

Sale of Goods Act 1930

- The Sale of goods is the most common of all Commercial Contracts.
- The law relating to it is contained in the Sale of Goods Act, 1930.
- Contracts for the sale of goods are subject to the general legal principles applicable to all contracts, such as offer and acceptance, the capacity of the parties, free consent, consideration and legality of the object.
- The general provisions of the Indian Contract Act continue to apply to contracts for sale of goods so far as they are not inconsistent with the provisions of the sale of goods act.

Formation of Contract of Sale

- A Contract of sale of goods is a Contract whereby the seller transfers or agrees to transfer the property to goods to the buyer for a price.
- There may be a contract of sale between one part owner and another.[Sec.4(1)]
- A Contract of sale may be absolute or conditional[Sec.4(2)]

Sell and Agreement to Sale

- ◉ Where under a contract of sale, the property in the goods is transferred from the seller to the buyer, the contract is called a sale.
- ◉ On the other hand where the transfer of the property in the Goods is to take place at a future time or subject to some conditions thereafter to be fulfilled, the contract is called an agreement to sell

Essentials of a Contract of Sale

1. There must be two distinct parties.
2. Goods
3. Price
4. Transfer of general property
5. Essential Elements of a Valid Contract

Distinction between Sale and Agreement to Sell

1. Transfer of Property
2. Type of Goods
3. Risk of Loss
4. Consequences of Breach
5. Right to re-sell
6. General and Particular Property
7. Insolvency of Buyer
8. Insolvency of Seller

Subject Matter of Contract of Sale

- Goods form the Subject matter of a Contract of Sale.
- **Goods** is **defined** as per Section 2 (7) of the '**Act**' as. "Every kind of movable property other than actionable claims and money; and includes stock and shares, growing crops, grass, and things attached to or forming part of the land which are agreed to be severed before **sale** or **under** the contract of **sale**
- **Trademarks, Copyrights, patent rights, goodwill, electricity, water, gas** are all goods.

Classification of Goods

1. Existing Goods

- Specific Goods
- Ascertained Goods
- Unascertained or Generic Goods

2. Future Goods

3. Contingent Goods

4. Contingent and Future Goods

Price

- According to Section 2 of the **Sale of goods Act**, “**price**” means the money consideration for a **sale**.
- **Price** in a contract maybe:
 1. Fixed by the contract itself.
 2. May be left to be fixed by an agreed manner. or
 3. Determined in the course of dealing between the parties
- Where the price is not determined in accordance with these provisions the buyer may pay the seller a reasonable price.