

# Auction sale (Section 64 of the Sale of Goods Act, 1930)

*auctioneer (agent of owner)*





Answer this !!

Advertisement for auction	Offer / Invitation to offer ✓
Offer?	Bidder
Acceptance?	Auctioneer.

# Rules regarding sale by auction

## 1. Sale by lots

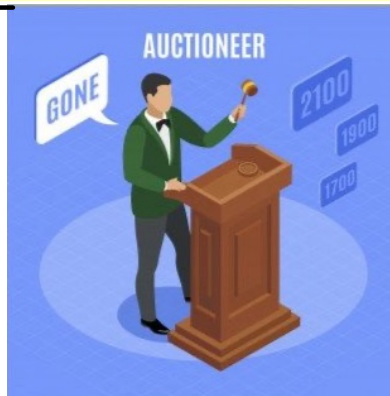
Where goods are put up for sale in lots, each lot is prima facie deemed to be the subject matter of a separate contract of sale



## 2. Completion of sale

- on striking of hammer
- before the announcement, bidder may withdraw his bid

*offer*



→ contract

Fall of hammer does not necessarily mean that the highest bidder has become the owner

Ownership will be transferred to the buyer only according to the terms of the contract



Condition – ownership to be transferred only after making the total payment

### 3. Reserve price

- Minimum price below which the auctioneer cannot sell



## 4. Reservation of Right to bid

The seller or any one person (known as puffer) on his behalf can bid at the auction, provided such a right to bid has been expressly reserved at the time of notifying the auction sale



(One) Puffer  
a.k.a By-bidders or white bonnets or  
Decoy Ducks

## 5. Knock-out agreement

An agreement between bidders not to bid against each other is called 'knock out agreement'



Such agreements are lawful unless the intention of parties is to defraud a third party

## 6. Damping

An act by which an intending purchaser is prevented from bidding or raising the price at an auction sale



Damping is illegal and the auctioneer can withdraw the goods from auction sale