

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1) The Sale of Goods Act applies to the purchase of goods by:

- A) sole trader businesses.
- B) corporations.
- C) government organisations.
- D) all of the above.
- E) B and C only.

Answer: D

2) Where a contract involves the supply of 'work' as well as 'materials', the Sale of Goods Act will only apply if:

- A) the work requires a high degree of skill, such as artistic ability.
- B) the contract's main purpose is to transfer title (ownership) to the goods.
- C) the buyer is a consumer.
- D) the monetary value of the contract is \$150 or more.

Answer: B

3) Which of the following statements are true in relation to the Sale of Goods Acts (SOGA)?

- A) Under the SOGA, money, real property and shares do not qualify as goods.
- B) The SOGA apply to any sale of goods contracts that satisfy the common law requirements for a valid contract.
- C) The SOGA mainly apply to business to business contracts for the sale of goods.
- D) All of the above.
- E) A and B only.

Answer: D

4) Under the Sale of Goods Act, 'future goods' are ones that:

- A) the seller will manufacture or acquire after the contract has been made.
- B) the seller owns and agrees to deliver at a future date.
- C) are clearly identified and agreed upon when the contract is made.
- D) are sold by a mercantile agent who is registered as a future trader.

Answer: A

5) Under the Sale of Goods Act an 'executed Contract' is one that transfers title to the goods:

- A) when the payment is made.
- B) from the seller to the buyer at the time of the contract.
- C) when the money and the goods are delivered.
- D) from the seller to the buyer at a later date.

Answer: B

6) In a contract for the sale of specific goods, if the seller must weigh the goods to determine their price, title to the goods will not pass until the goods have been:

- A) weighed and delivered to, or collected by, the buyer.
- B) weighed and the buyer is notified of the weight.
- C) set aside (chosen) to be weighed.
- D) weighed.

Answer: B

- 7) A Romalpa clause in a contract for the sale of goods:
- A) allows the seller to retain possession of the goods until the buyer makes the full payment.
 - B) retains full title in the goods to the seller until the buyer makes the final payment.
 - C) gives the seller an equitable interest in the goods until the buyer makes the full payment.
 - D) voids the common law *nemo dat* rule.

Answer: B

- 8) Sellers of goods often insert a Romalpa clause into a contract for the sale of goods because:
- A) it provides taxation benefits by reducing the alpha price range of the goods.
 - B) it gives them an equitable interest that may mean they can re-possess the goods for non-payment.
 - C) it gives them the right to re-sell the goods to a third party within 30 days after a conditional sale.
 - D) all of the above apply.

Answer: B

- 9) In a contract for the sale of unascertained and future goods, the risk of loss or damage is transferred from the seller to the buyer when:
- A) the parties intended it should happen, usually when the contract is made.
 - B) the seller pays for the goods.
 - C) the goods are delivered to the seller in accordance with the terms of the contract.
 - D) the goods are identified and are set aside with the approval of both parties.

Answer: D

- 10) In a contract for the sale of specific goods, the risk of loss or damage is usually transferred from the seller to the buyer when:
- A) the seller pays for the goods.
 - B) the goods are delivered to the seller in accordance with the terms of the contract.
 - C) the parties intended it should happen which usually is when the contract is made.
 - D) the goods are identified and are set aside with the approval of both parties.

Answer: C

- 11) The key meaning of the *nemo dat* rule in relation to the Sale of Goods Act is that:
- A) sellers of goods cannot pass on a better title than the one they hold at the time of the sale.
 - B) 'you cannot pay what you do not have'.
 - C) sellers in possession of goods have the strongest legal right to them.
 - D) all of the above.

Answer: A

- 12) When a mercantile agent sells goods without the authority of the owner the buyer will become the new legal owner if:
- A) the agent had possession of the goods with the consent of the owner.
 - B) the buyer acted in good faith.
 - C) the buyer did not know that the agent lacked true authority.
 - D) all of the above applied.
 - E) A and B only applied.

Answer: E

13) One exception to the *nemo dat* rule is:

- A) a buyer in possession of goods can transfer title to a third party.
- B) a seller in possession of goods can transfer title to a third party.
- C) a person with voidable title to goods can transfer title to a third party.
- D) all of the above.
- E) A and B only.

