

Legal Aspects of Business

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Recapitulate

Conditions and Warranties

Introduction

Conditions

Warranties

• Difference

Rights of an unpaid Seller

A seller of goods is deemed to be an unpaid seller;

- Whole price has not been paid
- Negotiable instrument has been received as a conditional payment has not been fulfilled by reason of the dishonored of the instrument or otherwise.

When the property in the goods has not passed

Right of lien

Right of stoppage in transit

Right of resale

Rights of an Unpaid Seller

When the property in the goods has passed

Right of Withholding delivery

Right of Lien

Right of Stoppage in transit

Right of Resale

Against Buyer

Against Goods

Suit for Price

Sue for Damages

Sue for Interest

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5

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Caveat Emptor

It means "let the buyer beware", i.e., the seller is under no duty to reveal the defects in the goods he is selling. But the buyer has to make sure that he is buying the right quality of goods. If he depends his own skill upon and judgement and the goods turn out of be defective, he cannot blame anybody but himself.

Review Questions

- 1. Who is an unpaid seller?
 - a. the whole price has not been paid
 - b. negotiable instrument received subsequently dishonoured
 - c. both a & b
 - d. None of the above
- 2. The unpaid seller has no rights for realisation of the price for the property in the goods passed to the buyer. Ture or False
- 3. P contracts to sell to Q a piece of cotton. Q thinks that it is an Indian cotton. P knows that Q thinks so, but knows that it is not an Indian cotton, P does not correct the impression of Q. Q afterwards discovers that is not an Indian Cotton. Can be repudiate the contract?

Answer

1. Who is an unpaid seller?

Answer: c. both a & b

2. The unpaid seller has no rights for realisation of the price for the property in the goods passed to the buyer.

Answer: False

3. P contracts to sell to Q a piece of cotton. Q thinks that it is an Indian cotton. P knows that Q thinks so, but knows that it is not an Indian cotton, P does not correct the impression of Q. Q afterwards discovers that is not an Indian Cotton. Can be repudiate the contract?

Answer: No, as the rule of Caveat Emptor will apply