Chap. 2: Sale of Goods Act, 1930

Q16.] Pg. 53 (Ques. Bank) / or Module Q2 (Unit 3) Pg. 3.66

Ans:

(1.) **Facts:**

'J' (Owner / Principal) wanted to sell his car & therefore hands over to 'P' (The agent) for sale. 'P' sells it to 'A' who buys in good faith.

(2.) **Reference:**

(i) According to Sec. 27 of SOGA, 1930, even a non-owner can transfer a better / good title in the goods.

(ii) In case of Sale by a Mercantile Agent, the Mercantile agent can pass a good title to the buyer if the following conditions are fulfilled —

(a) If agent was in possession of goods with the consent of the owner,

(b) If the sale was made by agent when acting in the ordinary course of business as a Mercantile agent and

(c) If the buyer had acted in good faith and has at the time of c^t of sale, no notice of the fact that seller had no authority to sell.

(3.) **Analysis:**

(i) Here, in the given case, 'P' the agent was in the possession of the car with J's consent for the purpose of sale.

(ii) "A", the buyer, bought the car in good faith and without notice of any fraud.

(iii.) Therefore, the sale by P (Agent) to A (buyer) is a valid sale even though made by non-owner, as all the conditions were fulfilled.

(iv.) Therefore, 'A' the buyer obtained a good title to the car.

(4.) **Conclusion:**

As, 'A' the buyer obtained a valid title to the car, 'J' cannot succeed in recovering the car from 'A'.

Unit 2 : Module (Pg-3.42)

Q1. ~~Pg. 138 (Anchal Notes) (volume 1)~~:

Ans:

(1.) Facts:

M/S Woodworth & Associates, was a firm dealing in wooden logs. This firm supplied wood to Mr. Das (customer) for making doors & window frames. But later on, ~~Das~~ discovered that it was unsuitable for his purpose.

(2.) Reference:

(i.) The General Rule tells us that the buyer should be aware while purchasing the goods i.e. the "Doctrine of Caveat Emptor."

(ii.) But, there are few exceptions. One of ~~them~~ it ~~that~~ is "Condition as to quality & fitness". or "Fitness as to quality or use".

(iii.) As per Sec-16 (1) of the SOGA, 1930, it is the duty of seller to supply the goods which are reasonably fit for the buyer, if flg. conditions are fulfilled -

(a.) The buyer should have made known to the seller the particular purpose for which goods are required.

(b.) The buyer should rely on the skill & judgement of the seller &

(c.) The goods are of a description which is in the course of seller's business.

(3.) Analysis & Conclusion :

Ans(i.) [A] Duty of Buyer according the the Doctrine of Caveat Emptor:

- In case of sale of goods, the Doctrine of 'Caveat Emptor' means 'Let the buyer beware'.
- It is the duty of buyer to make proper selection / choice of the goods.
- If the goods turn out to be defective, he cannot hold the seller liable.
- Seller is in no way responsible for bad selection of the buyer.

[B] Duty of Seller according to the Doctrine of Caveat Emptor:

The following exceptions to the Caveat Emptor are the duties of Seller —

(1.) Fitness as to quality or use
(2.) Goods sold by description.
(3.) Goods of Merchantable quality
(4.) Sale by sample
(5.) Goods by sample as well as description
(6.) Trade usage
(7.) Seller actively conceals a defect or is guilty of fraud.

Ans(ii) → As Mr. Das has specifically mentioned that he required the wood which would be best suited for the purpose of making wooden door & window frames, but the seller supplied Mango Tree which is most unsuitable for the purpose.

→ Therefore, Mr. Das is entitled to get the money back or right kind of woods as required serving his purpose.

→ It is the duty of the seller to suppy such goods as are reasonably fit for the purpose mentioned by buyer.

Unit 2 (Module)
~~Pg 139 (Vol 1)~~ Pg. 3.43

DATE

Q5. Facts:

The goods were sold by sample by A to B, B to C & C to D. 'D' found that the goods were not acc. to sample.

Reference:

(i.) As per Sec.17 of SOGA, 1930,
In a c^t of sale by sample, there is an implied condition that —
(a.) the Bulk shall correspond with the sample in quality,
(b.) the buyer shall have a reasonable opportunity of comparing the bulk with the sample. &
(c.) The goods shall be free from any hidden defect.

(ii.) Also, the Breach of condition will be treated as Breach of Warranty, where the buyer has accepted either the whole or part of the goods. In this case, the Buyer loses his right to rescind the c^t and can claim damages only. — According to Sec 13(3) of SOGA, 1930

Analysis:

(i.) In the given case, 'D' who noticed the deviation of goods from the sample can reject the goods & treat it as a breach of implied condition as to sample which provided that when the goods are sold by sample, the goods must correspond to the sample in quality & the buyer should be given reasonable time & opportunity of comparing the bulk with the sample.

(b) Whereas, C can recover only damages from B and B can recover damages from A.

(c) For C & B, it will not be treated as a breach of implied condition as to sample as they have accepted & sold the goods according to Sec. 13 (3) of SOGA, 1930.

<u>Conclusion:</u>

We can conclude that, 'B' & 'C' can claim only damages but cannot rescind the ct. (as Breach of Condition is treated as Breach of warranty)

Unit 3

Q8. ~~Notes – Pg. 155~~ Module (Pg. 3.67)

Ans:

(1.) Facts:

A delivered a horse to B on Sale or Return basis for 8 days. On third day, the horse died without fault of B.

(2.) Reference:

(i.) Acc. to Section 24 of Sale of Goods Act, 1930, When goods are delivered to the buyer on 'Sale or Return' basis, the property therein passes to the buyer –

→ When the buyer retains the goods without giving notice of rejection, then, if a time has been fixed, on the expiration of such time and if no time has been fixed, on the expiration of a reasonable time.

(ii.) Acc. to Section 26 of SOGA, 1930; the goods remain at the seller's risk until the property is transfered to the buyer. When the property is transfered to the buyer, the goods are at buyer's risk.

(iii.) In short, Risk prima facie passes with property.

(3.) Analysis:

(i.) In the given case, A delivered the horse to B on Sale or Return basis for 8 days.

(ii.) But on the third day, the horse died without the fault of B

(iii.) The time given by seller 'A' to the buyer 'B' has not expired yet. Therefore, the ownership of the horse still belongs to the seller 'A'.

(iv.) B will be the owner of the horse only when B does not return the horse to A within the specified time of 8 days.

(v.) Therefore, the risk will be borne by 'A' as A is the owner of the horse.

(4.) **Conclusion :**

The suit filed by A for recovery of price from B is invalid and he cannot recover price from B.