this, if a person is promising  
of purchase, He is not purchasing at present!  
But still he will be Buyer.

↳ Similarly, Seller not only includes a person who is  
selling but also a person who agrees to sell.

↳ It means future transactions of purchase and Sale  
can also create Buyer Seller Relationship.

**Ex:-** A agrees to buy B's Car  
next year on his birthday (A)

Q1. ↳ whether there is any Sale taking place today?

Q2. ↳ whether there is any Buyer and Seller in it?

There is Only agreement to Sale

Ans 1:- No, there is no Sale transaction today.

Ans 2:- Yes, A and B have Buyer Seller relationship  
even though no Sale is taking place.

A is Buyer as he agrees to buy and B  
is Seller as he agrees to sell.



## Goods

Means other than and includes  
Moveable actionable claims Growing Crop,  
Property and Money Grass,  
things attached to the  
land to be Separated  
from earth upon Sale.

- ↳ Goods have the main feature of moveability.
- ↳ If something can be transferred from one place to another without dismantling the true position, the same is said to be goods.
- ↳ It does not matter whether the size of goods is small or big. If moveability is present, even giant size articles are also goods.

Eg - Big ships, Aeroplane and a small needle, all are goods.

- ↳ If something is attached to the earth and looks like immovable property, can also be goods if same can be transported from one place to another without dismantling the true position.

Eg - Pre fabricated houses, Tent etc.

## ↳ Actionable Claims :-

- Actionable claims are claims, which can be enforced only by an action or suit, e.g - Debt.
- A debt is not a movable property or goods.
- "Goods" include both tangible and intangible goods like, goodwill, Copyright, patents, trademarks etc.



- Even the Fixed Deposits Receipts (FDR) are considered as goods under **Section 176** of the Indian Contract Act read with **Section 2(7)** of SOGA.

\* Types of Goods :-

Existing Goods

Goods which are ready to sell. Ready to sell means they should be in saleable condition.

Future Goods

Goods which will get ready in near future. They cannot be sold at present, only an agreement to sale can be done for them.

Contingent Goods

They are also a kind of future goods but their existence is contingent in nature. Their existence is dependent upon some collateral event.

General Goods

All goods which are available for sale. Seller may a large range of goods. All of them shall be general goods.

Specific Goods

Goods which are specifically demanded by buyer, specific goods may or may not finally result into sale.

Ascertained

Finally selected for sale and become subject matter of sale.

Unascertained

Goods not selected and which do not become subject matter of sale. They again become general goods.



## Delivery - Sec 2(2)

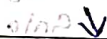
- ↳ Delivery means voluntary transfer of possession from one person to another.
- ↳ Delivery should not be done by mistake or under coercion otherwise goods must be returned to the true owner.
- ↳ Sale of goods also follow principles of contract which means sale of goods and its delivery should be done with free consent.
- ↳ It is not necessary that goods require physical movement, anything done which transfers ownership to the buyer is called delivery.
- ↳ Apart from physical movement of goods, delivery can take place by other means as well.
- ↳ Delivery can be of the following types :-

### Actual Delivery



Physical movement of goods from seller to buyer.

### Constructive Delivery



Delivery without changing actual location.

Eg:- Acknowledgment by

creditor in

favour of buyer.

### Symbolic Delivery



Delivery of something or else in place of goods which works as symbol of goods.

Eg:- Key or ownership papers of goods.

Jus In Rem = Right against whole world

Jus in personam = Right against a person

↳ Jus in Rem which means right against the whole world, comes to a person when he receives ownership of Goods. It means owner has absolute rights of using the goods and he can not be stopped by doing so.

↳ Jus in personam means Right against a Specific person. When agreement is made and there happens any breach, we may file suit only against the opposite party. No one else in the universe has any relation to it.

