

Fit for What Purpose? Understanding the Warranty of Fitness for Particular Purpose

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For manufacturing companies, some of the most [important terms](#) in any contract for the purchase or sale of goods are the warranties that apply to those goods. This article will address one particular kind of warranty – the warranty of fitness for particular purpose.

A warranty of fitness for particular purpose generally arises in one of two ways. First, similar to the implied warranty of [merchantability](#) addressed in previous posts on this blog, a warranty of fitness for particular purpose will be implied by law under the Uniform Commercial Code (“UCC”) if certain conditions are met. Specifically, UCC 2-315 provides that

Where the seller at the time of contracting has reason to know any particular purpose for which the goods are required and that the buyer is relying on the seller’s skill or judgment to select or furnish suitable goods, there is unless excluded or modified under the next section an implied warranty that the goods shall be fit for such purpose.

In other words, unless properly disclaimed in the contract, an implied warranty of fitness for particular purpose arises when: (1) the seller knows, or should know, buyer’s purpose for the goods; and (2) the seller knows, or should know, that buyer is relying on seller to determine what the buyer needs for that purpose. Imagine that a customer walks into a watch store, and tells the proprietor that he intends to go scuba diving and needs a watch to monitor his dive time. The customer then asks the proprietor to recommend a watch for the trip. In such circumstances, any recommendation by the proprietor almost certainly will be deemed to include a warranty that the watch is waterproof and otherwise suitable for scuba diving.

Second, the seller may expressly warrant in the contract that the goods will be fit for the buyer’s intended purpose. In such cases, the seller should take care to make sure that it really does know of buyer’s purpose and that the goods are, in fact, fit for that purpose. Unlike in the case of implied warranties, lack of knowledge generally does **not** allow the seller to avoid an express warranty that the goods are fit for buyer’s purpose.

In the context of business-to-business sales in the manufacturing supply chain, a manufacturer may ask, what is the particular purpose for which its goods must be fit? The answer is highly situational. In some cases, the answer may be relatively simple. Similar to the scuba diving example above, a buyer may identify generally the use to which it intends to put the goods. For example, a buyer may ask a seller to supply a widget for use in a particular application.

More often, the answer involves looking at any specifications or other requirements provided by the buyer. For example, a manufacturer may receive from the buyer a set of tolerances that the product must meet. These requirements, together with any additional requirements or specifications provided throughout the process, generally will be considered to describe the “purpose” for which the goods will be used. In some cases, the specifications may be so detailed and all-encompassing as to effectively swallow any separate purpose for which buyer may have intended the goods. If a buyer supplies the manufacturer with detailed engineering drawings and tolerances such that seller is effectively building to print, most courts will hold that the buyer is no longer relying on seller to select the goods and, therefore, the implied warranty of fitness for particular purpose under UCC 2-315 does not apply. Although an express warranty of fitness for particular purpose does not require the buyer to have relied on seller to select the product, a sufficiently detailed set of specifications generally will be found to have fully described the buyer’s purposes such that compliance with the specifications usually is the same as finding that the goods were fit for buyer’s purpose.

Where commercial realities permit, manufacturers should consider disclaiming the implied warranty of fitness for particular purpose and rejecting any express warranty of fitness for particular purposes. This is particularly true where the manufacturer has only partial information regarding the purpose for which the goods will be used. While many buyers may question efforts by a manufacturer to avoid warranties that goods will be free from defect or merchantable, many buyers can be persuaded that it is not reasonable to require a warranty that the goods will be fit for a purpose which the buyer knows better than the seller.

Accordingly, when contracting for the sale or purchase of goods, manufacturers should be aware of the any warranties (express or implied) that the goods may be fit for a particular purpose. Like all warranties, both buyers and sellers must consider whether the warranties are appropriate for the transaction or whether they should be disclaimed or excluded from the contract.

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