

# **Business Law**

## **Lecture-15**

### **The Sale of Goods Act, 1930**

c) He does something to the good, which is equivalent to accepting the goods, e.g. he pledges or sells the goods.

#### **Facts of Case:**

Since, Mr. Joshi, who had taken delivery of the Motor car on Sale or Return basis and pledged the motor car to Mr. Ganesh, has attracted the third condition that he has done something to the good which is equivalent to accepting the goods e.g. he pledges or sells the goods. Therefore, the property therein (Motor car) passes to Mr. Joshi.

#### **Answer:**

Now in this situation, Ms. Preeti cannot claim back her Motor Car from Mr. Ganesh, but she can claim the price of the motor car from Mr. Joshi only.

**Explain the provisions of law relating to unpaid seller's 'right of lien' and distinguish it from the "right of stoppage the goods in transit".**

#### **Provision:** [The Sale of Goods Act, 1930]

The legal provisions regarding the right of lien of an unpaid seller has been stated from Sections 47 to 49 of the Sale of Goods Act, 1930 which may be enumerated as follows:

1. According to Section 47, the unpaid seller of the goods who is in possession of them is entitled to retain possession of them until payment or tender of the price in the following cases namely:
  - a) where the goods have been sold without any stipulation as to credit.
  - b) where the goods have been sold on credit, but the term of credit has expired; or
  - c) where the buyer becomes insolvent.
2. The seller may exercise his right of lien notwithstanding that he is in possession of the goods as agent or bailee for the buyer.
3. Section 48 states that where an unpaid seller has made part delivery of the goods, he may exercise his right of lien on the remainder, unless such part delivery has been made under such circumstances as to show an agreement to waive the lien.
4. According to Section 49 the unpaid seller loses his lien on goods:
  - a) when he delivers the goods to a carrier or other bailee for the purpose of transmission to the buyer without reserving the right of disposal of the goods.
  - b) when the buyer or his agent lawfully obtains possession of the goods
  - c) by waiver thereof.
5. The unpaid seller of the goods, having a lien thereon, does not lose his lien by reason only that he has obtained a decree to the price of the goods.
6. **Right of lien and Right to stoppage the goods in transit- Distinction:**
  - a) The essence of a right of lien is to retain possession whereas the right of stoppage in transit is right to regain possession.
  - b) Seller should be in possession of goods under lien while in stoppage in transit
    - i. Seller should have parted with the possession
    - ii. possession should be with a carrier and
    - iii. Buyer has not acquired the possession.
  - c) Right of lien can be exercised even when the buyer is not insolvent, but it is not the case with right of stoppage in transit.
  - d) Right of stoppage in transit begins when the right of lien ends. Thus, the end of the right of lien is the starting point of the right of stoppage the goods in transit.