

Definitions of Important Terms

Sale of Goods Act, 1930 – Important Terms

I. Buyer And Seller

As per the sec 2(1) of the Act, a buyer is someone who buys or has agreed to buy goods. Since a sale constitutes a contract between two parties, a buyer is one of the parties to the contract.

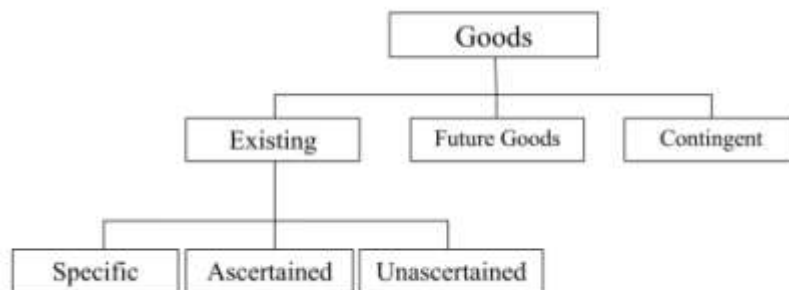
The Act defines seller in sec 2(13). A seller is someone who sells or has agreed to sell goods. For a sales contract to come into existence, both the buyers and seller must be defined by the Act. These two terms represent the two parties of a sales contract.

II. Goods

One of the most crucial terms to define is the goods that are to be included in the contract for sale. The Act defines the term “Goods” in its sec 2(7) as all types of movable property. The sec 2(7) of the Act goes as follows:

“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 will be considered goods”

We say that goods are in a deliverable state when their condition is such that the buyer would, under the contract, be bound to take delivery of these goods. Goods may be further understood in the following subtypes:



(Source: SimplyNotes)

1. Existing Goods

The goods that are referred to in the contract of sale are termed as existing goods if they are present (in existence) at the time of the contract. The existing goods are further of the following types:

A) Specific Goods

According to the sec 2(14) of the Act, these are those goods that are “identified and agreed upon” when the contract of sale is formed. A buyer agrees to the sale and a contract is formed. The mobile, in this case, is specific good.

B) Ascertained Goods:

This is a type not defined by the law but by the judicial interpretation. This term is used for specific goods which have been selected from a larger set of goods.

C) Unascertained Goods:

These are the goods that have not been specifically identified but have rather been left to be selected from a larger group.

2. Future Goods

In sec 2(6) of the Act, future goods have been defined as the goods that will either be manufactured or produced or acquired by the seller at the time the contract of sale is made. The contract for the sale of future goods will never have the actual sale in it, it will always be an agreement to sell.

3. Contingent Goods

Contingent goods are actually a subtype of future goods in the sense that in contingent goods the actual sale is to be done in the future. These goods are part of a sale contract that has some contingency clause in it.

III. Delivery

The delivery of goods signifies the voluntary transfer of possession from one person to another. The objective or the end result of any such process which results in the goods coming into the possession of the buyer is a delivery process. The delivery could occur even when the goods are transferred to a person other than the buyer but who is authorized to hold the goods on behalf of the buyer.

There are various forms of delivery as follows:

- **Actual Delivery:** If the goods are physically given into the possession of the buyer, the delivery is an actual delivery.
- **Constructive delivery:** The transfer of goods can be done even when the transfer is effected without a change in the possession or custody of the goods.
- **Symbolic delivery:** This kind of delivery involves the delivery of a thing in token of a transfer of some other thing. For example, the key of the godowns with the goods in it, when handed over to the buyer will constitute a symbolic delivery.

IV. The Document of Title to Goods

From the Sec 2(4) of the act, we can say that this “includes the bill of lading, dock-warrant, warehouse keeper’s certificate, railway receipt, multimodal transport document, warrant or order for the delivery of goods and any other document used in the ordinary course of business as proof of the possession or control of goods or authorizing or purporting to authorize, either by endorsement or by delivery, the possessor of the document to transfer or receive goods thereby represented.”

V. Mercantile Agent [Section 2(9)]

Mercantile agent is someone who has authority in the customary course of business, either to sell or consign goods under the contract on behalf of the one or both of the parties. Examples include auctioneers, brokers, factors etc.

VI. Property [Section 2(11)]

In the Act, property means ‘ownership’ or the general property i.e. all ownership right of the goods. A sale constitutes the transfer of ownership of goods by the seller to the buyer or an agreement of the same.

VII. Insolvent [Section 2(8)]

The Act defines an insolvent person as someone who ceases to pay his debts in the ordinary course of business or cannot pay his debts as they become due, whether he has committed an act of insolvency or not.

VIII. Price [Section 2(10)]

In the Act, the price is defined as the money consideration for a sale of goods.

IX. Quality of Goods