



B.Com Honours

Semester III

Calicut University

Business Regulations

Course Code: COM3CJ201 • Module 3 Notes

1. Sale of Goods Act, 1930: Transfer of Ownership and Rights

The Sale of Goods Act, 1930 governs contracts relating to the purchase and sale of movable goods in India. Understanding these provisions helps businesses manage product warranties, delivery conditions, and buyer-seller rights.

Essentials of Sale & Conditions vs. Warranties

- **Contract of Sale:** A contract whereby the seller transfers or agrees to transfer property in goods to the buyer for a monetary price.
- **Condition:** A stipulation essential to the main purpose of the contract. Breach of condition gives the buyer the right to repudiate the contract and reject the goods.
- **Warranty:** A stipulation collateral to the main purpose. Breach of warranty gives the right to claim damages, but not to reject the goods.

Caveat Emptor & Sale by Non-Owners

Doctrine of Caveat Emptor

"Let the Buyer Beware"—the buyer must inspect goods carefully. **Exceptions:** Sale by description, sale under trade name, fitness for a specific purpose communicated to seller, or seller's fraud.

Sale by Non-Owners

General Rule: *Nemo dat quod non habet* (No one can transfer a better title than he himself possesses). **Exceptions:** Sale by mercantile agent, joint owner, seller in possession after sale, or buyer in possession before sale.

Rights of an Unpaid Seller

An ****Unpaid Seller**** is one to whom the whole of the price has not been paid or tendered. The law grants specific remedies to protect the unpaid seller:

Target of Right	Legal Right Granted	Operational Conditions
Rights Against Goods	Right of Lien: Retaining possession of goods until price is paid.	Goods must be in seller's physical possession without credit terms.
	Stoppage in Transit: Stopping goods in transit to recover possession.	Buyer must be insolvent and goods must be in transit.
	Right of Resale: Re-selling goods to a new buyer.	Perishable goods or after serving notice to the defaulting buyer.
Rights Against Buyer	Suit for price, suit for damages for non-acceptance, and suit for interest.	Exercised personally against the defaulting buyer.

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