### → Seller's Insolvency —



Sale

only price  
Seller will be  
recovered from  
buyer

Agreement  
to  
Sale

Goods will  
form part  
of assets  
of Seller

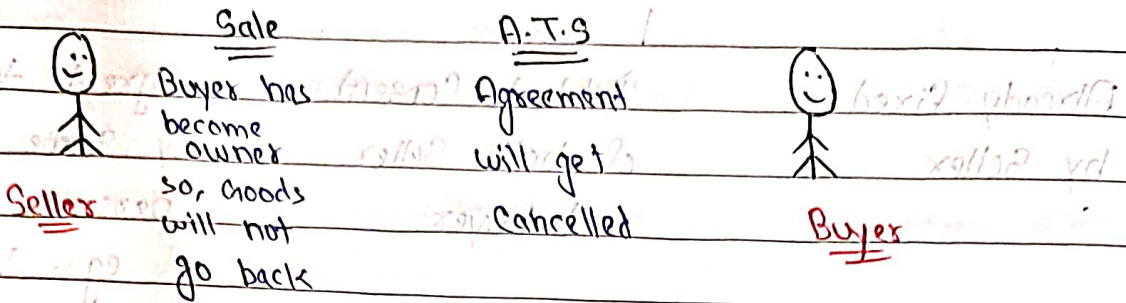


Buyer

official assignee  
(Appointed to perform insolvency)



→ Buyer's Insolvency \*



Official Assignee

\* Hire Purchase

↓  
Ownership is transferred only  
payment of All installments  
Eg- Car

\* Installment Purchase

↓  
Ownership of goods come to buyer then and there immediately upon making Contract of Sale.  
Eg- Consumer durables

\* Perishing → (G.P.S)

Before Sale



Loss of Seller



Whether before or after agreement.

After Sale



Loss of buyer

Date \_\_\_ / \_\_\_ / \_\_\_

## \* Determination of Price

Already fixed  
by Seller

Mutual Consent  
of both Seller  
and buyer.

Agreed to be decided  
by same third  
person.

eg:- Valuer

AF decided



Buyer will be  
liable to pay  
the price.

AF could not  
decide

Contract may  
get cancelled.

AF prevented from  
deciding

Opposite party can  
claim damage.



Conditions & Warranties

Topic:-

Condition & warranty      Implied Condition & Implied warranty      Covenants & Implied Warranties

2) Conditions and warranties :-

1. Condition and warranty both mean to be stipulation.
2. It is not necessary that every sale has stipulation.
3. Sale may be absolute and conditional.
4. Absolute Sale means Sale which has no stipulations.
5. Conditional Sale means Sale which has stipulations.
6. Conditional Sale which has conditions, can have two types of conditions :-
  - (a) Conditions which are to be fulfilled before sale.
  - (b) Conditions which are to be fulfilled after sale.
7. Condition to be fulfilled before sale is called Condition, without which sale can not proceed.
8. Condition to be fulfilled after sale is called warranty, without which sale can proceed because sale has already taken place and warranty comes into picture later.
9. Conditions are primary in nature because they have capacity to stop the sale.

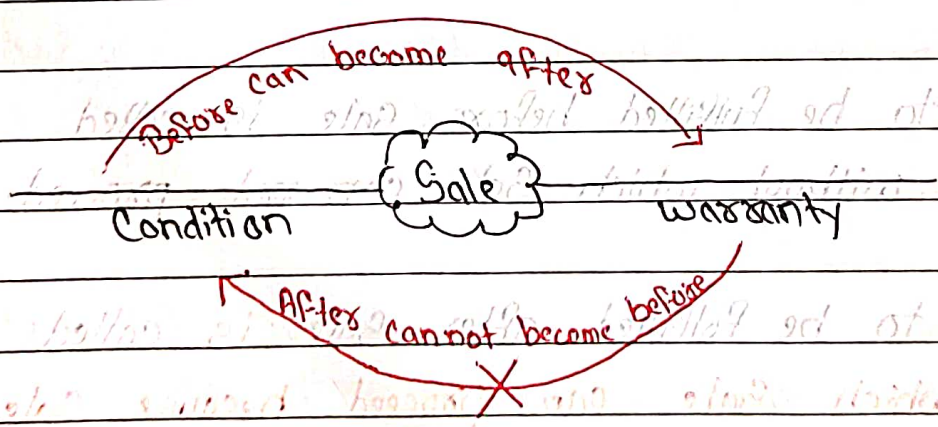
Condition & Warranties

10. Warranties are Secondary in nature because they can't stop sale. If they remain unfulfilled, Sale cannot get cancelled and only damages can be claimed.

Condition vs Warranties

Before Sale After

1. Condition is primary as it needs to be fulfilled before Sale. Warranty is Secondary in nature as it is to be fulfilled after Sale.
2. If Condition is not fulfilled, Sale may get cancelled. If warranty is not fulfilled, Sale cannot be cancelled.
3. Condition can become warranty because it can be postponed. Warranty can never become condition as it can never be postponed.





