

(c) *complies with the filing provisions of the Sub-title on Secured Transactions (Sub-title 9).*

(4) *Any "or return" term of a contract for sale is to be treated as a separate contract for sale within the statute of frauds section of this Sub-title (Section 2—201) and as contradicting the sale aspect of the contract within the provisions of this Sub-title on parole or extrinsic evidence (Section 2—202).*

2—327. *Special Incidents of Sale on Approval and Sale or Return.*

(1) *Under a sale on Approval unless otherwise agreed*

(a) *although the goods are identified to the contract the risk of loss and the title do not pass to the buyer until acceptance; and*

(b) *use of the goods consistent with the purpose of trial is not acceptance but failure seasonably to notify the seller of election to return the goods is acceptance; and if the goods conform to the contract acceptance of any part is acceptance of the whole; and*

(c) *after due notification of election to return, the return is at the seller's risk and expense but a merchant buyer must follow any reasonable instructions.*

(2) *Under a sale or return unless otherwise agreed*

(a) *the option to return extends to the whole or any commercial unit of the goods while in substantially their original condition, but must be exercised seasonably; and*

(b) *the return is at the buyer's risk and expense.*

2—328. *Sale by Auction.*

(1) *In a sale by auction if goods are put up in lots each lot is the subject of a separate sale.*

(2) *A sale by auction is complete when the auctioneer so announces by the fall of the hammer or in other customary manner. Where a bid is made while the hammer is falling in acceptance of a prior bid the auctioneer may in his discretion reopen the bidding or declare the goods sold under the bid on which the hammer was falling.*

(3) *Such a sale is with reserve unless the goods are in explicit terms put up without reserve. In an auction with reserve the auctioneer may withdraw the goods at any time until he announces completion of the sale. In an auction without reserve, after the auctioneer calls for bids on an article or lot, that article or lot cannot be withdrawn unless no bid is made within a reasonable time. In either case a bidder may retract his bid until the auctioneer's announcement of completion of the sale, but a bidder's retraction does not revive any previous bid.*

(4) *If the auctioneer knowingly receives a bid on the seller's behalf or the seller makes or procures such a bid, and notice has not been given that liberty for such bidding is reserved, the buyer may at his option avoid the sale or take the goods at the price of the last good faith bid prior to the completion of the sale. This sub-section shall not apply to any bid at a forced sale.*