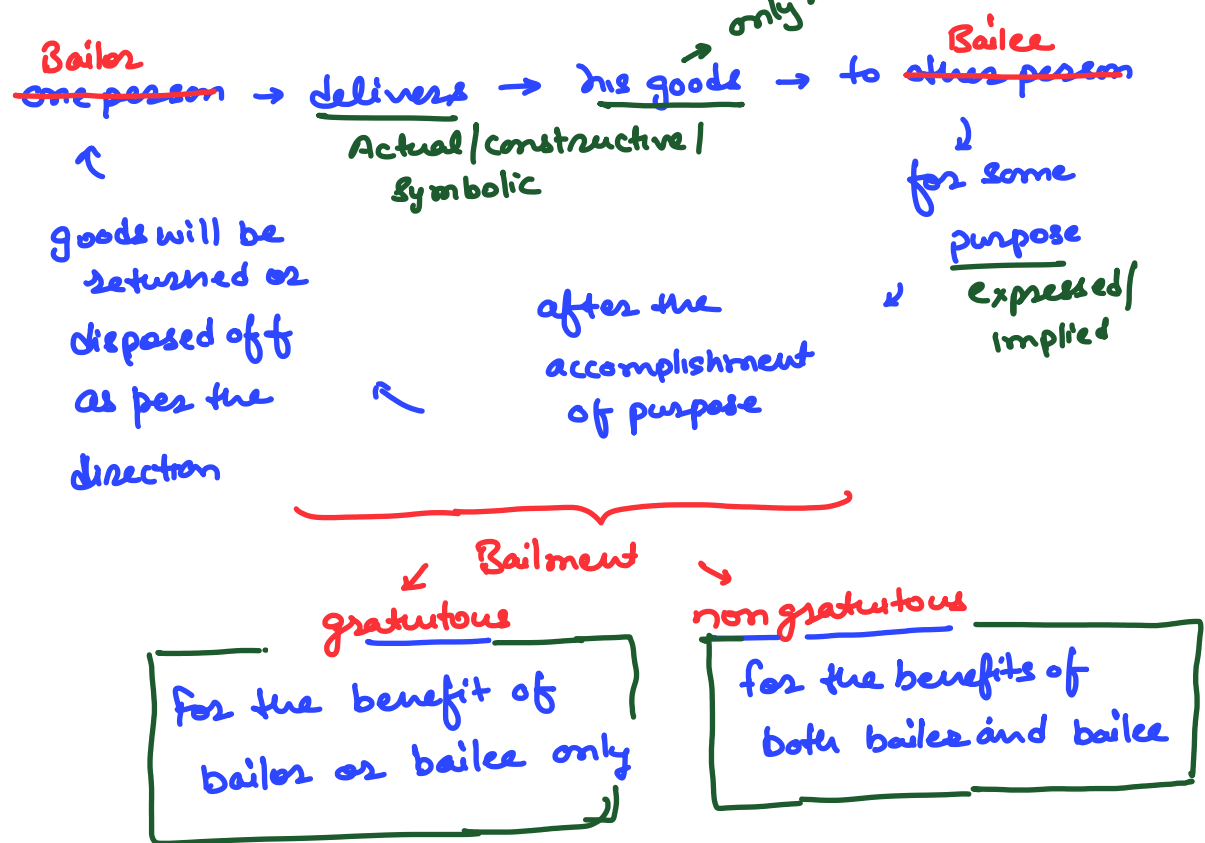


Chap 5 Unit 8 Contract of Bailment and Pledge



Imp → Duties of Bailor

1. Duty to disclose faults in the goods

Imp

x → ✓ = ok

which may put the bailee in risk

gratuitous = only faults known to bailor

non gratuitous = every fault known / not known

Loss to Bailee ← to be indemnified by bailor

2. Pay expense : ordinary exp. → Bailor if gratuitous bailment for the benefit of bailee

Imp

extra ordinary
↓
always borne by bailor

3. indemnify the bailee for loss to bailee due to prematured termination of gratuitous bailment

4.