## Types of Conditions and Warranties

### 1. Expressed

- These are stipulations which are specified in the Contract.
- These stipulations are specifically included in the Contract of Sale whether by words 'Spoken' or 'written'.
- These stipulations can be expressed by anyone out of buyer and seller and even by both of them.

Eg - • Buyer may put a condition that delivery should come only by air.

• Seller may put a warranty that only 2 repairs shall be carried out free of cost.

### 2. Implied

- These are stipulations which are deemed to be always present even when not specified.
- These stipulations are to be honoured and fulfilled as they have been imposed on us by law.
- Implied conditions and warranties have been declared by law as compulsory in nature.

Eg - • Goods must match with the sample shown is an implied condition and need to be expressed.

• Undisturbed possession after sale is an implied warranty. It means buyer get a right to enjoy possession of goods purchased without any interruption. This is an automatic / implied right so, need not to be discussed.



List of Implied Conditions :-

1. Condition of Title
2. Condition of Sample
3. Condition of Description
4. Condition of Sample as well as Description
5. Condition of Quality or Fitness
6. Condition of Merchantability
7. Condition of wholesomeness

1. Condition of Title -

It is assumed that seller has good title of the goods. It means Right of seller to sell goods is not challenged.

2. Condition of Sample -

If goods are sold on the basis of some sample shown to the buyer goods must match with the sample.

3. Condition of Description -

When goods are sold on the basis of description about goods, whether made by buyer or seller, goods being sold must match with the description.

4. Condition of Sample as well as Description -

When sample and description both were used while making sale, goods must match with sample as well as description.



5. Condition of Quality or Fitness —  
 Quality or Fitness does not mean Superior or inferior performance. It only means the goods must serve purpose for which they have been purchased. Goods are always meant for some general usage, so even if buyer does not specify anything, goods must specify anything, goods must be capable of performing the general purpose.

Eg. • Pen should be capable of writing.  
 • Geyser should be capable of heating the water.

6. Condition of Merchantability —  
 Merchantability means Saleability. Goods being sold to the buyer should be in Saleable Condition. If they are not Saleable, they should not be sold. If customer is himself ready to buy goods which are not Saleable then this Condition will not apply.

7. Condition of wholesomeness —  
 This Condition applies only on eatables. Whatever food items are being purchased must contain all components which should be generally present. It is not necessary that customer specify that we need a particular food item with all these ingredients. If it is a general practice to serve Dosa, with Sambhar, they should always be supplied together.



## Implied Warranties

### 1. Warranty of Undisturbed Possession

When buyer purchases goods he gets all rights attached with the goods. He has a right of having no disturbance in his ownership.

Fig - If goods purchased are found to be stolen, goods will have to be returned to the true owner and buyer can claim damages from the seller.

### 2. Warranty of No Encumbrance

Whenever goods are sold, they must be free from any encumbrance. It means they should be free from any charge created in favour of a third party.

In simple words, goods which are being sold should not be pledged with some lender. In other words, pledged goods can not be sold without clearing the pledge.

### 3. Warranty of Quality or Fitness

Goods purchased must continue to work in the desired manner. They should be capable of doing the activity for which they have been purchased. These goods should last upto a reasonable period of time. This quality and fitness should be present at the time of sale as well as after the sales. This is the reason why quality and fitness are present in implied conditions as well as implied warranties.



#### 4. Disclosure of Dangerous nature of Goods

If goods are Hazardous in nature or their misuse or wrong use can cause injury to the person, the same must be disclosed to the buyer upon sale.

This communication is compulsory as buyer may use the goods in a wrong manner and seller should warn the buyer for this.

#### CAVEAT EMPTOR

(Let the buyer beware)

1. Caveat emptor is latin phrase which means Let the buyer beware.
2. Seller has no duty to comment on the suitability of the goods for the buyer.
3. Buyer will himself make a proper selection of goods for which he will be himself liable.
4. Seller must make the goods available for examination by buyer. If buyer make a wrong choice whether with verification or without verification it is his problem.
5. It means Doctrine of Caveat emptor runs in the favour of seller. It is because it makes buyer liable and not the seller liable.
6. However, there are few situations in which buyer is not liable because he is not at fault. In these situations, seller does something wrong, due to which Caveat emptor does not apply.
7. All such situations in which buyer is not liable and liability goes to seller, are called Exceptions to the rule of Caveat emptor.



## Exceptions to the rule of Caveat Emptor

Following are the situations in which liability rests with seller and not buyer :-

### 1. Quality or Fitness

Goods must be fit for the purpose for which they are being purchased. If they are not fit, seller is liable.

