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GOVERNMENT HOL NAIROBI.

KENYA

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KENYA. No. 586

> RECFIVED 13 OCT 1930

My Lord,

COL. OFFICE

I have the honour to transmit the accompanying two authenticated copies of an ordinance intituled "the Sale o: boods Ordinance, 1930", which passed its third reading in the Legislative Council on the 21st July and to which I daly assented in his Majesty's name on the Ard September, 1330.

A legal rejort prepared by the Attorne, Jeneral .. also enclosed, together with twelve printed route, of the Ordinance.

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THE RIGHT HONOURABLE LORD PASSFIELD, P.J.,

SECRETARY OF S.ATE FOR THE CULONIES,

DOWNING STREET,

LONDON, S.W. 1

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LEGAL REPORT THE SALE OF GOODS BILL, 1930.

In a memorandum on the question of the unification of commercial laws, the Executive of the Association of East African Chambers of Commerce on 5th February, 1930, wrote as follows -

"The Executive has learnt that the law relating to sale of goods in India, which is contained in Chapter 7 of the Indian Contract Act, 1872, is now in process of amendment. It has been found inadequate and incomplete and the law upon the subject is now to be codified and brought into line with the English Sale of Goods Act, 1893, which is admittedly one of the best drafted of English Statutes and stood the test of thirty-five years of practical application. The Executive learns that existing legislation under this heading in East Africa is the applied Indian Contract Act, 1872, which, as shown, is now to be amended. The Executive accordingly suggests that an opportunity now exists for the introduction of the satisfactory English Act of 1893, with such minor amendments as are necessary to meet local conditions, into East Africa."

The Indian law relating to sale of goods, which is in force in the Colony, is antiquated, and must be a distinct hindrance to commerce and trade. The English law on the subject, which was mainly case law, was codified

codified in 1893, but the Colony is still working under the law as it was in 1870. The Indian Government is amending the Act, on the lines of the English legislation, but that amendment will not apply to the Colony.

This Bill, which is modelled on the English Act of 1893, is therefore enacted.

In my opinion, His Excellency the Governor may properly assent to this Bill in the name and on behalf of His Majesty.

Mairobi,

23mt July, 1930.

ATTORNEY GENERAL.



Colony and Protectorate of Renya.

IN THE TWENTY-FIRST YEAR OF THE REIGN OF

HIS MAJESTY KING GEORGE V.

EDWARD WILLIAM MACLEAY GRIGG, E.O.M.G., E.O.Y.O., D.S.O., M.O.,

Gopernor.

Assented to in His Majesty a name this 3 so day of Learner 1984

EDW WILL THE MALE

Governor

An Ordinance relating to the Sale of Goods.

ENACTED by the Governor of the Colony of Kenya, with the advice and consent of the Legislative Council thereof, as follows:—

- This Ordinance may be cited as "the Sale of Goods short title. Ordinance, 1980," and shall come into operation upon such date as the Governor may by notice in the Gazette appoint.
- $\boldsymbol{2}.$ (1) In this Ordinance, unless the context otherwise Interpretation requires—
 - " action " includes counterclaim and set-off,
- "buyer" means a person who buys or agrees to buy goods?
- contract of sale "includes an agreement to sell as well as a sale:

" delivery " means voluntary transfer of possession from one person to another:

- "document of title to goods" includes any bill of lading dock warrant, warehouse-keeper's certificate, and 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 authorising or purporting to authorise, either by endorsement or by delivery, the possessor of the document to transfer or receive goods thereby represented;
 - " fault " means wrongful act or default;
- "future goods" means goods to be manufactured or acquired by the seller after the making of the contract of sale;
- " goods " includes all chattels personal other than things in action and money. The term includes implements, industrial growing crops, and things attached to or forming part of the land, which are agreed to be severed before sale or under the land, which are agreed to be severed before sale or under the contract of sale;
 - " plaintiff " includes defendant counter-claiming;
- " property " means the general property in goods, and not merely a special property
 - " quality of goods " includes their state or condition;
- "sale " includes a bargain and sale as well as a sale and delivery
- seller means a person who sells or agrees to sell goods;
- specific goods means goods identified and agreed upon at the time a contract of sale is made,
- "warranty means an agreement with reference to goods which are the subject of a contract of sale, but collateral to the main purpose of such constract, the breach of which gives rise to a claim for damages, but not to a right to reject the goods and treat the contract as repudiated
- (2) A thing is deemed to be done in good faith within the meaning of this Ordinance when it is in fact done honestly, whether it be done negligently or not
- (3) A person is deemed to be insolvent within the mean ing of this Ordinance who either has ceased 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 bank ruptey or not
- (4) Goods are in a deliverable state " within the meaning of this Ordinance when they are in such a state that the buyer would under the contract be bound to take delivery of them

PART I

FORMATION OF THE CONTRACT.

Contract of Sale.

