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The Intricacies of AI and The Application of the Sale of Goods Act in Ecommerce in Tanzania

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ABSTRACT

The increasing integration of artificial intelligence (AI) into commercial transactions poses significant legal challenges for existing statutory regimes, particularly Tanzania's Sale of Goods Act (SOGA), which was not designed to accommodate the complexities of AI-driven and digital commerce. As AI technologies become central to sales processes, ranging from automated decision-making to smart contracting, there is a growing misalignment between technological realities and legal provisions governing the sale of goods. This study addresses the critical gap in the Tanzanian legal framework by examining how AI and digital products interact with the existing SOGA, identifying key areas of ambiguity and legal insufficiency. Employing a doctrinal methodology grounded in the analysis of statutory texts, case law, and scholarly literature, the research highlights pressing issues such as liability attribution, contractual validity, and the classification of digital goods. The findings underscore the inadequacy of the current legislative framework to regulate AI-driven sales effectively. Consequently, the study advocates for comprehensive legal reform to modernise the SOGA, ensuring its responsiveness to the evolving e-commerce and safeguarding transactional integrity.

KEYWORDS: Artificial Intelligence, Digital Product, Sale of Goods Act, Digital Economy, E-Commerce in Tanzania

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1.0 INTRODUCTION

Artificial Intelligence (AI) refers to the field of computer science dedicated to creating systems or machines that can perform tasks that typically require human intelligence. These tasks include learning from experience, understanding natural language, recognising patterns, and making decisions[3]. Also, Artificial Intelligence is defined as systems that display intelligent behaviour by analysing their environment and taking actions automatically or with minimal human intervention to achieve specific goals[2]. The foundational elements of AI include machine learning, natural language processing, computer vision, and robotics.[4] AI aims to develop machines that can simulate human reasoning and improve their performance through data-driven self-optimisation.

Artificial intelligence (AI) integration has become a fundamental component of today's digital society. This digital transformation shapes and will continue to shape the functioning of society, necessitating the establishment of legal frameworks to address emerging legal issues and obstacles[5]. Within this context, using artificial intelligence in the digital economy presents an opportunity to expand the traditional sale of tangible goods to encompass intangible goods. Tanzania has yet to establish a legal framework that addresses

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[3] Stuart Russell and Peter Norvig, *Artificial Intelligence: A Modern Approach*, 4th ed. (Hoboken, NJ: Pearson, 2020), 1–28. [2] European Commission, "Artificial Intelligence for Europe," COM (2018) 237 final, April 25, 2018.

[4] Harry Surden, "Artificial Intelligence and Law: An Overview," *Georgia State University Law Review* 35, no. 4 (2019): 1305– 1338.

[5] Mramba, Nasibu Rajabu. "The potentials of artificial intelligence in improving Africa informal cross border trade. What works, What doesn't, and What's next to Africans?."*In African Journal of Land Policy and Geospatial Sciences* 7, no. 1 (2024): 92-112

the transactional mechanisms of artificial intelligence and the sale of goods in the digital era. These legal voids expose users and buyers to potential risks and liabilities when they obtain the rights or interests of artificial intelligence in digital applications. The existing traditional laws are inflexible in the current landscape and consequently fail to safeguard parties' interests in the evolving digital ecosystem. There are no limitations regarding the application of the Sale of Goods Act to the utilisation of artificial intelligence.

Nonetheless, it is imperative for the legal system to acknowledge the utilisation and function of artificial intelligence and its unique characteristics in order to safeguard the interests of purchasers, particularly in the case of intangible goods, as they continue to evolve and involve machine learning technologies that utilise large sets of data[6]. The purpose of this study is to investigate the complexities associated with applying the Sale of Goods Act to digital goods in general and specifically to the utilisation of artificial intelligence in Tanzania's digital economy. This study is centred on analysing the dynamics of exchanging virtual or digital goods without physical interaction, examining the application of the Sale of Goods Act and its methods of transfer, and interpreting statutory interpretation in relation to digital and artificial intelligence.

