

SCOPE OF UCC ARTICLE 2

- Article 2 of the UCC governs **contracts for the sale of goods**, pursuant to which
 - (1) **title** (formal right of ownership) to
 - (2) **goods** (tangible, movable property) is transferred from the seller to the buyer
 - (3) **in exchange for money.**
- Article 2 governs only contracts for the **sale** of *tangible, movable property* – that is, property that
 - (a) has **inherent physical value** and
 - (b) can be **moved from place to place.**
- Article 2 does not govern:
 - (a) *barter* contracts, where goods or services are exchanged for other goods or services, or
 - (b) contracts for the sale of **services, real property, or intangible personal property** (e.g., intellectual property, stocks and bonds).

“MIXED” CONTRACTS

- A large number of disputes involving goods also involve services, real property, or intangible or immovable personal property – none of which are within the scope of Article 2. In such cases, courts decide whether to apply Article 2 to the dispute using one of two tests:
 - **Predominant Purpose:** What was the predominant purpose of the underlying transaction; that is, what was the buyer most interested in buying?
 - **If goods**, then Article 2 *applies to the whole transaction* (including the non-goods part of it).
 - **If non-goods**, then Article 2 *does not apply to any part of the transaction*.
 - **“Gravamen of the Action”:** What part of the underlying transaction gives rise to the dispute?
 - **If goods**, then Article 2 *applies to the dispute*, even if the predominant purpose of the transaction was to sell or buy non-goods.

- **If non-goods**, then Article 2 *does not apply to the dispute*, even if the predominant purpose of the transaction was to sell or buy goods.