8 I 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 money consideration, called the price. There may be a contract of sale between one part owner and another

- (2) A contract of sale may be absolute or conditional.
- (3) Where under a contract of sale the property in the goods is transferred from the seller to the buyer the contract is called a sale; but where the transfer of the property in the goods is to take place at a future time or subject to some condition thereafter to be fulfilled, the contract is called an agreement to sell.
- (4) An agreement to sell becomes a sale when the time elapses, or the conditions are fulfilled subject to which the property in the goods is to be transferred.
- 4. Capacity to buy and sell is regulated by the general Capacity to law concerning capacity to contract, and to transfer and sale of acquire property: Provided that where necessaries are sold neces and delivered to an infant or minor, or to a person who by reason of mental incapacity or drunkenness is incompetent to to contract. contract, he must pay a reasonable price therefor

Necessaries in this section mean goods suitable to the condition in life of such infant or minor or other person, and to his actual requirements at the time of the sale and delivery

Formalities of the Contract

5. Subject to the provisions of this Ordinance and of any Contract of Ordinance in that behalf, a contract of sale may be made in sale, how writing (either with or without seal) or by word of mouth, or partly in writing and partly by word of mouth, or may be implied from the contract of the parties Provided that nothing in this section shall affect the law relating to corporations.

- 6. 11 A contract for the sale of any goods of the value Contract of of two hundred shillings or upwards shall not be enforceable by sale for ten action unless the buyer shall accept part of the goods so sold, more to be in and actually receive the same, or give something in earnest to writing bind the contract or in part payment or unless some note or memorandum in writing of the contract be made and signed by the party to be charged or his agent in that behalf
- (2) The provisions of this section apply to every such Executors contract, notwithstanding that the goods may be intended to contracts, be delivered at some future time, or may not at the time of such contract be actually made, procured, or provided, or fit or ready for delivery, or some act may be requisite for the making or completing thereof or rendering the same fit for
- (3) There is an acceptance of goods within the meaning Acceptance of this section when the buyer does any act in relation to the goods which recognises a pre-existing contract of sale whether there be an acceptance in performance of the contract or not

Subsect Matter of Contract

- 7. (1) The goods which form the subject of a contract of Existing or sale may be either existing goods, owned or possessed by the future goods seller, or goods to be manufactured or acquired by the seller after the making of the contract of sale, in this Ordinance called " future goods."
- (2) There may be a contract for the sale of goods, the acquisition of which by the seller depends upon a contingency which may or may not happen

(3) Where by a contract of sale the seller purports to effect a present sale of future goods, the contract operates as an agreement to sell the goods.

Sale of perished

8. Where there is a contract for the sale of specific goods, and the goods without the knowledge of the seller have perished at the time when the contract is made, the contract

Goods perished after agreement to sell.

9. Where there is an agreement to sell specific goods, and subsequently the goods, without any fault on the part of the seller or buyer, perish before the risk passes to the buyer, the agreement is thereby avoided.

The Price.

Ascertainment of price.

- 10. (1) The price in a contract of sale may be fixed by the contract, or may be left to be fixed in manner thereby agreed, or may be determined by the course of dealing between the parties.
- (2) Where the price is not determined in accordance with the foregoing provisions, the buyer must pay a reasonable price. What is a reasonable price is a question of fact dependent on the circumstances of each particular case.

Agreement

- 11. (1) Where there is an agreement to sell goods on the terms that the price is to be fixed by the valuation of a third party, and such third party cannot or does not make such valuation, the agreement is avoided: Provided that if the goods or any part thereof have been delivered to and appropriated by the buyer he must pay a reasonable price therefor
- (2) Where such third party is prevented from making the valuation by the fault of the seller or buyer, the party not in fault may maintain an action for damages against the party in fault.

Conditions and Warranties

St. palations as to time

12. (1) Unless a different intention appears from the terms of the contract, stipulations as to time of payment are not deemed to be of the essence of a contract of sale. Whether any other stipulation as to time is of the essence of the contract or not depends on the terms of the contract.

" Month

(2) In a contract of sale "month" means prima facte calendar month

be treated a warranty

- 13. (1) (a) Where a contract of sale is subject to any condition to be fulfilled by the seller, the buyer may waive the condition, or may elect to treat the breach of such condition as a breach of warranty, and not as a ground for treating the contract as repudiated.
- (b) Whether a stipulation in a contract of sale is a condition, the breach of which may give rise to a right to treat the contract as repudiated, or a warranty, the breach of which may give rise to a claim for damages but not to a right to reject the goods and treat the contract as repudiated, depends in each case on the construction of the contract. A stipulation may be a condition, though called a warranty in the contract.

(c) Where a contract of sale is not severable, and the buyer has accepted the goods, or part thereof, or where the contract is for specific goods, the property in which has passed to the buyer, the breach of any conditions to be fulfilled by the seller can only be treated as a breach of warranty and not as a ground for rejecting the goods and treating the contract as repudiated, unless there be a term of the contract, express or implied, to that effect.

(2) Nothing in this section shall affect the case of any Saving as to condition or warranty, fulfilment of which is excused by law excused by by reason of impossibility or otherwise.