1.1 The Rise of AI in E-Commerce Transactions in Tanzania

In the realm of online transactions, AI plays a pivotal role in enhancing user experience and operational efficiency through automation, predictive analytics, and intelligent systems[7]. For instance, platforms like Jumia Tanzania deploy AI algorithms to recommend products based on consumer browsing history, purchase patterns, and engagement behaviours, thereby increasing user retention and sales conversion rates. Similarly, AI-powered chatbots integrated into platforms such as WhatsApp Business enable retailers to handle large volumes of customer inquiries in real-time, reducing response delays and improving customer satisfaction[8]. Beyond front-end personalization, AI supports back-end functions like fraud detection in mobile money platforms such as M-Pesa and Tigo Pesa. These services use machine learning models to monitor transactional behaviour and flag anomalies that could indicate fraud or money laundering[9][10]. Furthermore, AI-driven logistics companies like Sendy utilise predictive analytics and route optimisation algorithms to streamline delivery processes in major Tanzanian cities like Dar es Salaam[11]. These developments underscore how AI is revolutionising not just the customer interface but also the structural backbone of electronic transactions in Tanzania's growing digital economy[12].

2. LEGAL IMPLICATIONS OF AI IN E-COMMERCE

The integration of AI in e-commerce transactions presents substantial policy and legal challenges for Tanzania. The Personal Data Protection Act leaves consumers vulnerable to privacy infringements as AI systems collect, store, and process vast amounts of personal information[13]. While Tanzania's Cybercrimes Act (2015) and the Electronic and Postal Communications Act provide partial coverage, they are not sufficiently tailored to address issues like algorithmic profiling, data consent, or AI accountability. Moreover, current consumer protection laws, overseen by the Fair Competition Commission (FCC), do not fully encompass AI-specific risks such as discriminatory pricing algorithms or a lack of transparency in automated decision-making[14]. Legal uncertainties also emerge around liability, particularly when AI systems autonomously execute decisions that result in harm, such as erroneous payment denials or incorrect product shipments[15]. Existing Tanzanian contract and tort law frameworks do not clearly delineate the responsibilities of developers, operators, and platform owners of AI systems[16]. Additionally, cross-border e-commerce transactions,

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[6] Gwagwa, Arthur, et al. "Artificial intelligence (AI) deployments in Africa: benefits, challenges and policy dimensions."*In The African Journal of Information and Communication* 26 (2020): 1-28

[7] W. Sarma, S. P. Nagavalli, and V. Sresth, *Leveraging AI-Driven Algorithms to Address Real-World Challenges in ECommerce: Enhancing User Experience, Fraud Detection, and Operational Efficiency* (International Journal of Research and Analytical Reviews (IJRAR) 7 no. 4 (2020):444-455

[8] Eliza Nichifor, Adrian Trifan, and Elena Mihaela Nechifor, "Artificial Intelligence in Electronic Commerce: Basic Chatbots and the Consumer Journey," *Amfiteatru Economic* 23, no. 56 (2021): 87–101.

[9] Tarun Kumar Vashishth et al., "Enhancing Customer Experience Through AI-Enabled Content Personalization in ECommerce Marketing," in *Handbook of Artificial Intelligence*, ed. Vikas Kewal Krishan Sharma et al. Taylor & Francis, (2024),

[10] –64

[11] Sharifa Abdulwahid Dayar and Msabaha Juma Mwendapole, "Assessment on the Impact of Artificial Intelligence Driven Supply Chain Software's in Reducing Shipping Cost in Tanzania," *World Journal of Innovation and Modern Technology* (2024): 61–95

[12] Nasibu Rajabu Mramba, "The Potentials of Artificial Intelligence in Improving Africa Informal Cross Border Trade: What Works, What Doesn't, and What's Next to Africans?," *African Journal of Land Policy and Geospatial Sciences* 7, no. 1 (2024): 92–112.

[13] Zlatan Morić, Vedran Dakic, Daniela Djekic, and Damir Regvart, "Protection of Personal Data in the Context of ECommerce," *Journal of Cybersecurity and Privacy* 4, no. 3 (2024): 731–761.

[14] Paul Plantinga, Kristophina Shilongo, Oarabile Mudongo, Angelique Umubyeyi, Michael Gastrow, and Gabriella Razzano, "Responsible Artificial Intelligence in Africa: Towards Policy Learning," *Data & Policy* 6 (2024): e72

[15] Kinsey Van, "Navigating Artificial Intelligence through a Products Liability Framework," *Western State University Law Review* 51 (2024): 299.

[16] Abdallah Mrindoko Ally, "Impact of Disruptive Technologies on the Socio-Economic Development of Emerging Countries: Artificial Intelligence and Legal Liability in Tanzania," in *Impact of Disruptive Technologies on the Socio-Economic Development of Emerging Countries*, (Hershey, PA: IGI Global, 2023), 1–14.

which are increasingly enabled by AI systems that automate international logistics and payments, present regulatory gaps in taxation and customs oversight[17]. Tanzania's current legal infrastructure is ill-equipped to monitor and audit such AI-enabled international flows, potentially resulting in revenue losses and enforcement challenges.