due to defected title

5. Duty to receive back the goods on the expiry of period / accomplishment of purpose

Duties of Bailee

1 Take reasonable care like a man does in own case

(in the absence of any direction from bailor)

x ↗ ✓
= OK

↳ Indemnify the bailor for loss/damage of goods

2. not to make inconsistent use / unauthorized use of goods

↳ Loss to goods → indemnify the bailor even due to act of God

3 not to mix the goods with own goods

x ↗ mixed ✓
= OK

↳ with the consent of bailor

↓
Sale proceeds will be shared

x ↗
separable x → entire loss to bailor to be borne by bailor

✓ ↗
= sep. exp to be borne by bailor

4 return the goods / on the expiry of period
- on the accomplishment of purpose

5 return addition to goods

6 not to set up adverse title → can not sell
can not bail further etc

Rights of bailor

1 Terminate the bailment on the inconsistent use / failure to take reasonable care

2. Right to demand back even before the fixed time
if gratuitous bailment

3 Right to claim loss on the mixing of goods / unauthorized use
but bailor to indemnify the loss to bailor

4 Right to sue to enforce the bailor for his responsibilities / duties

5 Right to sue the wrong doer

Rights of bailee

- 1 Right to get indemnity / for defected title
- for non disclosure of fault
- prematured termination
- 2 Right to claim exp if extraordinary exp
if ordinary exp. in case of gratuitous bailment
for his benefits
- 3 Right to return the goods on the expiry of period / accomplishment
of purpose
- 4 Right to apply to court for determination of title
5. Right of Lien on the goods

Imp

↙ ↘
general Particular Lien
Lien available to all

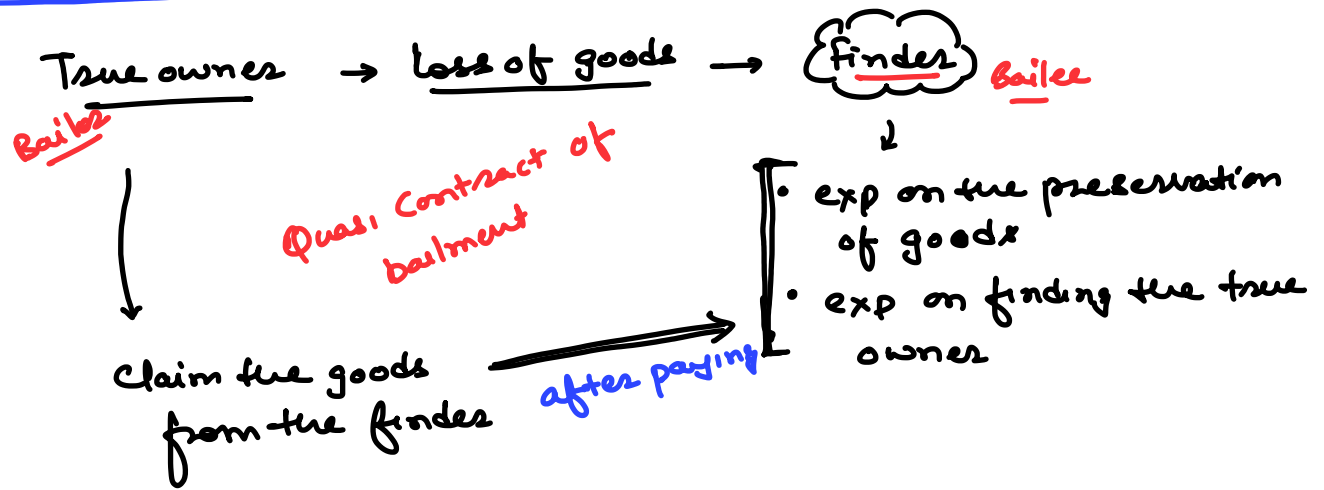
- not available to all
- Bank ✓
authorities ✓
etc.

if some skills are applied on
particular goods and
bailor refuses to pay remuneration
then bailee can retain the goods
until paid

→ Termination of Bailment

- on the expiry of period
- on the accomplishment of purpose
- destruction of subject matter
- Bailor / Bailee → Death in case of gratuitous
- Before time → bailment only
- By notice if inconsistent use / unauth.
use / bailee fails to take reasonable
care