14. In a contract of sale unless the circumstances of Implication the contract are such as to show a different intention there is-

1) an implied condition on the part of the seller that in condition the case of a sale he has a right to sell the goods. and that in the case of an agreement to sell he will have a right to sell the goods at the time when the property is to pass

(2) an implied warranty that the buyer shall have and as to quiet enjoy quiet possession of the goods

an implied warranty that the goods shall be free from against any charge or encumbrance in favour of any third party, not declared or known to the buyer before or at the time when the contract is made

15. Where there is a contract for the sale of goods by Conditions description there is an implied condition that the goods shall description correspond with the description and if the sale be by sample as well as by description, it is not sufficient that the bulk of the goods corresponds with the sample if the goods do not also correspond with the description

16. Subject to the provisions of this Ordinance and of warranty so any Ordinance in that behalf there is no implied warranty to fitness or condition as to the quality or fitness for any particular part except pose of goods supplied under a contract of sale except as follows

- 1. Where the buyer, expressly or by unplication, makes on purchase known to the seller the particular purpose for which seller a skill the goods are required, so as to show that the buyer relies on the seller's skill or judgment and the goods are of a description which it is in the course of the seller's business to supply whether he be the manufacturer or not: there is an implied condition that the goods shall be reasonably fit for such pur pose, provided that in the case of a contract for the sale of a specified article under its patent or other trade name, there is no implied condition as to its fitness for any particular purpose.
- (2) Where goods are bought by description from a seller on certain who deals in goods of that description (whether he description be the manufacturer or not), there is an implied condition that the goods shall be of merchantable quality : Provided that if the buyer has examined

the goods, there shall be no implied condition as regards defects which such examination ought to have revealed

- (3) An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade.
- (4) An express warranty or condition does not negative a warranty or condition implied by this Ordinance unless inconsistent therewith.

Sale by Sample

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- 17. (1) A contract of sale is a contract for sale by sample where there is a term in the contract, express or implied, to that effect
 - 2. It the ase of a contract for sale by sample there is
 - a ar implied condition that the bulk shall correspond " " " sample in quality
 - an imposed condition that the buyer shall have a reas cable opportunity of comparing the bulk with te saintide
 - s . pixed condition that the goods shall be free free ally defect rendering their unmerchantable what w and test be apparent of reasonable examination of

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- is increase if an entaining the intention of the a or than N's terial a the terms of the contract the " realizes as I also instrumetances of the case
- a a ferent intention appears, the following its a new tanning the intention of the parties as to the r a war the property is the goods as to pass to the
 - 53.1 Where there is an unconditional contract for the to of specufic goods, in a deliverable state, the respects in the goods passes to the buyer when the cost a to made, and it is immaterial whether the and of payment or the time of delivery or both be instituted.
 - Hair II Where there is a contract for the sale of specific couls and the seller is bound to do something to the

goods, for the purpose of putting them into a deliverable state, the property does not pass until such thing be done, and the buyer has notice thereof.

- Rule III. Where there is a contract for the sale of specific goods in a deliverable state, but the seller is bound to weigh, measure, test, or do some other act or thing with reference to the goods for the purpose of ascertaining the price, the property does not pass until such act or thing be done, and the buyer has notice thereof.
- Rule IV. When goods are delivered to the buyer on approval or "on sale or return" or other similar terms the property therein passes to the buyer-
 - (a) when he signifies his approval or acceptance to the seller or does any other act adopting the transaction:
 - (b) if he does not signify his approval or acceptance to the seller but retains the goods without giving notice of rejection, then, if a time has been fixed for the return of the goods, on the expiration of such time and if no time has been fixed, on the expiration of a reasonable time
- Rule V. (1) Where there is a contract for the sale of unascertained or future goods by description, and goods of that description, and in a deliverable state, are unconditionally appropriated to the contract, either by the seller with the assent of the buyer, or by the buyer with the assent of the seller, the property in the goods thereupon passes to the buyer. Such assent may be express or implied, and may be given either before or after the appropriation is made.
- (2) Where, in pursuance of the contract, the seller delivers the goods to the buyer or to a carrier or other bailee or custodier (whether named by the buyer or not) for the purpose of transmission to the buyer, and does not reserve the right of disposal, he is deemed to have unconditionally appropriated the goods to the contract.
- 21. (1) Where there is a contract for the sale of specific Reservation goods, or where goods are subsequently appropriated to the by seller of right of contract, the seller may, by the terms of the contract or approdispo priation, reserve the right of disposal of the goods until certain generally; conditions are fulfilled. In such case notwithstanding the delivery of the goods to a buyer, or to a carrier or other bailee or custodier for the purpose of transmission to the buyer, the property in the goods does not pass to the buyer until the conditions imposed by the seller are fulfilled.

- (2) Where goods are shipped, and by the bill of lading in case of the goods are deliverable to the order of the seller or his agent, shipped goods; the seller is prima facie deemed to reserve the right of disposal.
- (3) Where the seller of goods draws on the buyer for the on transmisprice, and transmits the bill of exchange and bill of lading to alon of the buyer together to secure acceptance or payment of the bill of stills with of exchange, the buyer is bound to return the bill of lading if

22. Unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at the buyer's risk whether delivery has been made or not: Provided that where delivery has been delayed through the fault of either buyer or seller the goods are at the risk of the party in fault as regards any loss which might not have occurred but for such fault: Provided also, that nothing in this section shall affect the duties or liabilities of either seller or buyer as a bailee or custodier of the goods of the other party.

Transfer of Title.