3. BACKGROUND AND RATIONALE OF THE SALE OF GOODS ACT.

The Sale of Goods Act, hereinafter referred to as SOGA, is a piece of legislation in Tanzania that outlines the rights and responsibilities of buyers and sellers in contracts for the sale of goods and primarily governs the sale of tangible goods[18]. The Act was originally based on the British Sale of Goods Act 1893. It commenced and came into operation on 15th May 1931[19] and was amended in 2002. The Act was drafted to enhance buyer and seller confidence and protect their rights, and it is grounded in common law principles[20]. Without such legislation, buyers would have little protection when purchasing goods, leading to caution and limited trust in newer brands. The Act provides foundational principles for contracts of sale, including those related to conditions, warranties, transfer of property, and remedies for breach of contract. However, its application to digital goods, particularly AI goods, is ambiguous and requires interpretation amid the evolving digital landscape.

Therefore, Tanzania's Sale of Goods Act (Cap. 214 R.E. 2002) is modelled almost verbatim on the UK's Sale of Goods Act 1893, which was later consolidated and updated into the UK Sale of Goods Act 1979. This shared legal heritage means that the two laws are structurally and conceptually similar, especially in foundational contract principles such as offer, acceptance, transfer of property, and implied terms on quality and fitness. However, in addressing the emerging role of Artificial Intelligence (AI) and ecommerce, the UK has significantly evolved its legal landscape, while Tanzania's Act remains largely unchanged and rooted in pre-digital assumptions.

3.1 Challenges of Application of SOGA to Digital Products

Due to their unique nature, applying the Sale of Goods Act to digital products presents several challenges.

The following are the challenges of applying SOGA's provisions to digital products.

3.1.1 Intangibility and Ownership

Digital products (such as software, e-books, music, and video games) lack physical form. Unlike tangible goods, they are intangible and exist purely in digital format[21]. Determining ownership and the transfer of rights becomes complex. For instance, when a consumer purchases a digital song, are they buying the file itself or merely a license to use it? The Act was primarily designed for tangible goods, which makes it challenging to apply its provisions directly to digital products.

3.1.2 Implied Terms and Quality

The Act implies terms related to the quality of goods[22]. However, assessing the quality of digital products is subjective. Consumers expect digital products to be free from defects, viruses, and glitches. Ensuring that digital goods meet the implied terms of satisfactory quality is difficult. For example, if a software program has bugs or compatibility issues, does it breach the implied term of satisfactory quality?

3.1.3 Customisation and Personalisation

Many digital products today are increasingly customizable or personalised, allowing users to tailor features and functionality to their specific needs[23]. For example, a music streaming app like Spotify may offer curated playlists based on listening history, or a cloud-based accounting platform such as QuickBooks might allow businesses to choose specific modules like payroll, invoicing, or tax filing depending on their operational requirements. However, this high degree of personalisation introduces legal complexity. Traditional sale of goods laws, especially those concerning "sale by description" or "sale by sample[24]", may not seamlessly apply to digital goods that vary from user to user. For instance, if a customer customizes a video editing software by selecting advanced plug-ins or user interface themes, the final product might differ significantly from what was described on the product's standard page or shown in a demo.

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[17] Vitalii Volynets, Vladyslav Lohvynenko, Svetlana Korobka, Oksana Kuzmenko, and Marta Derhaliuk, "E-Commerce Development: Prospects and Legal Challenges of Business Digital Transformation Amidst Economic De-Shadowing," *Multidisciplinary Reviews* 8 (2024).

[18] Sale of Goods Act, CAP 214 R.E. 2002

[19] Ords. Nos. 18 of 1931

[20] Zahra Abdallah Maruma, *Legal and Institutional Challenge Facing E-Commerce in Tanzania: Case Study of Law of Contract Act and Sale of Good Act* (PhD diss., The Open University of Tanzania, 2013).

[21] Maximilian M. Gail and Phil-Adrian Klotz, *Digital vs. Physical Goods: Evidence from the Book Market*, no. 17-2024, MAGKS Joint Discussion Paper Series in Economics, 2024.

[22] Section 16, The Sale of Goods Act.

[23] S. Shyam Sundar and Sampada S. Marathe, "Personalisation versus Customisation: The Importance of Agency, Privacy, and Power Usage," *Human Communication Research* 36, no. 3 (2010): 298–322.