Answer: D

14) Under the Sale of Goods Acts, some conditions are implied to be part of a contract of sale. Which of the following statements is true concerning these conditions?

- A) The implied conditions are only available to commercial buyers who can prove that they intend to sell the goods to consumers.
- B) A breach of an implied condition is usually treated as a breach of a warranty.
- C) The implied conditions are only available to purchasers who satisfy the definition of 'consumer' under the Sale of Goods Act.
- D) All of the above.

Answer: B

15) Under the Sale of Goods Act the requirement that goods must be capable of doing what the buyer expected them to do is known as the implied condition of:

- A) correspondence with description.
- B) fitness for purpose.
- C) quiet possession.
- D) merchantable quality.

Answer: A

16) Under the Sale of Goods Act, a breach of a condition will usually be classified as:

- A) a breach of a warranty.
- B) a rescission of the contract.
- C) part performance of the contract which give the buyer the right to specific performance.
- D) a serious breach which gives the buyer the right to terminate the contract.

Answer: A

17) Rosellini, who runs a house painting business, asked Fellini, who sells paint: 'What exterior house paint will protect a timber house for at least 12 years?' 'The Dura-ultimate range will do the job,' replied Fellini. Rosellini bought a large quantity of Dura-ultimate from Fellini and used it on his customers' houses. Now his customers are complaining that paint begins peeling eight years after it was applied. Which of the following statements best sums up Fellinni's legal position under the Sale of Goods Act?

- A) He has probably not breached any implied condition because the paint has lasted for a reasonable period of time.
- B) He has probably not breached any implied condition because the main purpose of the contract involved services (his technical advice) rather than the sale of paint.
- C) He has probably breached the implied condition of fitness for purpose.
- D) He has probably breached the implied condition of merchantable quality.

Answer: C

18) Tiffany, who runs a house painting business, received a brochure from a hardware shop which advertised anti-mould paint at a special price. She visited the shop and explained that because some of her customers had dampness problems she needed a paint that would work on walls that were not completely dry. The sales assistant opened up one of their anti-mould tins and showed her the paint's thick texture. 'This is the one for you,' he insisted. Tiffany bought 100 litres. The anti-mould paint has not worked. She now knows she was not given the type of paint she inspected. Which of the following implied conditions appears to have been breached?

- A) Merchantable quality.
- B) Correspondence with description.
- C) Fitness for purpose.
- D) Correspondence with sample.

Answer: D

19) In *Grant v Australian Knitting Mills* [1933] the plaintiff proved that the defendant had breached which provision of the Sale of Goods Act?

- A) The implied condition that goods must be reasonably fit for their purpose.
- B) The implied warranty that the buyer shall enjoy quiet possession.
- C) The implied condition that the goods were of debatable quality.
- D) All of the above.

Answer: A

20) The condition that goods are of merchantable quality is not implied in a sale of goods if:

- A) the goods were sold without any recommendation or advice by the seller.
- B) the buyer was shown a sample that was different from the goods that were supplied to the buyer.
- C) the buyer was a consumer and the seller had warned her that all implied conditions were excluded from the contract.
- D) the buyer had examined the goods and this examination should have revealed any defects.

Answer: D

21) Under the Sale of Goods Act, the conditions and warranties implied into a contract for the sale of goods may be excluded by:

- A) a written contract where the sale is made to a non-consumer.
- B) an oral contract where the sale is made to a non-consumer.
- C) a written contract where the sale is made to a consumer.
- D) all of the above.
- E) A and B above only.

Answer: E

22) Where the goods sold are of a perishable nature (e.g. fruit and vegetables) and the buyer has not paid for them, the seller has the right to:

- A) demand the buyer return the goods.
- B) sue for the price only.
- C) sue for damages.
- D) resell the goods.

Answer: D

23) Under the Sale of Goods Acts, which of the following remedies are not available to a seller of goods when the buyer has failed to pay for them?

- A) To enter the premises of the buyer and take back any of the seller's goods that are available.
- B) To sue for damages for non-acceptance by the buyer.
- C) To sue for the purchase price once it is due and payable.
- D) All of the above.

Answer: B