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# A Case Analysis: Morelli v. Fitch and Gibbons

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## ABSTRACT

*Buyer seller relationship is one of a kind. No one can dispute the significance of buyer-seller relationships or how they affect your chances of success. A bad working connection with your business partners might result in misunderstandings, obstacles, process delays, and higher costs. It is obvious that you need to invest in your business relationships, but where do you begin? We've included three easy areas you may concentrate on to build more durable and worthwhile relationships with your buyers and sellers below.*

*The cornerstones to success in buyer and seller interactions are communication and trust. One runs the risk of exposing supply chains to possible issues if one doesn't have a strong base to build on. Hence, an environment where communication is open and honest should be created.*

*The case, Morelli V Fitch and Gibbons, is an interesting explanation of various aspects of implied conditions and warranties. It also somehow provides a clear distinction between the duties and care to be taken by the buyer at the time of buying a product as well as the duties and due care taken by the seller to put the product in a deliverable state for the buyer and give it to the buyer the way which was decided by description. It also talks about merchantable quality of a product as the responsibility of the seller, not fulfilling of which can lead to filing of a suit against the seller.*

*The Sale Of Goods Act 1930, includes provisions for implied conditions and guarantees to safeguard purchasers from seller fraud. However, since a seller cannot be held accountable for a customer's poor decision, it is the seller's responsibility to first check for obvious flaws and inquire about the product's quality before entering into a contract of sale of goods.*

*Therefore, for the buyer, it is essential that he provides a reasonable description of the items, wanted in order to ensure that the seller purchases an appropriate good.*

*In the case at hand, the seller was held liable for not delivering good of a merchantable quality, which is treated as an implied condition and is not defined specifically in the act.*

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## **I. INTRODUCTION**

### **(A) Goods:**

Goods include any moveable property other than money (in circulation at present) and actionable claims. They can be shares, stocks, crops, grazing grass and anything attached to land which can be severed (harvested or cut) later. They are of three existing goods, specific goods and future goods. They form the subject-matter for the contract of sale.

### **(B) Buyer and Seller:**

Person who bought a good is a buyer.

Person who wants to sell a good is a seller.

Nobody wants to join a partnership that won't benefit their business in any way. Relationships between buyers and sellers should be mutually beneficial, and with the right tools and platforms in place, one can begin to show off the value of a connection right away.<sup>3</sup> When a supplier and client have a good working relationship, the supplier may favour a company and provide incentives to a customer, which can lower procurement costs. To help the procurement department stay within budget, a supplier can, for instance, offer a company a cheaper rate on stock or a lower delivery fee.<sup>4</sup>

### **(C) Contract of sale of goods:**

When the seller transfers or agrees to transfer the property in goods to the buyer for a price. It facilitates the buyer-seller relationship. The most crucial contract that both parties should read through before making any significant agreements is a sale agreement. The seller and the buyer can securely move on after creating a real sale agreement without worrying about fraudulent or dubious transactions.

A sales agreement is always helpful since it safeguards both parties against lawsuits. A sales agreement's main function is to provide legally enforceable terms for the buyer and seller when money is exchanged for goods, services, or real estate.<sup>5</sup>

### **(D) Condition and Warranty:**

A condition is a stipulation which is held to be essential to the main idea of the contract. On the other hand, warranty is a stipulation which is collateral to the main purpose of the contract.

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<sup>3</sup> Buyer Seller Relationship, <https://hub.tradeshift.com/spend-management/how-to-improve-your-buyer-seller-relationships/#:~:text=There's%20no%20denying%20the%20importance,your%20pr> Last Visited On 16.04.2023

<sup>4</sup> <https://www.fuelmate.co.uk/challenges-benefits-buyer-supplier-relationships/> Last Visited On 16.04.2023

<sup>5</sup> Everything About Sales, <https://www.legalserviceindia.com/legal/article-8447-everything-about-a-sales> Last Visited On 16.04.2023

The buyer can refuse to accept the goods delivered by the seller, in case of non-compliance with the condition mentioned by the seller in the contract. The condition may be expressed or implied. A warranty cannot be treated as a condition but vice-versa is true.

**(E) Implied Condition:** A condition not written but known to exist automatically. It is interpreted in accordance with the circumstances of the case.