[24] Section 17, The Sale of Goods Act

This divergence can lead to misunderstandings or disputes. A customer might expect features seen in a sample version to be included, not realizing they opted for a custom plan that omits those features. Thus, it becomes imperative for sellers to communicate clearly, not just about what customisation options are available, but also about how these options may alter the product's performance, appearance, or compatibility.

3.1.4 Licensing vs. Ownership

In the digital economy, products are frequently sold not as owned goods but as licenses, granting consumers limited rights to use the digital content rather than full ownership. This is particularly common in software, eBooks, digital music, streaming services, and cloud-based platforms. For instance, when a customer purchases a movie from Amazon Prime Video, they are not actually acquiring ownership of the file instead, they are buying a license to view it under specific conditions (such as only through Amazon's platform and not for download or redistribution). This shift in transaction structure has significant legal implications. Licenses often come with strict terms, including usage restrictions (e.g., no commercial use), duration limits (e.g., access only for a year or subscription period), and prohibitions on resale or transfer. These are fundamental differences from traditional sales, where ownership implies broad rights, including the ability to sell, lend, or modify the product. Because of this, the provisions of the Sale of Goods Act (SOGA), which were drafted in a time when goods were tangible and ownership was absolute, do not align well with the realities of digital commerce. SOGA assumes a "*transfer of ownership*" model[25], where goods are passed from seller to buyer with the expectation of continued control and use. But in licensing scenarios, there is no such transfer. The user is bound by the licensor's terms, and often has no recourse if access is revoked or limited, unless those terms are clearly communicated and contractually enforceable.

For example, consider a scenario where a consumer purchases design software for a one-time fee, believing it to be a permanent purchase. If the fine print reveals that it's actually a one-year license, the user may feel misled. In such cases, relying solely on SOGA protections could prove inadequate because the transaction doesn't involve the sale of "goods" in the traditional sense.

3.1.5 Digital Delivery and Instant Access

Digital products are typically delivered instantaneously over the Internet, meaning there is no physical transfer, delivery logistics, or opportunity for pre-purchase inspection, as would be the case with tangible goods. For example, when a user buys a mobile app from the Apple App Store or a digital textbook from an online publisher, the product is downloaded or accessed immediately, often with just a few clicks, without any interaction with a physical object. This presents a significant departure from the framework envisioned by the Sale of Goods Act (SOGA), which was designed with physical goods in mind. SOGA contains detailed provisions around the delivery, inspection, acceptance, and transfer of risk concepts that presuppose the buyer will have the chance to examine the item, reject it if it's defective, and take delivery through a physical handover[24]. For instance, a buyer of a washing machine can inspect it for damages or test it before final acceptance, and the legal risk passes only once the buyer accepts the item in good condition.

In contrast, with digital goods, inspection often occurs after purchase and download, and the notion of physical "*delivery*" becomes largely symbolic. If a user downloads corrupted or incompatible software, they may find it difficult to exercise traditional consumer rights because there's no physical "*return*" process, and usage may begin the moment the product is accessed, sometimes waiving the right to cancel.

Moreover, in many cases, the risk passes immediately to the consumer once the digital download begins, particularly under terms of service or consumer contracts. For example, once a consumer clicks "*Download Now*" for a licensed photo editing suite, any malfunction, incompatibility, or disappointment with the product is often treated as their responsibility, unless otherwise specified in the license terms. As such, the SOGA's structure around delivery and acceptance is ill-suited to digital commerce, where goods can be accessed but not physically possessed, and defects might only become apparent through use. Adaptations are needed either within SOGA itself or through parallel digital trade legislation to define what constitutes "*delivery*" in a digital environment, when a digital product is considered "*accepted*" by the consumer, how and when the risk should pass in transactions involving non-physical goods, and whether consumers should retain any right of withdrawal after download begins.

3.1.6 Bar of Territorial Jurisdiction

International trade in digital goods challenges traditional legal boundaries. Digital products can be accessed globally, and sellers and buyers may be in different countries. The provisions of SOGA apply only in Tanzania; the Act's application depends on where the transaction occurs. Hence, this imposes difficulties in enforcing digital products accessed globally; thus, determining the applicable law can be complex.

[25] Part III, The Sale of Goods Act [24] Section 36, the Sale of Goods Act.

