

CHAPTER 14: CONDITIONS AND WARRANTIES

14.1: DEFINITION OF A CONDITION AND IMPLIED CONDITIONS

1. Condition is a stipulation which is
 - a) Collateral to the main purpose of contract of sale
 - b) Essential to the main purpose of contract of sale
 - c) Not essential to the main purpose of contract of sale
 - d) None of these.

2. The term condition is defined in which of the following section of the Sale of Goods Act, 1930?
 - a) Section 12 (1)
 - b) Section 12 (2)
 - c) Section 12 (3)
 - d) Section 12 (4)

3. A stipulation which is essential to the main purpose of the contract and if proved false, gives the buyer a right to terminate the contract, is legally known as
 - a) Condition b) warrant
 - c) Guarantee d) none of these

4. A told B, a car dealer that he wanted to purchase a car 'suitable for touring purposes'. B suggested that an 'I - 10' car would be fit for the purpose. Relying upon this statement, A bought an 'I - 10' car which turned out to be unfit for touring purposes. Here A
 - a) Can reject the car and have the refund of the price
 - b) Cannot reject the car, he can claim damages only
 - c) Can neither reject the car nor claim any damages.
 - d) Can reject the car and have half refund of price.

5. In case of breach of condition, the buyer
 - a) Has no remedy
 - b) Can reject the goods
 - c) Cannot reject the goods
 - d) Can get the seller arrested.

6. Which of the following types of conditions and warranties are covered by the sale of goods act, 1930?

a) Express	b) implied
c) both a and b	d) only b

7. An implied condition is that which
 - a) Is expressly included in the contract of sale
 - b) The law presumes to have been incorporated in the contract of sale
 - c) Entitles the buyer to get the relief without going to court of law
 - d) The seller himself undertakes to fulfill to the satisfaction of buyer.

8. Unless the implied conditions are expressly excluded by parties, they are
 - a) Read into every contract of sale
 - b) Treated with great caution
 - c) Not enforceable in court of law
 - d) None of these

9. In case of conflict between the express conditions and the implied conditions, which one of them shall prevail
- Implied terms
 - Express terms
 - Neither of them
 - New terms imposed by court
10. In case of every sale, there is an implied condition that the seller has the right to
- Acquire the goods
 - Recover the price
 - Sell the goods
 - Refuse to sell the goods
11. Which of the following is not an implied condition in a contract of sale?
- Condition as to title
 - Condition as to description
 - Condition as to sample
 - Condition as to free from encumbrance
12. In case of every agreement to sell, there is an implied condition that the seller
- has a right to sell the goods
 - has the goods in his possession
 - will have the right to sell the goods
 - will acquire the goods in future.
13. According to implied condition as to title, it is presumed that the seller has the
- Right to sell the goods
 - Possession of the goods
 - Right to recover damages
 - Enough stock of the goods
14. A sold a stolen car to B which was subsequently recovered by the police from B's possession and he (B) was forced to return the same to the true owner. Here, there is breach of implied condition as to
- Merchantability
 - Fitness for buyer's purpose
 - Title
 - None of these.
15. When a person sells the goods by infringing the copyright or trademark of the other, there is breach of an implied
- Condition as to title
 - Condition as to description
 - Condition as to merchantability
 - None of these.
16. Where the goods are sold by description, there is an implied condition that the goods shall
- Be fit for buyer's particular purpose
 - Free from any defect
 - Correspond with the description
 - Free from any encumbrance.
17. In case of sale by description if the goods do not correspond with the description, but serve buyer's purpose, the buyer
- Can reject the goods.
 - Cannot reject the goods
 - Can claim damages only
 - None of these
18. In case of sale by description, where the goods correspond with description but are defective, the buyer
- Can reject the goods
 - Cannot reject the goods

