

29 C.F.R. § 779.331

Meaning of sales “for resale.”

Except with respect to a specific situation regarding certain building materials, the word “resale” is not defined in the Act. The common meaning of “resale” is the act of “selling again.” A sale is made for resale where the seller knows or has reasonable cause to believe that the goods or services will be resold, whether in their original form, or in an altered form, or as a part, component or ingredient of another article. Where the goods or services are sold for resale, it does not matter what ultimately happens to such goods or services. Thus, the fact that the goods are consumed by fire or no market is found for them, and are, therefore, never resold does not alter the character of the sale which is made for resale. Similarly, if at the time the sale is made, the seller has no knowledge or reasonable cause to believe that the goods are purchased for the purpose of resale, the fact that the goods later are actually resold is not controlling. In considering whether there is a sale of goods or services and whether such goods or services are sold for resale in any specific situation, the term “sale” includes, as defined in section 3(k) of the Act, “any sale, exchange, contract to sell, consignment for sale, shipment for sale, or other disposition.” Thus, under the definition sales by an establishment to a competitor are regarded as sales for resale even though made without profit. (*Northwestern-Hanna Fuel Co. v. McComb*, 166 F. 2d 932 (CA-8).) Similarly, sales for distribution by the purchaser for business purposes are sales for resale under the “other disposition” language of the definition of “sale” even though distributed at no cost to the ultimate recipient. (See *Mitchell v. Duplicate Photo Service*, 13 WH Cases 71, 31 L.C. Par. 70,287 (S.D. Cal. 1956) accord, *Mitchell v. Sherry Corine Corporation*, 264 F. 2d 831 (CA-4) (sale of meals to airlines for distribution to their passengers).) It should be noted, however, that occasional transfer of goods from the stock of one retail or service establishment to relieve a shortage in another such establishment under the same ownership will not be considered as sales for resale.

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