### 2. Sale by Sample

If actual goods do not match the sample approved by buyer, seller is liable.

### 3. Sale by Description

When description of goods has already been discussed by seller and buyer, goods delivered must match the description. If they are not matching, seller is liable.

### 4. Sale by Sample as well as Description

When both sample as well as description were approved by buyer, goods must match sample as well as description. If they are not matching, seller is liable.



5. Sale Under Brand name or Patent name

When buyer has specified a particular Brand / Model / Patent for goods being purchased and if they are not matching with specified Brand / Model / Patent, Seller is liable.

6. Merchantable Quality

If goods sold are not in saleable condition, condition, Seller is liable.

7. Fraud done by Seller

When Seller has deceived the buyer, Seller will be himself liable for damages done to buyer.

8. Trade Usage

Even a buyer has not specified purpose for which purchase is done, still, goods must match the general purpose for which they are usually used. If they are serving even the general usage, Seller is liable.

Transfer of Property

1. Property passes to the buyer when it is intended to be passed.
2. Property can be transferred only when the goods are ascertained and are in deliverable state.
3. If goods are such that seller has to perform some activity on them, they will become deliverable only after such activity.
4. As we know that risk follows ownership, one who becomes the owner will be liable to bear the loss, if any.
5. It means if goods are ascertained and are in deliverable state, risks goes to buyer.
6. It means property will pass when it is intended to passed subject to goods being ready.  
 Ascertained + Deliverable
7. Sometimes delivery gets delayed either due to the fault of Buyer or Seller, Goods will be at the risk of the person at fault.
- \*\*\* 8. Transfer of ownership can take place only from the person who himself is owner. One who is not owner himself cannot make buyer an owner.
9. However, there are some situations in which Non owner can also sale the goods and it will be a valid sale.



## Transfer of ownership by Non-owner

1. General rule says that only owner can transfer ownership.
2. No one can transfer a better title than he himself has. (Nemo dat quod Non Habet)
3. It means if a person does not own ownership, how can he transfer ownership to someone else.
4. In simple words, Transfer of title by non-owner is not valid.
5. However, in following 10 situations even the non-owner can transfer ownership:-
  - (i) Sale by Merchantile Agent - Although agent is not owner of goods but he is specifically authorised by owner to deal in goods. So, Sale by Merchantile agent is absolutely valid.
  - (ii) Sale by one of the joint owners - When some goods are owned by more than 1 person, they are called joint owners. If the goods are in possession of any one of them subject to permission of other joint owners, he can make a valid sale even though he was just a part owner.
  - (iii) Sale by person in possession of goods under a voidable Contract - When we have some goods which we are deciding whether to keep or not, as we brought them but they are not as per order, it is called voidable Contract. If we sell such goods further, it is valid sale.



(iv) Sale by Seller of goods which have been already sold -

If Seller has possession of those goods which he has already sold, He makes a further sale of same goods and this sale shall be a valid sale.

Original buyer whose goods have been resold can claim compensation from seller but sale is valid.

(v) Sale by buyer before becoming owner -

If buyer has bought some goods but he is not the owner yet, He can make a valid sale subject to an assurance that ownership will definitely come.

(vi) Sale by Estoppel -

If a person is claiming some goods as his own which actually belongs to someone else, Real owner should object to this declaration. If he does not object, it is called estoppel. If person claiming the goods sells them, it is valid sale.

(vii) Sale by unpaid seller -

When unpaid seller has exercised Lien on the goods already sold due to non-payment, He can make a valid sale to recover the price.

(viii) Sale by official Assignee / Liquidator -

When a person becomes insolvent, his assets are sold by liquidator or official assignee. Such liquidator and official assignee are not the owners but still can make a valid sale.



(ix) Sale by Finder of Goods -

Finder of goods has a duty to return the goods to its true owner. However, He can make valid Sale of Such goods in following cases :-

- (a) when expenses of finding true owner is 2/3rd or more of the value of goods.
- (b) Goods are perishable in nature.

(x) Sale by pledgee / Pawnee -

when pawnee doesn't receive repayment of loan, He may sell pledged goods but subject to advance notice to pawnor / pledgor.

Pledge / Pawn
Transferees
= pledgor / pawnor
Transferee
= pledgee / pawnee

Sale on approval or Return Basis -

1. It is a normal practice of Buyer and Seller, where Buyer takes the goods with him without completing purchase.
2. He takes the goods with a promise of return if he does not like the goods.
3. In such sale ownership transfers only when one or more following activities take place :-

(a) Buyer communicates to Seller that he has decided to keep the goods.