Sale by person not

- 28. (1) Subject to the provisions of this Ordinance, where goods are sold by a person who is not the owner thereof, and who does not sell them under the authority or with the consent of the owner, the buyer acquires no better title to the goods than the seller had, unless the owner of the goods is by his conduct precluded from denying the seller's authority to sell
- (2) Provided also that nothing in this Ordinance shall affect-
 - (a) the provisions of any enactment enabling the apparent owner of goods to dispose of them as if he were the true owner thereof .
 - (b) the validity of any contract of sale under any special common law or statutory power of sale or under the order of a court of competent jurisdiction

Sale under

24 When the seller of goods has a voidable title thereto but his title has not been avoided at the time of the sale the nover acquires a good title to the goods, provided he buys them in good faith and wishout notice of the seller's defect of title

Revesting of property in stolen goods on convicto

- 25. I Where goods have been stolen and the offender is prosecuted to conviction, the property in the goods so stolen revests in the person who was the owner of the goods or his personal representative notwithstanding any intermediate feating with them whether by sale or otherwise
- 2 Notwithstanding any enactment to the contrary view are see been obtained by fraud or other wrongful means not amounting to theft the property in such goods shall not revest in the person who was the owner of the goods or has personal representative, by reason only of the conviction of the offender

26. : Where a person having sold goods continues or is possession of the goods, or of the documents of title to the goods the delivery or transfer by that person, or by a merantile agent acting for him, of the goods or documents of tir under any sale, pledge, or other disposition thereof, to, any person receiving the same in good faith and without notice of the previous sale, shall have the same effect as if the person making the delivery or transfer were expressly authorized by the owner of the goods to make the same.

(2) Where a person having bought or agreed to buy goods obtains, with the consent of the seller, possession of the goods or the documents of title to the goods, the delivery or transfer by that person, or by a mercantile agent acting for him, of the goods or documents of title, under any sale, pledge, or other disposition thereof, to any person receiving the same in good faith and without notice of any lien or other right of the original seller in respect of the goods, shall have the same effect as if the person making the delivery or transfer were a mercantile agent in possession of the goods or documents of title with the consent of the owner.

(3) In this section the term "mercantile agent" means "Mercantile a mercantile agent having, in the customary course of his business as such agent, authority either to sell goods, or to consign goods for the purposes of sale, or to buy goods, or to raise money on the security of goods.

27. (1) A writ of fieri facias or other writ of execution Effect of against goods shall bind the property in the goods of the execution. execution debtor as from the time when the writ is delivered to the sheriff to be executed; and, for the better manifestation of such time, it shall be the duty of the sheriff, without fee. upon the receipt of any such writ to enderse upon the back thereof the hour, day, month, and year when he received the

Provided that no such writ shall prejudice the title to such goods acquired by any person in good faith and for valuable consideration, unless such person had at the time when he acquired his title notice that such writ or any other writ by virtue of which the goods of the execution debtor might be seized or attached had been delivered to and remained unexecuted in the hands of the sheriff

2) In this section the term " sheriff " includes any officer charged with the enforcement of a writ of execution

PART III

PERFORMANCE OF THE CONTRACT

- 28. It is the duty of the seller to deliver the goods, and Duties of of the buyer to accept and pay for them, in accordance with seller and the terms of the contract of sale.
- 29. Unless otherwise agreed, delivery of the goods and Payment 29. Unless otherwise agreed, delivery of the goods and delivery payment of the price are concurrent conditions, that is to say. the seller must be ready and willing to give possession of the or goods to the buyer in exchange for the price, and the buyer conditions must be ready and willing to pay the price in exchange for possession of the goods.

30. (1) Whether it is for the buyer to take possession of Rules is to the goods or for the seller to send them to the buyer is a delivery question depending in each case on the contract, express or implied, between the parties. Apart from any such contract, express or implied, the place of delivery is the seller's place of Place. business, if he have one, and if not, his residence

Provided that if the contract be for the sale of specific goods, which to the knowledge of the parties when the contract is made, are in some other place, then that place is the place of delivery.

22. Unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at the buyer's risk whether delivery has been made or not: Provided that where delivery has been delayed through the fault of either buyer or seller the goods are at the risk of the party in fault as regards any loss which might not have occurred but for such fault: Provided also, that nothing in this section shall affect the duties or liabilities of either seller or buyer as a bailee or custodier of the goods of the other party.

Transfer of Title.

Sale by person not the owner.

- 28. (1) Subject to the provisions of this Ordinance, where goods are sold by a person who is not the owner thereof, and goods are sold by a person was a sold of said states, and who does not sell them under the authority or with the consent of the owner, the buyer acquires no better title to the goods of the owner, the outer sequence to occur the sold is goods than the seller had, unless the owner of the goods is by his conduct precluded from denying the seller's authority to sell
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 - (a) the provisions of any enactment enabling the apparent owner of goods to dispose of them as if he were the true owner thereof .
 - (b) the validity of any contract of sale under any special common law or statutory power of sale or under the order of a court of competent surrediction

Sale under voidable title

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Revesting of property in tolen good on conviction of offender

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26 ! Where a person having sold goods continues or is a presentation of the goods or of the documents of table to the goods the delivery or transfer by that person, or by a merantile agent acting for him, of the goods or documents of the under any sale pledge, or other disposition thereof, to any person receiving the same in good faith and without notice of the previous sale shall have the same effect as if the person making the delivery or transfer were expressly authorized by the owner of the goods to make the same.

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(3) In this section the term "mercantile agent" means "Mercantile a mercantile agent having, in the customary course of his business as such agent, authority either to sell goods, or to consign goods for the purposes of sale, or to buy goods, or to raise money on the security of goods.