**(F) Sale by sample:**

If there has been a sale through sample of a product (express or implied), the bulk of the same product is required to be in correspondence with the particular good and buyer should get a chance to match the sample's quality with the bulk. It is an implied condition that, they should adhere to the description, if sale is through a sample, it not sufficient that all of the goods sold in bulk would correspond to the sample and not to the description. The judgement in the case talks about merchantability of a good which is not defined in the act.

**(G) Merchantability of a good:**

It has not been defined anywhere in the article. It means that a good to be merchantable should be in such a condition and of such a quality that a reasonable man can accept it under the promise made and utilize it for the purpose it is meant for. Merchantability of a good is an implied condition.<sup>6</sup>

According to Section 17 (3) no defect in goods should lead them to become unmerchantable. It is an implied condition under sale by sample.

Examples:

- A heater which does not provide heat.
- A cooler/ air conditioner which does not cool.
- A pen which cannot be used for writing.
- A watch which does not show time.

Any good should fulfill the purpose it was brought, as a result of which contract of sale of goods was made. The seller is responsible for sale of goods and delivery of such goods in a deliverable state.

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<sup>6</sup> Conditions and Warranties, <https://www.gargshashi.com/2019/05/conditions-and-warranties-1.html> Last Visited On 17.04.2023

## **II. RELEVANT FACTS**

- The plaintiff was a buyer who brought a Stone's Ginger Wine bottle from the seller.
- He tried to unveil the cork, with due care, but the bottle broke.
- The broken bottle led to injuries in the hands of the buyer.
- The buyer was dissatisfied with the quality of the product.
- The buyer filed a suit against the seller.

## **III. VERDICT OF THE COURT**

It was thereby held that the seller was liable. The wine bottle was not of merchantable quality, the product could not be utilized by the buyer the way he intended to utilize it. Although if the buyer has pre examined goods no condition is taken up with regard to any defect later. But in this case this defect was unseen and unpredictable, it could not be examined ordinarily.

## **IV. RELEVANT SECTIONS**

In the contract for sales of goods, according to Section 17 (3) of the Sales of Goods Act, goods sold by the seller should not be unmerchantable and free from defect which cannot be examined by a look at the sample.

And to understand section 17 (Sale by sample), S.2(7), S.12, S.13 and S.16 of the Sales of Goods Act are to be read along. These sections talk about:

- Definition of Goods
- Conditions and Warranties
- When condition can be treated as a warranty.
- Implied conditions as to quality and fitness

## **V. CONCLUSION**

The court was completely impartial to impose the given judgement which can be inferred from the facts given. Prioritizing, meeting deadlines, and properly planning are all aspects of good judgement that help us deal with challenging and stressful situations.<sup>7</sup> The case sets a leading precedent and helps one to understand the importance of conditions, warranties, implied conditions and implied warranties. It also helps to provide complete justice to such victims in future by acting as an example. The treatment of victims should be kind and honoring of their

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<sup>7</sup>A Good Judgement, <https://citywise.org.in>. Last Visited On 18.04.2023

human dignity. They have the right to swift reparation for the injury they have experienced, as stipulated by national law, and access to the legal systems.

The condition is a fundamental precondition on the basis of which the whole contract is based upon, on the other hand, warranty is the written guarantee wherein the seller commits to repair or replace the product in case of any fault in the product. A condition not written but known to exist automatically. It is interpreted in accordance with the circumstances of the case is an implied condition, whereas an unwritten guarantee for some time period is an implied warranty.<sup>8</sup>

Unmerchantable goods are unacceptable, delivery of such goods is actionable. It is to be read along with Section 17 of the Sales Of Goods Act, 1930. Thus, understanding of the act, enables the creation of contracts in which the seller grants the buyer ownership of the items in exchange for a price or agrees to do so. India as a whole can use it. According to the act, items that are sold from owner to buyer must be sold for a specific price and within a specific time frame.<sup>9</sup>

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<sup>8</sup> Implied Warranty, <https://www.investopedia.com/terms/i/implied-warranty.asp> Last Visited On 18.04.2023

<sup>9</sup> Important Terms, <https://www.vedantu.com/commerce/sale-of-goods-act-1930-important-terms> Last Visited On 18.04.2023