



Unit 2nd
Law of Sale of
Goods and
Arbitration

By
Dr. Sonal Singh Sikarwar

INTRODUCTION

- The law relating to sale and purchase of goods, prior to 1930 were dealt by the Indian Contract Act, 1872.
- In 1930, Sections 76 to 123 of the Contract Act was repealed and a separate Act known as the Sale of Goods Act, 1930 was passed
- This act lays down special provisions governing the contract of sales of goods .The general law of contract is also applicable to the contracts for the sale of goods unless they are inconsistent with the express provisions of the Sale of Goods Act

DEFINITION

- Sec 4(1) of the Indian Sale of Goods Act, 1930 defines the contract of sale of goods in the following manner:
- “ *A contract of sale of goods is a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price*”.

ESSENTIALS OF CONTRACT OF SALE

- From the above definition, the following essentials of a contract of sale may be noted:
- 1. There must be **at least two parties**
- 2. Transfer or Agreement **to transfer the ownership of goods.**
- 3. The subject matter of the **contract must necessarily be 'goods'**. Sale of immovable property is not covered under this act.
- 4. The **consideration is Price.**
- 5. A Contract of sale may be in **writing or by words**
- 6. **All other essentials of a valid contract** must be present

GOODS

- ***Definition of `GOODS` under the Act***
- 'Goods' means every kind of moveable property 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.
- Actionable claims and money are not included in the definition of goods.

- Thus, *goods include every kind of moveable property other than actionable claim or money.* **Example** - goodwill, copyright, trademark, patents, water, gas, and electricity are all goods and may be the subject matter of a contract of sale.

- The test is if the property on shifting its situation, does not lose its character, the said property shall be movable and fall within the definition of `Goods.

TYPES OF GOODS

- Existing goods
- Future goods
- Contingent goods



- **1. Existing goods:**

- Goods which are physically in existence and which are in seller's ownership and/or possession, at the time of entering the contract of sale are called 'existing goods.' Where seller is the owner, he has the general property in them.

○ 2. Future goods:

- Goods to be manufactured, produced or acquired by the seller after the making of the contract of sale are called 'future goods' [Sec. 2(6)]. These goods may be either not yet in existence or be in existence but not yet acquired by the seller.
- **Ex:- A agrees to sell to B all the milk that his cow may yield during the coming year. This is a contract for the sale of future goods.**

● **3. Contingent goods:**

- Though a type of future goods, these are the goods the acquisition of which by the seller depends upon a contingency, which may or may not happen [Sec. 6 (2)]. Ex:-
- (a) A agrees to sell to B a specific rare painting provided he is able to purchase it from its present owner. This is a contract for the sale of contingent goods.
- (b) X agrees to sell to 25 bales of Egyptian cotton, provided the ship which is bringing them reaches the port safely. It is a contract for the sale of contingent goods. If the ship is sunk, the contract becomes void and the seller is not liable.