27. (1) A writ of fieri facias or other writ of execution Effect of against goods shall bind the property in the goods of the execution. execution debtor as from the time when the writ is delivered to the sheriff to be executed; and, for the better manifestation of such time, it shall be the duty of the sheriff, without fee upon the receipt of any such writ to endorse upon the back thereof the hour, day, month, and year when he received the

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2) In this section the term 'sheriff' includes any officer charged with the enforcement of a writ of execution

PART III

PRINCIPALITATION OF THE ! UNTRACT

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Provided that if the contract be for the sale of specific goods, which to the knowledge of the parties when the contract is made. Ere in some other place, then that place is the place of delivery.

(2) Where under the contract of sale the seller is bound to send the goods to the buyer, but no time for sending them is fixed, the seller is bound to send them within a reasonable tima

Possession of

(3) Where the goods at the time of sale are in the possession of a third person, there is no delivery by seller to buyer unless and until such third person acknowledges to the buyer that he holds the goods on his behalf: Provided that nothing in this section shall affect the operation of the issue or transfer of any document of title to goods.

Hour

(4) Demand or tender of delivery may be treated as ineffectual unless made at a reasonable hour. What is a reasonable hour is a question of fact.

Expenses

(5) Unless otherwise agreed, the expenses of and incidental to putting the goods into a deliverable state must be borne by the seller.

Delivery of wrong quantity of

- 31. (1) Where the seller delivers to the buyer a quantity of goods less than he contracted to sell, the buyer may reject them, but if the buyer accepts the goods so delivered he must pay for them at the contract rate.
- (2) Where the seller delivers to the buyer a quantity of goods larger than he contracted to sell, the buyer may accept the goods included in the contract and reject the rest, or he may reject the whole. If the buyer accepts the whole of the goods so delivered he must pay for them at the contract rate
- (3) Where the seller delivers to the buyer the goods he contracted to sell mixed with goods of a different description not included in the contract, the buyer may accept the goods which are in accordance with the contract and reject the rest or he may reject the whole.
- (4) The provisions of this section are subject to any usage of trade, special agreement, or course of dealing between the

Delivery by

- 32. I Unless otherwise agreed, the buyer of goods is not bound to accept delivery thereof by instalments
- (2) Where there is a contract for the sale of goods to be delivered by stated instalments, which are to be separately paid for, and the seller makes defective deliveries in respect of one or more instalments, or the buyer neglects or refuses to take delivery of or pay for one or more instalments, it is a question in each case depending on the terms of the contract and the carcumstances of the case, whether the breach of contract is a repudiation of the whole contract or whether it is a severable breach giving rise to a claim for compensation but not to a right to treat the whole contract as repudiated

Delivery to buyer's agent

83. (1) Where, : pursuance of a contract of sale, the seiler is authorised or required to send the goods to the buyer delivery of the goods to the carrier, whether named by the buyer or not, for the purpose of transmission to the buyer is prima facie deemed to be a delivery of the goods to the buyer.

Seller's duty as to contract with carrier

(2) Unless otherwise authorised by the buyer, the seller must make such contract with the carrier on behalf of the buyer as may be reasonable having regard to the nature of the goods and the other circumstances of the case. If the seller omit so to do, and the goods are lost or damaged in course of transit, the buyer may decline to treat the delivery to the carrier as a delivery to himself, or may hold the seller responsible in damages.

(3) Unless otherwise agreed, where goods are sent by the Insurance on sea transit. seller to the buyer by a route involving sea transit, under circumstances in which it is usual to insure, the seller must give such notice to the buyer as may enable him to insure them during their sea transit, and, if the seller fails to do so, the goods shall be deemed to be at his risk during such sea

34. Where the seller of goods agrees to deliver them at Risk where his own risk at a place other than that where they are when delivered sold, the buyer must, nevertheless, unless otherwise agreed, elsewhere take any risk of deterioration in the goods necessarily incident than at place to the course of transit.

85. (1) Where goods are delivered to the buyer which he Buyer's has not previously examined, he is not deemed to have accepted examining them unless and until he has had a reasonable opportunity of the goods examining them for the purpose of ascertaining whether they are in conformity with the contract.

(2) Unless otherwise agreed, when the seller tenders delivery of goods to the buyer, he is bound, on request, to afford the buyer a reasonable opportunity of examining the goods for the purpose of ascertaining whether they are in conformity with the contract.

36. The buyer is deemed to have accepted the goods Acceptance when he intimates to the seller that he has accepted them or when the goods have been delivered to him, and he does any act in relation to them which is inconsistent with the ownership of the seller, or when, after the lapse of a reasonable time, he retains the goods without intimating to the seller that he has rejected them

37. Unless otherwise agreed, where goods are delivered Buyer is not to the buyer, and he refuses to accept them, having the right return rejected so to do, he is not bound to return them to the seller, but it is goods sufficient if he intimates to the seller that he refuses to accept

38. When the seller is ready and willing to deliver the Liability of goods, and requests the buyer to take delivery, and the buyer buyer for does not within a reasonable time after such request take o delivery of the goods, he is hable to the seller for any loss occasioned by his neglect or refusal to take delivery, and also for a reasonable charge for the care and custody of the goods Provided that nothing in this section shall affect the rights of the seller where the neglect or refusal of the buyer to take delivery amounts to a repudiation of the contract

PART IV

RIGHTS OF UNPAID SELLER AGAINST THE GOODS

39, (1) The seller of goods is deemed to be an "unpaid Unpaid seller seller " within the meaning of this Ordinance-

(a) when the whole of the price has not been paid or tendered

(b) when a bill of exchange or other negotiable instrument has been received as conditional payment, and the condition on which it was received has not been fulfilled by reason of the dishonour of the instrument or otherwise.

