

Rights of unpaid seller

Source: <https://www.lawsofbusiness.com/2016/12/what-are-rights-of-unpaid-seller.html>

Seller who has not received price of goods sold or the seller who has got his negotiable instrument dishonored will become Unpaid Seller. Sale of goods act, 1930 Section 45 to 55 read about the rights of Unpaid Seller. Those rights can be classified into two groups. They are as follows.

- **Rights against Goods**
- **Rights against Buyer**

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- When goods are in existence and title has not gone to buyer, Unpaid Seller can exercise the rights against goods. These rights are categorized into three types. They are as follows.
- Right of lien
- Right of stoppage in transit
- Right to Re-Sell

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Right of lien

- Right to retain goods by unpaid seller till amount is recovered is called right of lien. If unpaid seller wants to exercise right of lien, he has to fulfill the following conditions.
- He must be unpaid seller
- There should be no credit terms in the Contract of Sale.
- After completion of credit period, right of lien can be exercised.
- The unpaid seller should have obtained those goods lawfully.
- Amount must be due on those goods only against which right of lien is decided.

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Right of stoppage in transit

- Unpaid Seller has right to stop the goods in the transit itself. To exercise this right the following conditions are to be fulfilled.
- He must be unpaid seller.
- Buyer must be insolvent.
- There should be no credit terms in the Contract of Sale. After expiry of Credit period, this right can be exercised.
- Amount must be due on those goods only against which this right is desired.

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Right to re-sale

- The unpaid seller can re-sell the goods for non-payment of price by buyer. He can exercise this right when the goods are of perishable nature while doing so it is beneficiary to the seller to give a notice to buyer with regard to resale. If such notice is given seller can claim loss. If any on resale from the buyer. On the other hand if there is profit on resale the former buyer cannot claim that profit. If notice is not given the seller has to face adverse consequence. If there is any loss on re-sale, that loss cannot be recovered from buyer. But in case of profit, seller has responsibility to pay that amount of profit to buyer.

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At times it becomes inevitable choice to exercise rights on buyer for non-payment of price. The unpaid seller can file suits against the buyer as explained below.

- **Right to sue for price**

It is fundamental right of buyer to file a suit for recovery of unpaid price. In the case of sale. Suit will be made for price balance, but not for compensation.

- **Right to sue to interest**

If the buyer makes unreasonable delay for making payment, the seller has right to claim interest also.

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- **Right to sue for compensation**

When an agreement to sell is breached, the seller can sue only for compensation for the breach of Contract. Under such circumstances he cannot sue for price.

- **Right to Sue for anticipatory contract**

When an agreement to sell is breached by buyer before date of performance. It is called anticipatory breach. Then also seller can sue for compensation.