Finder of the goods



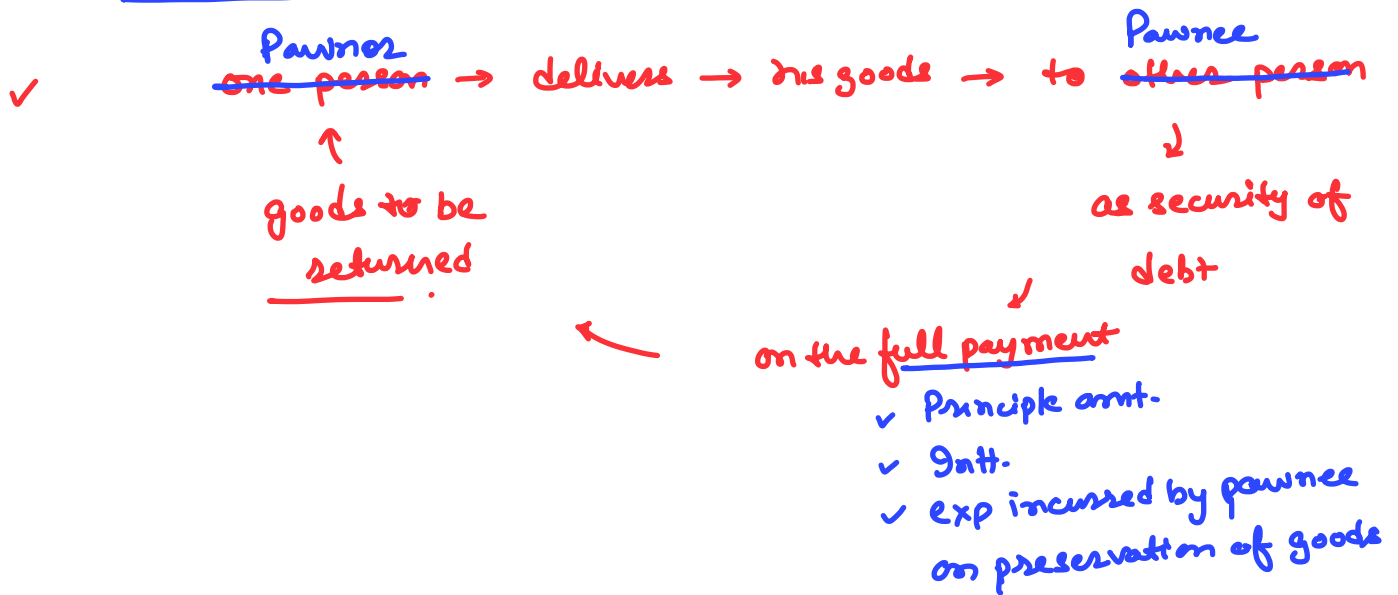
When the finder can sell the goods

Imp

- When true owner can not be found even after due search
- When goods are of perishable nature
- when exp $\geq \frac{2}{3}$ rd value and true owner not found till date
- True owner refused to pay exp

- $\downarrow$
- Finder can not sue the true owner for the recovery of exp
 - Finder can sue for the recovery of reward $\checkmark$

Contract of pledge



Rights of pawnee

- Right to retain the goods until full payment
- Right to retain the goods for subsequent debt
- Right to sell

Duties of pawnee

- take reasonable care
- not to mix the goods
- not to use the goods (until approved by pawnor)
- to return addition to goods

Rights of Pawnor

- Right of redemption of goods even after the expiry of time → Pay extra intt
- right to claim profit on sale of goods
- right to addition to goods

Duties of pawnor

- Duty to pay the debt
- Duty to pay exp
- Duty to disclose fault in the goods
- duty to indemnify the pawnee for defected title
- Duty to pay deficit on sale

→ Right of pawnee to sale

Imp If pawnor fails to pay in full

↓
pawnee can sell the goods

↓
Sale

Profit → return to pawnor
loss → claim from pawnor

mandatory

After giving a notice of
sale to pawnor