(2) In this Part of this Ordinance the term includes any person who is in the position of a seller, as, for

instance, an agent of the seller to whom the bill of lading has been endorsed, or a consignor or agent who has himself paid, or is directly responsible for, the price.

Rights of

- 40. (1) Subject to the provisions of this Ordinance, and of any Ordinance in that behalf, notwithstanding that the property in the goods may have passed to the buyer, the unpaid seller of goods, as such, has by implication of law-
 - (a) a lien on the goods or right to retain them for the price while he is in possession of them:
 - (b) in case of the insolvency of the buyer, a right of stopping the goods in transitu after he has parted with the possession of them;
 - (c) a right of re-sale as limited by this Ordinance.
- (2) Where the property in goods has not passed to the buyer, the unpaid seller has, in addition to his other remedies, a right of withholding delivery similar to and co-extensive with his rights of lien and stoppage in transitu where the property has passed to the buyer.

Unpaid Seller's Lien.

Seller's lien.

- 41. (1) Subject to the provisions of this Ordinance, the unpaid seller of 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 :-
 - (4) 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 :
 - (c) Where the buyer becomes insolvent
- (2) The seller may exercise his right of lien notwithstand ing that he is in possession of the goods as agent or bailed or custodier for the buyer.

42. Where an unpaid seller has made part delivery of the goods, he may exercise his right of lien or retention on the remainder unless such part delivery has been made under such circumstances as to show an agreement to waive the lien or right of retention.

Termination

- 43. (1) The unpaid seller of goods loses his lien or right of retention thereon
 - (a) when he delivers the goods to a carrier or other bailee or custodier 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.
- (2) The unpaid seller of goods, having a lien or right of retention thereon, does not lose his lien or right of retention by reason only that he has obtained judgment or decree for the price of the goods,

44. Subject to the provisions of this Ordinance, where the buyer of goods becomes insolvent, the unpaid seller who has parted with the possession of the goods has the right of stopping them in transitu, that is to say, he may resume possession of the goods as long as they are in course of transit. and may retain them until payment or tender of the price.

45. (1) Goods are deemed to be in course of transit from Duration the time when they are delivered to a carrier by land, air or water, or other bailee or custodier for the purpose of transmission to the buyer, until the buyer or his agent in that behalf takes delivery of them from such carrier or other bailee or custodier.

(2) If the buyer or his agent in that behalf obtains delivery of the goods before their arrival at the appointed destination. the transit is at an end.

- (3) If, after the arrival of the goods at the appointed destination, the carrier or other bailee or custodier acknowledges to the buyer, or his agent, that he holds the goods on his behalf and continues in possession of them as bailee or custodier for the buyer, or his agent, the transit is at an end, and it is immaterial that a further destination for the goods may have been indicated by the buyer.
- (4) If the goods are rejected by the buyer, and the carrier or other bailee or custodier continues in possession of them, the transit is not deemed to be at an end, even if the seller has refused to receive them back.
- (5) When the goods are delivered to a ship chartered by the buyer, it is a question depending on the circumstances of the particular case, whether they are in the possession of the master as a carrier, or as agent to the buyer.
- (6) Where the carrier or other bailes or custodier wrong fully refuses to deliver the goods to the buyer, or his agent in that behalf, the transit is deemed to be at an end
- (7) Where part delivery of the goods has been made to the buyer, or his agent in that behalf, the remainder of the goods may be stopped in transits, unless such part delivery has been made under such circumstances as to show an agreement to give up possession of the whole of the goods

46. (1) The unpaid seller may exercise his right of Mode of stoppage in transitu either by taking actual possession of the stoppage goods, or by giving notice of his claim to the carrier or other bailee or custodier in whose possession the goods are. Such notice may be given either to the person in actual possession of the goods or to his principal. In the latter case the notice to be effectual, must be given at such time and under such circumstances that the principal, by the exercise of reasonable diligence, may communicate it to his servant or agent in time to prevent a delivery to the buyer.

(2) When notice of stoppage in transitu is given by the seller to the carrier, or other bailee or custodier in possession of the goods, he must re-deliver the goods to, or according to the directions of, the seller. The expenses of such redelivery must be borne by the seller

Re-sale by Buyer or Seller

47. Subject to the provisions of this Ordinance, the Effect unpaid seller's right of lien or retention or stoppage in trunsits and is not affected by any sale, or other disposition of the goods but

which the buver may have made, unless the seller has assented thereto .

Provided that where a document of title to goods has been lawfully transferred to any person as buyer or owner of the goods, and that person transfers the document to a person who takes the document in good faith and for valuable consideration then, if such last-mentioned transfer was by way of sale, the unpaid seller's right of lien or retention or stonnage in transitu is defeated, and if such last-mentioned transfer was by way of pledge or other disposition for value, the uppaid seller's right of lien or retention or stoppage in transitu can only be exercised subject to the rights of the transferee

Effect on sale of exercise of lien or stoppage in transitu

- 48. (1) Subject to the provisions of this section, a contract of sale is not rescinded by the mere exercise by an unpaid seller of his right of lien or retention or stoppage in transitu.
- (2) Where an unpaid seller who has exercised his right of lien or retention or stoppage in transitu re-sells the goods. the buyer acquires a good title thereto as against the original

Re-sale of

(3) Where the goods are of a perishable nature, or where the unpaid seller gives notice to the buyer of his intention to re-sell, and the buver does not within a reasonable time nav or tender the price, the unpaid seller may re-sell the goods and recover from the original buyer damages for any loss occasioned by his breach of contract

Re-sale under reserved by contract

(4) Where the seller expressly reserves a right of re-sale in case the buyer should make default, and on the buyer making default, re-sells the goods, the original contract of sale is thereby rescinded, but without prejudice to any claim the seller may have for damages.

