



UCC Sales Remedies

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UCC – Sales Remedies



- Topics Covered
 - The Uniform Commercial Code
 - Remedies of the Seller
 - Remedies of the Buyer
 - Contractual Provisions Affecting Remedies

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- **Default**

- **Buyer's Default** – the seller's remedies are triggered by the buyer's actions in
 - wrongfully rejecting or revoking acceptance of goods,
 - in failing to make payment due on or before delivery, or
 - in repudiating the contract.
- **Seller's Default** – the buyer's remedies arise where the seller
 - fails to make a delivery,
 - repudiates the contract, or
 - where the buyer rightfully rejects or justifiably revokes acceptance of goods tendered and delivered.

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- **Remedies of the Seller (Goods Oriented)**

- **1) To Withhold Delivery**

- **2) To Stop Delivery**

- if the buyer is insolvent (one who is unable to pay his debts as they become due or one whose total liabilities exceed his total assets), the seller may stop any deliveries;
 - if the buyer repudiates or otherwise breaches, the seller may stop carload, truckload, planeload, or larger shipments.

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- **Remedies of the Seller (Money Oriented)**
 - **3) To Resell the Goods**
 - And recover difference between contract price and resale price plus incidental damages, less expenses saved
 - **4) To Recover Damages for Nonacceptance or Repudiation**
 - **5) To Recover the Price**

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- **Remedies of the Seller (Money Oriented)**

- **6) Market Price Differential** – the seller may recover damages from the buyer measured by
 - the difference between the unpaid contract price and the market price at the time and place of tender of the goods,
 - plus incidental damages, less expenses saved.
- **7) Lost Profit** – In the alternative, the seller may recover the lost profit,
 - including reasonable overhead,
 - plus incidental damages,
 - less expenses saved.

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- **Remedies of the Seller (Money Oriented)**
 - **8) To Recover Incidental Damages** – incidental damages include any commercially reasonable charges, expenses, or commissions directly resulting from the breach.
- **Remedies of the Seller (Obligation Oriented)**
 - **9) To Cancel the Contract**
- **Remedies of the Seller (Goods Oriented)**
 - **10) To Reclaim the Goods upon the Buyer's Insolvency** – an unpaid seller may reclaim goods from an insolvent buyer under certain circumstances.

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- **Remedies of the Buyer**

- **1) To Cancel the Contract**
- **2) To Recover Payments Made**
- **3) To Cover** – the buyer may obtain cover by proceeding in good faith and without unreasonable delay to purchase substitute goods; the buyer may recover the difference between the cost of cover and the contract price, plus any incidental and consequential damages, less expenses saved.

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- **Remedies of the Buyer (cont.)**
 - **4) To Recover Damages for Nondelivery or Repudiation**
 - the buyer may recover the difference between the market price at the time the buyer learned of the breach and the contract price, together with any incidental and consequential damages, less expenses saved.
 - **5) To Recover Identified Goods on the Seller's Insolvency** –for which he has paid all or part of the price

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- **Remedies of the Buyer (cont.)**
 - **6) To Sue for Replevin** –the buyer may recover goods identified to the contract if 1) the buyer is unable to obtain cover or 2) the goods have been shipped under reservation of a security interest in the seller.
 - **7) To Sue for Specific Performance** – the buyer may obtain specific performance where the goods are unique or in other proper circumstances.

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- **Remedies of the Buyer (cont.)**
 - **8) To Enforce a Security Issue** – a buyer who has rightfully rejected or justifiably revoked acceptance of goods that remain in his possession has a security interest in these goods for any payments made and for any expenses reasonably incurred.
 - **9) To Recover Incidental Damages** –the buyer may recover incidental damages, including any commercially reasonable expenses connected with the delay or other breach.

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- **Remedies of the Buyer (cont.)**
 - **10) To Recover Damages for Breach in Regard to Accepted Goods** – the buyer may recover damages resulting in the ordinary course of events from the seller’s breach;
 - in the case of breach of warranty, such recovery is the difference between the value of the goods would have had if they had been as warranted and the value of the nonconforming goods that have been accepted.

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– Remedies of the Buyer (cont.)

- **11) To Recover Consequential Damages** – the buyer may recover consequential damages resulting from the seller’s breach, including
 - any loss resulting from the buyer’s requirements and needs of which the seller at the time of contracting had reason to know and which the buyer could not reasonably prevent by cover or otherwise, and
 - injury to person or property proximately resulting from any breach of warranty.

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- **Contractual Provisions Affecting Remedies**
 - **Liquidation or Limitation of Damages** – the parties may specify the amount or measure of damages that may be recovered in the event of a breach ... if the amount is reasonable.
 - **Modification or Limitation of Remedy by Agreement** – the contract between the parties may expressly provide for remedies in addition to those in the UCC, or it may limit or change the measure of damages recoverable for breach.