

SALE OF GOODS ACT 1991

Title

1. This Act shall be cited as the "Sale of Goods Act".

Sale of Goods

2. A Sale of Goods is an agreement between the seller and the buyer to transfer the property in goods by the seller to the buyer for a determined price. In this Act, the said agreement shall be referred to as the Contract for Sale of Goods.

Capacity

3. (a) Parties to a Contract for Sale of Goods shall have the capacity to enter into a contract.
(b) A minor or a person incapable of entering into a contract shall pay a reasonable price in respect of necessaries sold and delivered to him.

Existing or future goods

4. Goods sold under a contract shall be either existing goods or future goods.

Existing goods under this section shall refer to goods which are owned or possessed by the seller. And future goods shall refer to goods which shall be manufactured or acquired by the seller after entering into the contract.

Price

5. The price as regards a contract for sale shall be the price fixed in the contract or the price determined in a manner agreed in the contract.
6. Parties to a contract may agree that the price be determined by a third party.

Implied Terms

7. Where no expressive provision is made in the contract that the goods are sold in pursuance of the right of the seller to sell the goods and a contrary provision does not appear in the contract, it shall be implied that the seller has the right to sell the goods in question. The right of the seller to sell the goods at the time of agreement to sell shall be considered valid if the ownership in the goods transfers to the buyer.

Transfer of ownership

8. The ownership in the goods shall transfer to the buyer at such time determined in accordance with the contract.

Fitness for purpose

9. Goods sold under a contract shall be considered reasonably fit for a particular purpose where such purpose has been made known to the seller by the buyer.

Right to retain property of goods

10. The seller has the right to retain the goods until the fulfilment of the terms of the contract or part thereof. In such event the ownership of the goods shall not pass to the buyer until such terms are fulfilled.

Risk

11. Unless otherwise agreed, regardless of whether the property has been transferred or not, any risks inherent in the goods shall be deemed to have passed from the seller to the buyer at the time of the transfer of ownership of the goods. In this section risk shall mean the risk of any undesirable consequences which may result from the ownership of the goods being transferred.

Duty of both parties

12. The duty of the seller is to deliver the goods in accordance with the terms of the contract. Similarly the duty of the buyer is to accept the goods and pay its price in accordance with the terms of the contract.

Rules of delivery of goods

13. Unless otherwise agreed:-

- (a) Delivery of the goods and payment of the price shall be concurrent conditions.
- (b) Place where the goods are delivered is the place where the seller conducts his business.
- (c) The buyer is not bound to accept any goods delivered by instalments.

Delivery of wrong quantity or defective goods

14 (a) The buyer is not bound to accept any quantity of goods delivered by the seller more than or less than the amount for which the buyer contracted to buy.

(b) Where the seller delivers to the buyer a quantity of goods less than the amount for which the buyer contracted to buy and if the buyer accepts them, the buyer shall pay for them at the proportional rate to the agreed price.

(c) Where the seller delivers to the buyer a quantity of goods more than the amount for which the buyer contracted to buy, the buyer may accept the quantity of goods for which he contracted. Where the buyer accepts the whole of the goods so delivered, he shall pay for them at the rate proportional to the agreed price.

(d) Where the seller delivers to the buyer the goods included in the contract together with goods not included in the contract, the buyer may accept the goods which are in accordance with the contract and reject the rest or may reject the whole.

(e) In the event of any defect in goods, the buyer may reject the goods provided such defect occurred prior to delivery from the seller to the buyer.

Legal acceptance of the goods

15. The buyer is deemed to have legally accepted the goods if the buyer acts in any of the following ways.

(a) Where the buyer communicates to the seller his acceptance of the goods.

(b) Where the buyer retains in his possession the goods for reasonable period without communicating his rejection of the goods to the seller.

(c) When the goods have been delivered to the buyer and the buyer does any act which affects the ownership of the seller.

Right to rescind sale

16. Unless otherwise agreed, either party shall have the right to rescind the sale of goods provided that the seller and the buyer have not parted subsequent to the conclusion of the sale.

Rights of unpaid seller

17. Notwithstanding that the ownership of the goods is to transfer to the buyer in accordance with the provisions of this Act the seller, to whom the price of the goods has not been paid to, shall have the following rights.

(a) In the event he is in possession of the goods, the legal right to retain them until payment of the price thereof.

(b) The right of resale to a third party.

Lien on the goods

18.

(a) The seller has the right of exercising a lien under the following circumstances.

(i) Where the seller has not received credit.

(ii) Where the goods have been sold on credit and the term of credit has expired.

(iii) Where the buyer becomes insolvent.

(b) The seller loses his right of lien where the buyer or his agent has obtained possession of the goods in accordance with this Act or the seller has waived his right thereof.

Sale to third party

19.

(a) The seller shall resell the goods upon occurrence of any of the following circumstances.

(i) Where the goods are perishable in nature.

(ii) Failure on the part of the buyer to settle payment of the price within a reasonable period after the buyer has been given notice of the intention to resell the goods.

(iii) Where it has been stipulated that upon breach of the contract by the buyer the seller is entitled to resell the goods to a third party, the buyer is in breach of the contract.

(b) In the event the seller suffers damage as a result of the breach of contract by the buyer the seller may claim damages in respect thereof.

Suit for price

20. Where the buyer neglects to pay for the goods or refuses to pay the price thereof the seller may file suit to recover the price.

Buyer's remedy for breach of contract

21.

(a) Where the seller neglects to deliver the goods or refuses to make delivery thereof, the buyer may file suit to seek damages in relation to the loss suffered by the buyer.

(b) Damages under sub-section (a) of this section shall be the difference in value between the agreed price and the market price of the goods at the time specified in the contract as regards delivery, or the difference in value between the agreed price and the expenses incurred by the buyer in acquiring similar goods from a third party.

22. Unless otherwise defined in this Act:-

(a) Goods shall include all kinds of movable property other than money.

(b) "Seller" shall mean a person who sells or agrees to sell.

(c) "Buyer" shall mean a person who buys or agrees to buy.

(d) Delivery shall mean the voluntary transfer of possession from one person to another. Delivery shall include transfer of possession effected by delivery made hand to hand or carrying or sending through a third party.

(e) "Credit" shall mean a document issued in a transaction concerning sale of goods that contains a promise to pay within a specified period.