PART V

ACTIONS FOR BREACH OF THE COMPRACT

Remedies of the Seller

Action for

- 49. (1) Where, under a contract of sale, the property in the goods has passed to the buyer, and the buyer wrongfully neglects or refuses to pay for the goods according to the terms of the contract, the seller may maintain an action against him for the price of the goods
- (2) Where, under a contract of sale, the price is pavable on a day certain irrespective of delivery, and the buyer wrongfully neglects or refuses to pay such price, the seller may maintain an action for the price, although the property in the goods has not passed, and the goods have not been appropriated to the contract.

Action for non-

50. (1) Where the buyer wrongfully neglects or refuses to accept and pay for the goods, the seller may maintain an action against him for damages for non-acceptance.

Measure of

(2) The measure of damages is the estimated loss directly and naturally resulting, in the ordinary course of events, from the buyer's breach of contract.

(3) Where there is an available market for the goods in question, the measure of damages is prima facie to be ascertained by the difference between the contract price and the market or current price at the time or times when the goods ought to have been accepted, or, if no time was fixed for scentance then at the time of the refusal to accept.

Remedies of the Buyer.

51. (1) Where the seller wrongfully neglects or refuses Action to deliver the goods to the buyer, the buyer may maintain an action against the seller for damages for non-delivery.

(2) The measure of damages is the estimated loss directly Measure of and naturally resulting, in the ordinary course of events, from the seller's breach of contract

(3) Where there is an available market for the goods in question the measure of damages is prima facie to be ascertained by the difference between the contract price and the market or current price of the goods at the time or times when they ought to have been delivered, or, if no time was fixed, then at the time of the refusal to deliver.

52. In any action for breach of contract to deliver Right to specific or ascertained goods the court may, if it thinks fit, specific performan on the application of the plaintiff, by its judgment or decree direct that the contract shall be performed specifically, without giving the defendant the option of retaining the goods on payment of damages. The judgment or decree may be unconditional, or upon such terms and conditions as to damages. payment of the price, and otherwise, as to the court may seem just, and the application by the plaintiff may be made at any time before judgment or decree.

58. (1) Where there is a breach of warranty by the Remedy for seller or where the buyer elects, or is compelled, to treat any warranty breach of a condition on the part of the seller as a breach of warranty, the buyer is not by reason only of such breach of warranty entitled to reject the goods; but he may-

- (a) set up against the seller the breach of warranty in diminution or extinction of the price; or
- (b) maintain an action against the seller for damages for the breach of warranty.
- (2) The measure of damages for breach of warranty is Measure of the estimated loss directly and naturally resulting, in the damages. ordinary course of events, from the breach of warranty.
- (3) In the case of breach of warranty of quality such loss. is prime facie the difference between the value of the goods at the time of delivery to the buyer and the value they would have had if they had answered to the warranty.
- (4) The fact that the buyer has set up the breach of warranty in diminution or extinction of the price does not prevent him from maintaining an action for the same breach of warranty if he has suffered further damage.
- 54. Nothing in this Ordinance shall affect the right of Interest the buyer or the seller to recover interest or special damages damage in any case where by law interest or special damages may be recoverable, or to recover money paid where the consideration for the payment of it has failed.

which the buyer may have made, unless the seller has assented thereto:

Provided that where a document of title to goods has been lawfully transferred to any person as buyer or owner of the goods, and that person transfers the document to a person who takes the document in good faith and for valuable consideration, then, if such last-mentioned transfer was by wav of sale, the unpaid seller's right of lien or retention or stoppage in transitu is defeated, and if such last-mentioned transfer was by way of pledge or other disposition for value, the unpaid seller's right of lien or retention or stoppage in transitu can only be exercised subject to the rights of the transferee.

Effect on sale of exercise of lien or stoppage in transitu.

- 48. (1) Subject to the provisions of this section, a contract of sale is not rescinded by the mere exercise by an unpaid seller of his right of lien or retention or stoppage in transitu.
- (2) Where an unpaid seller who has exercised his right of lien or retention or stoppage in transitu re-sells the goods. the buyer acquires a good title thereto as against the original buver.

(3) Where the goods are of a perishable nature, or where the unpaid seller gives notice to the buyer of his intention to re-sell, and the buyer does not within a reasonable time pay or tender the price, the unpaid seller may re-sell the goods and recover from the original buyer damages for any loss occasioned by his breach of contract

Bassle under right expressly contract.

(4) Where the seller expressly reserves a right of re-sale in case the buyer should make default and on the buyer making default, re-sells the goods, the original contract of sale is thereby rescinded, but without prejudice to any claim the seller may have for damages.

