

Nemo Dat Quod Non Habet

The Sale of Goods Act of 1930 fundamentally transformed the landscape of commercial transactions by establishing a robust legal framework that protects both buyers and sellers. This piece of legislation clarifies several principles essential for the smooth transfer of property between parties, with Sections 18 to 30 specifically delineating the effects of contracts on the ownership transfer of goods. Among these principles, the rule of Nemo Dat Quod Non Habet stands out as a critical doctrine. Translating to "no one gives what he does not have," this rule is pivotal in determining the rights to ownership and possession under contract law, particularly when it comes to the transfer of title.

Understanding Nemo Dat Quod Non Habet

At its core, the Nemo Dat rule underpins the legal expectation that one cannot transfer a greater right in property than they themselves possess. This principle is codified under Section 27 of the Sale of Goods Act, which states that if goods are sold by a person who is not the owner, and who does not sell them under the owner's authority or with their consent, the buyer acquires no better title to the goods than the seller had.

Case Law

The principle was vividly illustrated in the case of **Greenwood v Bennett**, where the rightful owner of a Jaguar car sent it for repairs to Mr. Searle, who then sold the car without the owner's consent. The court ruled that the buyer, who had no knowledge of Searle's lack of ownership, could not acquire a better title than Searle had; hence, the original owner reclaimed the car. This case underscores the harsh realities of the Nemo Dat rule but also highlights the protections it affords to rightful owners.

Another notable application of this rule is seen in the case of the **Life Insurance Corporation vs United Bank of India Ltd. and Anr**, where the court maintained that an actionable claim related to property can only be transferred by the rightful owner, reinforcing the principle across different contexts of property and rights.

Exceptions to the Rule

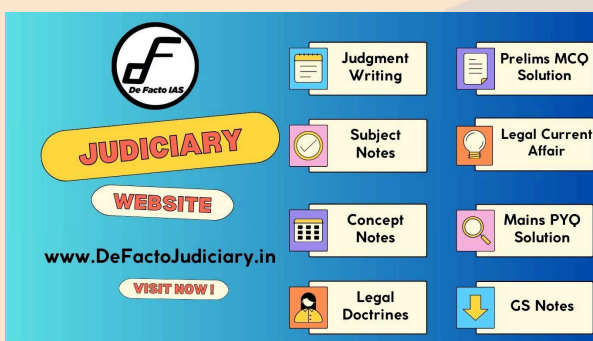
While the Nemo Dat rule is stringent, the law recognizes several exceptions that facilitate smoother commercial transactions while still protecting owners' rights:

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Estoppel: If the owner's actions lead the buyer to believe that the seller has the authority to sell the goods, the owner may be prevented (estopped) from denying the seller's authority.

Sale by a Mercantile Agent: If a mercantile agent in possession of the goods sells them in the ordinary course of business, and the buyer purchases the goods without knowledge of the agent's lack of authority, the sale is valid.



Sale Under a Voidable Title: If goods are sold by someone with a voidable title (e.g., one obtained through fraud or misrepresentation), the sale can still confer a good title if the buyer acts in good faith and the seller's fraud has not yet been discovered.

Sale by One of Joint Owners: Goods sold by one of several joint owners can transfer valid title if the sale occurs in the ordinary course of business and without the other owners' objection.

The Nemo Dat Quod Non Habet principle, while seemingly straightforward, emphasises the necessity of vigilance and due diligence in commercial dealings and highlights the legal mechanisms designed to safeguard against fraud and unauthorised transactions.