

**Supply of Goods Act
(CHAPTER 394)**

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**SUPPLY OF GOODS ACT
(CHAPTER 394)**

(Original Enactment: U.K. 1982, c. 29)

REVISED EDITION 1999

(1st August 1999)

An Act to amend the law with respect to the terms to be implied in certain contracts for the transfer of the property in goods and in certain contracts for the hire of goods and for connected purposes.

[12th November 1993*]

* Date when this Act was made applicable by the Application of English Law Act (Cap. 7A).

PART I

Contracts for Transfer of Property in Goods

The contracts concerned

1.—(1) In this Act, “contract for the transfer of goods” means a contract under which one person transfers or agrees to transfer to another the property in goods, other than an excepted contract.

(2) For the purposes of this section, an excepted contract means any of the following:

- (a) a contract of sale of goods;
- (b) a hire-purchase agreement;
- (c) a transfer or agreement to transfer which is made by deed and for which there is no consideration other than the presumed consideration imported by the deed; or
- (d) a contract intended to operate by way of mortgage, pledge, charge or other security.

(3) For the purposes of this Act, a contract is a contract for the transfer of goods whether or not services are also provided or to be provided under the contract, and, subject to subsection (2), whatever is the nature of the consideration for the transfer or agreement to transfer.

Implied terms about title, etc.

2.—(1) In a contract for the transfer of goods, other than one to which subsection (3) applies, there is an implied condition on the part of the transferor that in the case of a transfer of the property in the goods he has a right to transfer the property and in the case of an agreement to transfer the property in the goods he will have such a right at the time when the property is to be transferred.

(2) In a contract for the transfer of goods, other than one to which subsection (3) applies, there is also an implied warranty that —

- (a) the goods are free, and will remain free until the time when the property is to be transferred, from any charge or encumbrance not disclosed or known to the transferee before the contract is made; and
- (b) the transferee will enjoy quiet possession of the goods except so far as it may be disturbed by the owner or other person entitled to the benefit of any

charge or encumbrance so disclosed or known.

(3) This subsection applies to a contract for the transfer of goods in the case of which there appears from the contract or is to be inferred from its circumstances an intention that the transferor should transfer only such title as he or a third person may have.

(4) In a contract to which subsection (3) applies, there is an implied warranty that all charges or encumbrances known to the transferor and not known to the transferee have been disclosed to the transferee before the contract is made.

(5) In a contract to which subsection (3) applies, there is also an implied warranty that none of the following will disturb the transferee's quiet possession of the goods, namely —

- (a) the transferor;
- (b) in a case where the parties to the contract intend that the transferor should transfer only such title as a third person may have, that person;
- (c) anyone claiming through or under the transferor or that third person otherwise than under a charge or encumbrance disclosed or known to the transferee before the contract is made.

Implied terms where transfer is by description

3.—(1) This section applies where, under a contract for the transfer of goods, the transferor transfers or agrees to transfer the property in the goods by description.

(2) In such case there is an implied condition that the goods will correspond with the description.

(3) If the transferor transfers or agrees to transfer the property in the goods 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.

(4) A contract is not prevented from falling within subsection (1) by reason only that, being exposed for supply, the goods are selected by the transferee.

Implied terms about quality or fitness

4.—(1) Except as provided by this section and section 5 and subject to the provisions of any other enactment, there is no implied condition or warranty about the quality or fitness for any particular purpose of goods supplied under a contract for the transfer of goods.

(2) Where, under such a contract, the transferor transfers the property in goods in the course of a business, there is an implied condition that the goods supplied under the contract are of satisfactory quality.

[44/96]

(2A) For the purposes of this section and section 5, goods are of satisfactory quality if they meet the standard that a reasonable person would regard as satisfactory, taking account of any description of the goods, the price (if relevant) and all the other relevant circumstances.

[44/96]

(3) The condition implied by subsection (2) does not extend to any matter making the quality of goods unsatisfactory —

- (a) which is specifically drawn to the transferee's attention before the contract is made;
- (b) where the transferee examines the goods before the contract is made, which that examination ought to reveal; or
- (c) where the property in the goods is transferred by reference to a sample, which would have been apparent on a reasonable examination of the sample.

[44/96]

(4) Subsection (5) applies where, under a contract for the transfer of goods, the transferor transfers the property in goods in the course of a business and the transferee, expressly or by implication, makes known —

- (a) to the transferor; or
- (b) where the consideration or part of the consideration for the transfer is a sum payable by instalments and the goods were previously sold by a credit-broker to the transferor, to that credit-broker,

any particular purpose for which the goods are being acquired.

(5) In that case there is, subject to subsection (6), an implied condition that the goods supplied under the contract are reasonably fit for that purpose, whether or not that is a purpose for which such goods are commonly supplied.

(6) Subsection (5) does not apply where the circumstances show that the transferee does not rely, or that it is unreasonable for him to rely, on the skill or judgment of the transferor or credit-broker.

(7) An implied condition or warranty about quality or fitness for a particular purpose may be annexed by usage to a contract for the transfer of goods.