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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

Subject Matter of Sale of Goods

- Goods – Introduction
- Classification of Goods
- Effects of perishing of goods

Sale of Goods Act, 1930

Transfer of Property

Transfer of property in goods means 'transfer of ownership' of the goods.

Property in Goods is different from possession of goods

Possession of goods refers to the custody over the goods.

Sale of Goods Act, 1930

Importance of knowing the Exact Time of Passing of Property

1. Risk passes with Property
2. Action against third parties
3. Suit for price
4. Insolvency of Buyer and Seller

Sale of Goods Act, 1930

Rules Regarding Transfer of Property

1. Transfer of Property in Specific/Ascertained Goods

a. When goods are in a deliverable state

Unconditional in terms of price/delivery, etc.,

b. When goods have to be put into a deliverable state

Seller bound to do 'something' to the goods for the purpose of putting them into deliverable state (Example: Packing, polishing, filling, etc.,)

c. When the goods have to be measured etc., to ascertain price

Example: Seller bound to weight, test, measure, etc., with reference to the goods property does not pass.

d. When the goods delivered on approval/on sale/or return

Sale of Goods Act, 1930

Rules Regarding Transfer of Property

2. Transfer of Property in Unascertained/Future Goods

In case of Unascertained and future goods the **property in goods does not pass to the buyer** unless and until the goods ascertained or unconditionally appropriated to the contract.

Review Questions

1. Arjun sells to Babu a horse which is to be delivered to Babu the next week. Babu is to pay the price on delivery. Arjun asks his servant to keep the horse separate from other horse. The horse, however, dies before it is delivered and paid for. Who shall bear the loss?
2. X gives some diamonds to Y on sale or return basis. On the same day Y gives those diamonds to Z on sale or return and from him they lost those diamonds. Who shall bear the loss?
3. Property in goods and possession of goods are one and the same. **True or False**

Answer

1. Arjun sells to Babu a horse which is to be delivered to Babu the next week. Babu is to pay the price on delivery. Arjun asks his servant to keep the horse separate from other horse. The horse, dies before it is delivered and paid for. Who shall bear the loss?

Answer: It is a contract of sale of specific goods in a deliverable state and therefore the property in the horse passes to Babu at time of contract. Hence Babu should bear the loss.

2. X gives some diamonds to Y on sale or return basis. On the same day Y gives those diamonds to Z on sale or return and from him they lost the diamonds. Who shall bear the loss?

Answer: Y must bear the loss because by transferring the diamonds further he has adopted the transactions and the property in them.

3. Property in goods and possession of goods are one and the same.

Answer: False