- c) Can claim damages only
d) None of these
19. In case of sale by sample, there is an implied condition that the goods shall
- Correspond with the sample
 - Be free from latent defects
 - Both a and b
 - Either a or b
20. In case of sale by sample as well as description, there is an implied condition that the goods shall correspond with
- Sample
 - Description
 - Both a and b
 - either a or b
21. In case of sale by sample as well as description, where the goods correspond with sample only, then the
- Buyer can reject the goods.
 - Buyer cannot reject the goods
 - Contract is automatically terminated
 - Seller is liable for punishment.
22. The implied condition that the goods shall be fit for buyer's specific purpose is applicable only where the buyer tells his purpose to the seller and relies upon seller's skill and judgment.
- True, as it is the requirement of law
 - False, as it is buyer's duty to select goods which server his purpose.
23. In those cases, where the buyer buys the goods under a patent or trade name, which of the following statements is correct?
- Generally, the condition as to fitness of goods for buyer's particular purpose does not apply
 - The condition as to fitness for buyer's purpose is applicable if the buyer relies upon seller's skill and judgment for his particular purpose.
 - Both a and b
 - None of them is correct.
24. The term 'merchantable' is defined in Section 14 (2) of the
- Sale of Goods Act
 - Indian Contract Act
 - English Sale of Goods Act
 - None of these.
25. In case of sale by description, there is an implied condition that the goods shall
- Correspond with description
 - Be of merchantable quality
 - Both a and b
 - Either a or b
26. Where the goods are purchased for self use, the merchantability of the goods means that they should be reasonably fit for the purpose for which they are generally used.
- True
 - False
27. Which of the following are implied conditions under the Sale of Goods Act 1930?
- Condition as to description
 - Condition as to quiet possession
 - Condition as to free from encumbrance
 - Condition as to sample as well as description.
- (i), (ii)
 - (ii), (iii)
 - (iii), (iv)
 - (i), (iv)

14.2: DEFINITION OF A WARRANTY AND IMPLIED WARRANTIES

1. A warranty is a stipulation which is
 - a) Essential to the main purpose of contract of sale
 - b) Essential for buyer's specific purpose
 - c) Collateral to the main purpose of contract of sale
 - d) None of these.
2. The term 'warranty' is defined in which of the following section of the sale of goods act, 1930?
 - a) Section 12 (1)
 - b) Section 12 (2)
 - c) Section 12 (3)
 - d) Section 12 (4)
3. A stipulation which is collateral to the main purpose of the contract, and if proved false, gives the buyer only a right to claim damages, is known as
 - a) Condition
 - b) warranty
 - c) Guarantee
 - d) none of these
4. In case of breach of warranty, the buyer can
 - a) Claim damages only
 - b) Reject goods only
 - c) Either a or b
 - d) Both a and b
5. An implied condition is that which
 - a) Is expressly included in a contract of sale
 - b) The law presumes to have been incorporated in every contract of sale.
 - c) Entitles the buyer to get relief without going to court of law
 - d) The seller himself undertakes to fulfill to the satisfaction of the buyer.
6. In case of conflict between express warranties and the implied warranties, which one of the following shall prevail
 - a) Express terms
 - b) Implied terms
 - c) Neither of them
 - d) New terms imposed by court
7. In case of every contract of sale, there is an implied warranty that the
 - a) Buyer shall have quiet possession of goods
 - b) Goods shall be free from any charge or encumbrance
 - c) Both of these
 - d) None of these
8. According to implied 'warranty as to quiet possession' it is presumed that the buyer shall have the
 - a) Peaceful possession of the goods.
 - b) Right to use the goods as an owner
 - c) Both of these
 - d) None of these
9. According to implied warranty as to free from encumbrance, it is presumed that the
 - a) Goods shall be free from any charge on the goods in favour of any third person
 - b) Buyer shall be free to create charge in favour of any third person
 - c) Seller shall create charge only in favour of the buyer

- d) Third person's charge is secured
10. In those cases, where a condition is changed to the status of warranty, which of the following statement is correct?
- Buyer loses the right to reject the goods
 - Buyer retains the right to claim damages
 - Both a and b are correct
 - None of these statements is correct
11. Which of the following statement is incorrect?
- The buyer may at his option treat the breach of condition as a breach of warranty
 - Once the buyer exercises this option, he loses his right to reject the goods as well as the right to claim damages.
 - Where the contract is indivisible and the buyer accepts the goods, he cannot later on reject the goods on the ground of breach of warranty
 - The breach of warranty cannot be treated as the breach of condition at the option of the buyer
12. The liability for implied condition and warranties may be excluded by
- An express agreement between the parties
 - The course of dealings between the parties
 - The customs or usages of a particular trade
 - All of these

13. Which of the following are implied warranties under the sale of goods act, 1930?
- Warranty as to merchantability
 - Warranty as to wholesomeness.
 - Warranty as to quiet possession
 - Warranty as to free from encumbrance.
- (i), (ii)
 - (ii), (iii)
 - (iii), (iv)
 - (i), (iv)