(OR)

(b) Buyer starts using the goods which is a symbol that he has decided to keep goods.

(OR)

(c) Buyer does not respond and reasonable time has elapsed.



## Reservation of Right of Disposal

1. When Sale takes place, ownership rights are transferred from Seller to buyer.
2. If Seller wishes to put a Condition to be fulfilled before making transfer of ownership. He will keep ownership with himself until Condition is fulfilled.
3. When Seller keeps the ownership rights with himself for some time or for some purpose, this is called Reservation of Right of Disposal.

## Rules Regarding Delivery

### 1. Part Delivery -

Although part delivery should not be done but if buyer accepts it, He has to make payment.

### 2. Buyer to apply for Delivery -

It depends on the Contract entered into by buyer and seller what do they wish to include. If they decide that delivery will take place only when buyers demands for it, then Buyer will have to demand for delivery.

### 3. Place of Delivery -

If a particular place of Delivery is specified in the Contract, goods will be delivered at that place. If no such place is specified, Seller will ask for place of delivery. And if no place of delivery is fixed, delivery is assumed to take place where goods are present at the time of Sale.



4. Time for Delivery -  
 If some time is fixed for delivery, goods will be delivered at that time. However, if no such time is fixed, delivery must be done within reasonable time.

5. Instalment Delivery -  
 Instalment delivery may be agreed upon by seller and buyer. If they decide so, delivery will be done as per pattern fixed by them.

6. Delivery of wrong quantity -  
 Seller may deliver wrong quantity of goods. It means quantity delivered may be either more or less as compared to quantity ordered. If this happens buyer may refuse to accept the goods. However, if he is ready to accept, contract will continue.

7. Expense of making Delivery -  
 Liability of making the goods deliverable belongs to seller. Once goods have become deliverable, liability of expense of delivery belongs to buyer.

8. Goods in possession of Third party -  
 If goods are kept in possession of third party, sale will be considered complete only third party accepts or acknowledges. He holds the goods for buyer.

9. Delivery to Carrier -  
 Delivery to carrier is considered as delivery to buyer. Once goods are handed over by seller to transporter, responsibility of seller comes to an end. It means goods in transit are deemed to be in ownership of buyer.

10. Deterioration in Transit -  
As it is an established fact, delivery to Carrier is delivery to buyer, all risk associated with transit also belong to buyer. It means the moment when goods are put to transit, goods come under ownership and risk of Buyer.

11. Right of Buyer to examine the goods -  
Seller must allow buyer to do examination of goods upon delivery. Buyer must be allowed to refuse delivery if either examination is not allowed or goods are not found to be proper upon examination.



Unpaid Seller

Topic:-

- ① Unpaid Seller
- ② Right of Buyer against Seller
- ③ Auction Sale

Meaning of Unpaid Seller

Rights of Unpaid Seller

Right against goods

Right against Buyer

Auction Sale

1. Auction Sale is a Sale mechanism where prospective buyers Bid for the Same goods.
2. Goods are generally - Sold to the Highest bidder.
3. Auction Sale is Completed only when third hammer is fallen or some similar activity is done.
4. Seller can reserve right of bid with himself and He can also bid either himself or through his representative.
5. Although seller can bid but he cannot do pretended bidding. Pretended bidding is when Seller asks some people to make false bids. It means few people will sit among bidders but they are not bidding to purchase, they are bidding to increase bid price.
6. Auction advertisement is considered to be an invitation to offer. Bids made by prospective buyers are offer. And fall of third hammer is acceptance.
7. It is the duty of seller to allow inspection of goods and buyers should satisfy themselves that goods are fit for them. Buyer cannot claim about any defect after purchase.



## Rights of Buyer against Seller -

1. Damages For Non Delivery -  
If Seller does not deliver the goods at appointed place and time, Buyer can claim damages for loss incurred by him.

2. Suit For Specific performance -  
Monetary Compensation may not be a suitable remedy in some cases. There may be a situation where buyer needs the goods which he ordered and not money. Buyer may then sue for specific performance.

3. Suit For Breach of Contract -  
If Seller is not providing warranty which was promised at the time of sale, Buyer may file a case against Seller.

Eg - If warranty of repairs and service.

4. Suit For Cancellation of Contract -  
If Seller cancels the contract buyer may file a case.

5. Suit For Interest -  
If Sale gets cancelled, Buyer is entitled to receive back the advance paid, if any.  
If their contract provides for same interest, that can also be claimed.



