

Biz Legal Contract Term EXPLORED: Warranties & Representations

Intro/Definition

Warranties and representations are sometimes used interchangeably but actually have different meanings.

A warranty guarantees that a product or service insures against something in the future. (*Ex. Warranty on a TV for 1 year; if it breaks you get it replaced.*) A representation is a current promise that something IS or IS NOT. (*Ex. This house is free from tax liens.*)

Points to Consider

1. **What is an "Express warranty"?**- *Ex. A written statement that "This washer will not break within a year".* Vs. **What is an "Implied warranty"?**- *Ex. A hammer.* It doesn't have to be stated that a hammer will perform its function of hammering properly. Therefore, you don't have to worry about it crumbling when you hammer something.
2. **Various types of warranties exist-** Warranty of merchantability, warranty of fitness for a particular purpose, warranty of title, lifetime warranty, second-hand product warranty, home warranty and car warranty are all examples of warranties.
3. **The U.C.C. (Uniform Commercial Code)-** The UCC, Article 2, covers the rights and remedies of buyers and sellers of goods (not services). It covers the extent to which sellers may disclaim certain types of warranties. This is a very technical area of law so please CONSULT AN ATTORNEY if you are selling goods; if you are selling services you don't have to worry about Article 2 of the UCC (although you still have to worry about the warranties and representations you make) but, if you are selling goods and services, you may have to worry about Article 2 of UCC.

In Georgia...

The Uniform Commercial Code has been adopted in its entirety. It is a book of rules for the sale of goods and for merchants.

General Advice

Make sure you have an attorney that understands the U.C.C. There are "special provisions" in there that can trip up an unsuspecting merchant that sells goods.

If you offer warranties, whether selling goods or services, make sure that you can follow through with these guarantees and have adequate insurance to remedy in case a warranty is used.

DISCUSSION QUESTION: Does your business offer any warranties? KLP does! See below!

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