14.3: DOCTRINE OF CAVEAT EMPTOR

- The doctrine of caveat emptor implies
 - Let the buyer beware
 - Let the seller beware
 - Let the seller take care of buyer's interest
 - Both b and c
- The doctrine of caveat emptor is incorporated in which of the following section of the sale of goods act, 1930?
 - Section 15
 - Section 16
 - Section 17
 - Section 18
- As per the doctrine of caveat emptor incorporated in section 16, there is no implied condition or warranty in a contract of sale as to the
 - Merchantability
 - Wholesomeness
 - Quality or fitness for buyer's purpose
 - None of these
- The doctrine of caveat emptor is strictly followed in every contract of sale and there is no exception to it.
 - True
 - False

5. The seller is required to supply the goods which shall be fit for buyer's purpose where the
 - a) Seller is the sole distributor of goods sold
 - b) Seller knows the particular purpose of buyer
 - c) Buyer makes his purpose clear and relies upon seller's skill and judgment
 - d) Buyer is uneducated and the person of rural background

6. In case of goods by description, the goods sold should be
 - a) Fit for buyer's purpose
 - b) Of merchantable quality
 - c) None of these
 - d) Both of these

7. Ordinarily, the seller is not under an obligation to supply goods to suit buyer's particular purpose, but in the following cases the goods sold must be fit for buyer's particular purpose
 - a) Where there is an express condition as to fitness for buyer's purpose.
 - b) Where an implied condition as to fitness for buyer's purpose is attached by some custom or usage of trade.
 - c) Where the buyer tells his purpose and relies upon seller's skill and judgment
 - d) All of these

8. The implied condition as to fitness of goods for buyer's purpose cannot be attached by a custom or usage of trade.
 - a) True, as in case of specific provisions in the sale of goods act, customs or usages of trade are irrelevant
 - b) False, as Section 16(3) specifically provides that such an implied condition is

there where it is attached by some custom or usage of trade.

FILL IN THE BLANKS AND PAIR MATCHING QUESTIONS

Choose the appropriate option to fill in the blanks in question 1 to 4:

1. A _____ is a stipulation which is essential to the main purpose of contract and if proved false, gives the buyer a right to terminate the contract.
 - a) Condition b) warranty
 - c) Guarantee d) Security

2. In every contract of sale there is _____ that the seller has the right to sell the goods.
 - a) Implied warranty
 - b) Implied condition
 - c) Implied guarantee
 - d) Customary provision.

3. A _____ is a stipulation which is collateral to main purpose of contract and violation of which gives the buyer a right to claim damages.
 - a) Condition b) guarantee
 - c) Warranty d) attached term

4. _____ incorporates the doctrine of caveat emptor
 - a) Section 13 b) Section 14
 - c) Section 15 d) section 16

5. Match the following:

i)Condition	a)Goods shall correspond with sample
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ii)Warranty	b)Seller has the right to sell the goods
iii)Condition as to title	c)Stipulation collateral to main purpose
iv)Condition as to sample	d)Stipulation collateral to main purpose

6. Match the following:

i)Warranty free from encumbrance	a)Let the buyer beware
ii)Warranty by custom	b)Fitness of goods for consumption
iii)Condition as to wholesomenes s	c)Warranties attached by usage of trade
iv)Caveat emptor	d)Goods free from charge in favour of third parties.

**OBJECTIVE TYPE QUESTIONS
(WITH CORRECT/INCORRECT OPTION AND HINTS)**

1. A stipulation essential to the main purpose of the contract, the breach of which gives

rise to treat the contract as repudiated, is known as a warranty.

- a) Correct b) Incorrect

2. In case of conflict between the express and implied conditions, the implied terms shall prevail over the express ones.

- a) Correct b) Incorrect

3. In every contract of sale, there is an implied condition that the seller has the right to sell the goods.

- a) Correct b) Incorrect

4. Where in case of sale by description the goods do not correspond with the description, the buyer is not entitled to reject the goods if the goods serve his purpose.

- a) Correct b) Incorrect

5. In a contract of sale by sample as well as description, the bulk of the goods must correspond either to sample or to description.

- a) Correct b) Incorrect

6. In case of sale of goods under a patent or trade name, there is no implied condition as to the fitness of goods for any particular purpose.

- a) Correct b) Incorrect.

7. A stipulation collateral to the main purpose of the contract, the breach of which gives rise to a claim for damages only, is known as a condition.

- a) Correct b) Incorrect

8. In certain circumstances, a warranty may be treated as a condition.
a) Correct b) Incorrect
9. Where the buyer elects to treat the breach of condition as one of warranty, he may repudiate the contract.
a) Correct b) Incorrect
10. The doctrine of 'caveat emptor' implies that the seller is under a duty to supply the goods suitable for buyer's purpose.
a) Correct b) Incorrect

