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Vellore Institute of Technology
(Deemed to be University under section 3 of UGC Act, 1956)

Legal Aspects of Business

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Recapitulate

Performance of Contract of Sale

- Delivery
- Rules regarding delivery of goods
- Rights and Duties of the buyer

Sale of Goods Act, 1930

Conditions and Warranties

A stipulation in a contract of sale with reference to goods which are the subject thereof may be a condition or a warranty.

Sale of Goods Act, 1930

Conditions

A condition is a stipulation which is **essential** to the main purpose of the contract. If there is a breach of a condition, the aggrieved party can treat the **contract as repudiated**.

Warranties

A warranty is a stipulation which is **collateral** to the main purpose of the contract. If there is a breach of warranty, the aggrieved party can **claim only damages** they don't have right to repudiate the contract.

Sale of Goods Act, 1930

Difference between a condition and warranty

Concept	Condition	Warranty
Difference as to value	Main purpose of the contract	Collateral to the main purpose of the contract
Difference as to breach	Repudiate the contract	Claim damages only
Difference as to treatment	Breach of condition may be treated as breach of warranty	Breach of warranty can't be treated as breach of condition

Sale of Goods Act, 1930

Implied Conditions

1. Condition as to title
2. Sale by description
3. Condition as to quality or fitness
4. Condition as to merchantability
5. Condition implied by custom
6. Sale by sample
7. Condition as to wholesomeness

Sale of Goods Act, 1930

Implied Warranties

1. Warranty of quiet possession
2. Warranty of freedom from encumbrances
3. Warranty as to quality or fitness by usage of trade
4. Warranty to disclose dangerous nature of goods

Review Questions

1. A condition is a stipulation which is
 - a. essential to the main purpose of contract of sale
 - b. not essential to the main purpose of the contract of sale
 - c. collateral to the main purpose of the contract of sale
 - d. None of the above
2. Packing of goods is not an important consideration in judging their 'Merchantability'. **Ture or False**
3. X sells a horse to Y. When Y goes with horse he is arrested by the police on the charge of keeping stolen property as the horse belongs Z. Does Y can sue X, and if so, on what basis and what damages can he recover?

Answer

1. A condition is a stipulation which is

Answer: a. essential to the main purpose of contract of sale

2. Packing of goods is not an important consideration in judging their 'Merchantability'.

Answer: False

3. X sells a horse to Y. When Y goes with horse he is arrested by the police on the charge of keeping stolen property as the horse belongs Z. Does Y can sue X, and if so, on what basis and what damages can he recover?

Answer: Yes, Y can sue X and also recover the loss suffered by him which is the direct and natural consequence of the breach of condition.