3.1.7 Consumer Rights and Refunds

The Act provides buyer rights, including the right to reject goods.[26] Applying this to digital products is tricky and complicated. For instance, if a consumer downloads a faulty software program, can they demand a refund? Balancing consumer rights with the nature of digital goods is essential.

3.1.8 The Doctrine of *Nemo Dat Quod Non-Habet* in E-commerce

The doctrine of *Nemo dat quod non habet*, which translates to "no one gives what they do not have[27]," is a fundamental principle in the sale of goods that states a person cannot transfer a better title to property than they themselves possess.[27] The essence of the sale is the transfer of ownership; it is one of the seller's duties to ensure that he has the right to sell what he purports to sell[28]. That is why the law reads into every sale the implied condition that the seller has the right to sell. Consequently, the buyer has the option to reject the items if it turns out that the seller's title is flawed[29].

This doctrine presents several legal challenges in the context of the digital economy. Digital goods such as e-books and software are often delivered electronically, making traditional concepts of ownership and transfer difficult to apply. The Sale of Goods Act typically applies to tangible goods, and its provisions may not adequately address the unique nature of digital goods.

Moreover, the digital economy often involves cross-border transactions, which can complicate the application of the *nemo dat rule*. Different jurisdictions may have varying legal frameworks and interpretations of property rights, leading to conflicts and uncertainties in enforcing the rule. Also, smart contracts' legal status and enforceability can vary across jurisdictions.

Furthermore, the introduction of blockchain technology, which underpins digital assets, creates decentralized and immutable records of transactions. Applying the *Nemo dat rule* can be challenging, as the decentralized nature of the blockchain makes it difficult to identify the owner of the goods.

4. THE LEGAL DISRUPTIONS OF AI IN THE SALE OF GOODS ACT

Online platforms like Jumia and Amazon in Tanzania use AI algorithms to analyse consumer data and suggest personalised products, thus significantly influencing purchasing decisions[30]. AI-powered chatbots, often integrated into social commerce platforms like WhatsApp and Facebook, act as virtual agents by communicating with customers and confirming purchase orders[31]. In this context, the formation of contracts for the sale of goods is increasingly being mediated by autonomous systems, raising important questions under the Sale of Goods Act (Cap. 214 R.E. 2002), which is premised on traditional, humaninitiated transactions. For instance, Section 4 of the Act defines a contract of sale as one where a seller transfers or agrees to transfer property in goods to a buyer for a price, implying a consensual process between identifiable parties[32]. However, when AI systems autonomously generate offers, acceptances, or alter terms, the requirement of mutual consent and intention to create legal relations becomes ambiguous. Additionally, AI-assisted platforms often auto-generate contracts without express buyer acknowledgement, leading to a legal grey area around whether a valid contract has been formed according to statutory requirements.

Moreover, the application of AI in executing and performing sales contracts introduces challenges to the enforcement of buyer and seller rights under Tanzanian law. The Sale of Goods Act provides specific protections, such as Section 15 on implied conditions and warranties, including that goods must correspond to their description and be of merchantable quality[33]. Yet AI systems that personalize descriptions or recommend goods may cause discrepancies between automated product representations and actual deliveries, leading to disputes over misrepresentation or breach of implied terms. Additionally, Section 33, which covers the seller's duty to deliver[34], does not anticipate failures caused by autonomous logistics algorithms for instance, when AI misroutes products or schedules deliveries without human review. Such failures prompt the question of liability: if AI malfunctions and causes non-performance or loss, it is unclear whether the liability rests with the seller, the software provider, or the AI system itself. Tanzanian law currently lacks legal personality for AI, and courts may struggle to allocate responsibility in AI-mediated transactions. As AI increasingly mediates not only the negotiation but also the performance of contracts for the sale of goods, there is a pressing need

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[26] *Ibid*., Section 38.

[27] Whistler v Forster, (1863) 4 CB (NS) 248: 143 ER 441: 32 LJCP pp 161, 164. [27] Section 23, The Sale of Goods Act.

[28] Elham Balavar, "The Doctrine of *Nemo Dat Quod Non Habet* and Its Exceptions," *Journal of Applied Environmental and Biological Sciences* 4, no. 5 (2014): 7–14.

[29] Rowland v Divall,(1923)2KB 500(CA);Butterworth v Kingsway Motors Ltd,(1954)1 WLR 1286

[30] Olaoluwa Johnson Taiwo, *Assessing the Effectiveness of AI-Personalised Recommendation Systems and Their Impact on Customer Engagement and Satisfaction: A Case Study of Jumia in Lagos, Nigeria* (PhD diss., University of Central Lancashire, 2024).

