

Business Law
Lecture-18

The Sale of Goods Act, 1930

J the owner of a Fiat car wants to sell his car. For this purpose he hand over the car to P, a mercantile agent for sale at a price not less than Rs 50, 000. The agent sells the car for Rs 40, 000 to A, who buys the car in good faith and without notice of any fraud. P misappropriated the money also. J sues A to recover the Car. Decide given reasons whether J would succeed.

Provision:

1. The problem in this case is based on the provisions of the Sale of Goods Act, 1930 contained in the proviso to Section 27. The proviso provides that a mercantile agent is one who in the customary course of his business, has, as such agent, authority either to sell goods, or to consign goods, for the purpose of sale, or to buy goods, or to raise money on the security of goods [Section 2(9)].
2. The buyer of goods from a mercantile agent, who has no authority from the principal to sell, gets a good title to the goods if the following conditions are satisfied:
 - a) The agent should be in possession of the goods or documents of title to the goods with the consent of the owner.
 - b) The agent should sell the goods while acting in the ordinary course of business of a mercantile agent.
 - c) The buyer should act in good faith.
 - d) The buyer should not have at the time of the contract of sale notice that the agent has no authority to sell.

Facts of Case:

In the given case J was the owner of Fiat Car, which he wants to sell for this he appointed P and mercantile agent putting one condition that price should not be less then Rs.50, 000. However, p sells the car for Rs. 40, 000 to A who buys the car in good faith without having any knowledge of fraud. P misappropriated the money received from sell of that car.

Answer:

In the instant case, P, the agent, was in the possession of the car with J's consent for the purpose of sale. A, the buyer, therefore obtained a good title to the car. Hence, J in this case, cannot recover the car from A.

Mr. Samuel agreed to purchase 100 bales of cotton from Mr. Varun, out of his large stock and sent his men to take delivery of the goods. They could pack only 60 bales. Later on, there was an accidental fire and the entire stock was destroyed including 60 bales that were already packed. Referring to the provisions of the Sale of Goods Act, 1930 explain as to who will bear the loss and to what extent?