PART V

ACTIONS FOR BREACH OF THE CONTRACT

Remedies of the Seller

Action for

- 49. (1) Where, under a contract of sale, the property in the goods has passed to the buyer, and the buyer wrongfully neglects or refuses to pay for the goods according to the terms of the contract, the seller may maintain an action against him for the price of the goods.
- (2) Where, under a contract of sale, the price is payable on a day certain irrespective of delivery, and the buyer wrongfully neglects or refuses to pay such price, the seller may maintein an action for the price, although the property in the goods has not passed, and the goods have not been appropriated to the contract

50. (1. Where the buyer wrongfully neglects or refuses to accept and pay for the goods, the seller may maintain an action against him for damages for non-acceptance.

Measure of damages.

(2) The measure of damages is the estimated loss directly and naturally resulting, in the ordinary course of events, from the buyer's breach of contract.

(3) Where there is an available market for the goods in question, the measure of damages is prima facie to be ascertained by the difference between the contract price and the market or current price at the time or times when the goods ought to have been accepted, or, if no time was fixed for acceptance, then at the time of the refusal to accept.

Remedies of the Buyer.

51. (1) Where the seller wrongfully neglects or refuses Action for to deliver the goods to the buyer, the buyer may maintain an action against the seller for damages for non-delivery.

(2) The measure of damages is the estimated loss directly Measure of and naturally resulting, in the ordinary course of events, from the seller's breach of contract.

(3) Where there is an available market for the goods in question the measure of damages is prima facie to be ascertained by the difference between the contract price and the market or current price of the goods at the time or times when they ought to have been delivered, or, if no time was fixed, then at the time of the refusal to deliver.

52. In any action for breach of contract to deliver Right to specific or ascertained goods the court may, if it thinks fit, specific performance on the application of the plaintiff, by its judgment or decree direct that the contract shall be performed specifically, without giving the defendant the option of retaining the goods on payment of damages. The judgment or decree may be unconditional, or upon such terms and conditions as to damages. payment of the price, and otherwise, as to the court may seem just, and the application by the plaintiff may be made at any time before judgment or decree.

58. (1) Where there is a breach of warranty by the Remedy for seller, or where the buyer elects, or is compelled, to treat any warranty breach of a condition on the part of the seller as a breach of warranty, the buyer is not by reason only of such breach of warranty entitled to reject the goods; but he may-

(a) set up against the seller the breach of warranty in diminution or extinction of the price : or

(b) maintain an action against the seller for damages for the breach of warranty.

(2) The measure of damages for breach of warranty is Measure of the estimated loss directly and naturally resulting, in the damages. ordinary course of events, from the breach of warranty

- (3) In the case of breach of warranty of quality such loss is prime facie the difference between the value of the goods at the time of delivery to the buyer and the value they would have had if they had answered to the warranty.
- (4) The fact that the buyer has set up the breach of warranty in diminution or extinction of the price does not prevent him from maintaining an action for the same breach of warranty if he has suffered further damage.
- 54. Nothing in this Ordinance shall affect the right of Interest the buyer or the seller to recover interest or special damages spec in any case where by law interest or special damages may be recoverable, or to recover money paid where the consideration for the payment of it has failed.

SUPPLEMENTARY.

Variation, etc. of implied rights. 55. Where any right, duty, or liability would arise under a contract of sale by implication of law, it may be negatived or varied by express agreement or by the course of dealing between the parties, or by usage, if the usage be such as to bind both parties to the contract.

Ressonabl

56. Where, by this Ordinance, any reference is made to a reasonable time, the question what is a reasonable time is a question of fact.

Rights, etc enforceable by action. - 57. Where any right, duty, or liability is declared by this Ordinance, it may unless otherwise by this Ordinance provided, be enforced by action.

Auction sales

- 58. In the case of sale by auction -
- (1) Where goods are put up for sale by auction in lots, each lot is prima facie deemed to be the subject of a seperate contract of sale.
- (2) A sale by auction is complete when the auctioneer announces its completion by the fall of the hammer, or in other customary manner. Until such announcement is made any tidder may retract his hid.
- Where a sale by auction is not notined to be subject to a right to bid on behalf of the seller it shall not be inwful for the seller to bid himself or to employ any person to find at such sale, or for the in noneer anowingly to take any bid from the seller or any similar person. Any sale contravening this right may be treated as fraudulers by the buyer.
- 1. V said by a notion may be notified to be subject to a reserved of operturine and a right to tid may also be reserved expressly by or or behalf of the seller.

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havings

- 50. . The case a rankrupt y relating to contracts of sale shall continue to apply thereto applications anything in the ordinance ontained.
- 2. The rules of the common law in Johns the law merchant, sare in so far as they are inconsistent with the express provisions of this Ordinaries and in particular the julies relating to the law of principal and agent, and the effect of fraud, mistepress, also includes or coercion, mistake or other invalidating laws at a continue to apply to contracts for the sale of goods.
- Noting at this Ordinance shall affect the enactments relating to V = s of sale of any other enactment relating to the esteroid gracies.
- 4. The problems of this Ordinance relating to contracts of sair to not apply to any transaction in the form of a contract of sair which is intended to operate by way of mortgage predge charge, or other security.

60. Chapter VII of the Indian Contract Act (Act IX of Repeal 1872), as applied to the Colony, is hereby repealed.

Passed in the Legislative Council the twenty-first day of July, in the year of Our Lord one thousand nine hundred and thirty.

This printed impression has been carefully compared by me with the Bill which passed the Legislative Council and is presented for authentication and assent as a true and correct copy of the said Bill.

G. R. SANDFORD

Clerk of the Legislative Council.

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