Unpaid Seller

1. Unpaid Seller is a Seller who has not yet received complete payment on the goods sold.
2. It is not necessary that complete payment should be outstanding. It is sufficient if only a small part of payment is pending.
3. Seller becomes unpaid seller in 2 situations :-
  - (a) when seller does not receive payment in any mode, cash, cheque or any other.
  - (b) when seller received a negotiable instrument such as cheque, which got dishonoured.
4. When a seller becomes unpaid seller, he is given certain rights by law.
5. Unpaid seller is given rights so that he can recover price of the goods or can compensate himself if the price is not received.
6. These rights of unpaid seller also work as a lesson and punishment for buyer because he is responsible for such position of seller.
7. Rights of unpaid seller are described in 2 categories :-
  - (a) Right against Goods -> what will happen to the goods which have been sold. Separate rules exist for situations when possession is transferred or pending.
  - (b) Right against Buyer -> what action can be taken against the buyer who is guilty of non-payment. Various matters exist for which seller can sue the buyer.
 

Eg. For Recovery of price, Recovery of interest on late payment etc.



## Right against Goods

### 1. Right of Lien -

- (i) Lien means retaining the possession. ~~if~~ ~~Se~~
- (ii) If Seller has not parted with the possession of goods, Lien can take place.
- (iii) If Seller still has custody of goods, He may refuse to transfer them to buyer until price is paid.
- (iv) Lien comes to end when Seller has delivered the goods to buyer, his agent or carrier.
- (v) Lien is not permanent in nature, it is a tool to create pressure on the buyer to make payment and to make the Seller secure.
- (vi) Lien is a legal right of seller and can be exercised irrespective of the fact that ownership is already transferred to buyer.

### 2. Right of Stoppage in transit -

- (i) when Seller has parted with the goods and goods come to transit, they can be stopped on the way by unpaid Seller.
- (ii) Stoppage in transit can be exercised only upto the time, goods are in transit. Transit ends when goods are delivered to buyer. (or) Carrier informs to buyer that goods are kept by Carrier on behalf of buyer.



- (iii) Stoppage in transit can be done by communicating to the transporter about Non-payment and instructing him not to deliver.
- (iv) Stoppage in transit does not make Seller an owner. Seller has already transferred ownership of goods, Stoppage is being done to keep the goods as security for pending payment.
- (v) Stoppage in transit and Lien look similar but technically they are different. Stoppage in transit is regaining the possession and lien means retaining the possession.
- (vi) Stoppage in transit can be exercised only in 1 situation, where buyer has become insolvent during the period of transit.
- (vii) Lien does not have such restriction. Lien can take place upon non-payment for any reason. It is not necessary that Buyer should become insolvent before using Lien.

### 3. Right of Resale -

- (i) Right of Resale can come either independently or along with other rights of Lien and / or Stoppage in transit.
- (ii) Resale is a remedy by which Seller can recover price by making another sale of the same goods to some one else.
- (iii) Resale should be done with a period notice to buyer in the form of warning.



(iv) However, if Contract of Sale already contains a provision that goods will be sold to someone else if payment is not made in a stipulated period, Notice upon resale is not needed.

(v) If Seller had to sell the goods at low price, Seller can recover damages from the buyer.

(vi) If Seller is able to sell the goods at higher price, Seller can retain the profit on resale.

### Right against buyer

1. Sue for price - If buyer has not made the payment, Seller can sue him for recovery of price.

2. Sue for Cancellation of Contract - If Buyer performs an anticipatory Breach, which means cancelling the Contract before due date, Seller can demand damages.

3. Sue for Non-Acceptance of Goods - If Buyer performs an actual breach and refuses to accept goods, standing at his doorstep, Seller can claim damages.

4. Sue for interest - If Buyer does not make the payment, He may be held liable for payment of interest on late payment. However, this right can be exercised only when it is already specified in the Contract of Sale.



Date \_\_\_ / \_\_\_ / \_\_\_

(Saathi)

## Tax Adjustment in Contract of Sale

1. If tax rate on goods remains same, throughout the deal, then there is no question of tax adjustment.
2. If tax rate is changing, then the question arises whether the invoice will contain tax adjustment or not.
3. Whether invoice will show old tax rate or new tax rate will depend upon whether the contract contains provisions for tax adjustment or not.
4. Tax adjustment also require compliance of Tax laws.