[31] Mehul Anil Waghambare, Sandeep Prabhu, and P. Ashok, "Artificial Intelligence (AI)-Powered Chatbots for Marketing and Online Shopping," in *Digital Technologies in Modeling and Management: Insights in Education and Industry*, (Hershey, PA: IGI Global, 2024), 21–39.

[32] Section 4, The Sale of Goods Act

[33] Section 15, The Sale of Goods Act

[34] Section 33, The Sale of Goods Act [35] Section 2 (1), The Sale of Goods Act.

to review and revise the Act to ensure that it reflects the realities of algorithmic commerce, while safeguarding buyer protections, contractual certainty, and legal accountability.

4.1 On the Meaning and Scope of AI Goods

Under the Act, goods are primarily defined in terms of tangible products, which includes all chattels personal other than things in action and money, emblements, industrial-growing crops, and things attached to or forming part of the land that are agreed to be severed before sale or under the contract of sale[35]. This categorisation poses significant challenges in classifying digital and AI-powered goods as "*goods*" within the legal framework. AI goods can be characterised as products or services that utilise AI technology for functionality, ranging from intelligent personal assistants to advanced robotic systems. Classifying these goods within the Sale of Goods Act cannot be uniformly applied, creating legal uncertainties[35]Thus, Clear definitions encompassing AI goods should be established, recognising their intangible nature and unique characteristics that differ from traditional goods.

4.2 On the Quality and Fitness of Goods

AI can significantly impact the quality and fitness of goods sold through digital platforms. As more businesses adopt AI-driven processes for manufacturing, quality control, and supply chain management, the Act's provisions related to the quality of goods become relevant. Sellers using AI algorithms to assess product quality or predict defects must ensure that the goods meet the implied terms of merchantable quality under the Act[36]. In *Henry Kendall & Sons v William Lillico & Sons Ltd*[37], put forth that the prerequisite of merchantable quality only exists when the seller is not informed of the objective; hence, merchantability pertains to quality rather than purpose. Thus, If AI systems are involved in quality assurance, their accuracy and reliability become critical.
Similarly, fitness for a particular purpose (another implied term) may be influenced by AI recommendations.[38] For instance, if an AI system suggests a specific product for a particular use, the seller must ensure that the product indeed meets that purpose.

4.3 On the Implied Terms and AI-Generated Descriptions

The Act addresses sales by description under Section 15,[39] where goods are sold based on a description provided by the seller[40]. AI-generated descriptions (such as product descriptions on e-commerce websites) fall within this category. Sellers using AI algorithms to generate product descriptions must ensure that the descriptions accurately represent the goods. Misleading or inaccurate descriptions could lead to breach of contract claims[41]. However, the court ruled in *Harlingdon and Leinster Enterprises Ltd v Christopher Hull Fine Art Ltd*[43] that a description of an item does not render the seller inherently responsible unless the buyer relied on the description.

4.4 On the Risk Transfer and Passing of Property

Under Sections 20–25, the Act outlines when property in goods passes from seller to buyer. In AI-enabled "*click-to-purchase*" models, goods are often automatically reserved and shipped as soon as the buyer clicks, even before actual payment or confirmation. Questions emerge regarding when the intention to transfer ownership is presumed, particularly when AI systems automatically trigger such transfers without human confirmation. Furthermore, if the AI system erroneously dispatches goods not ordered, does property pass under mistake, or is the contract voidable? The complexity deepens in cross-border AI e-commerce, where Tanzanian consumers buy from AI-optimised foreign platforms like Alibaba or Amazon. Current law lacks clarity on which jurisdiction's sale of goods provisions apply, and whether Tanzanian courts will uphold AI-generated sales terms from abroad. The Sale of Goods Act has no provisions on choice of law or digital consumer contracts, resulting in uncertainty.

4.5 On the Liability for Defective AI-Generated Goods

AI-generated goods are goods developed using algorithms, machine learning, and other AI tools to automate the design, production, or customisation processes[42]. AI-generated products can include tailored product descriptions, automated product suggestions, customised designs, and even whole new items created based on customer preferences and market trends in the context of e-

[35] Phillip Kelly et al. "Man vs Machine: Legal Liability in Artificial Intelligence Contracts and the Challenges That Can Arise | DLA Piper." DLA Piper, November 4, 2024. https://www.dlapiper.com/en/insights/publications/2021/10/man-vsmachine-legal-liability-artificial-intelligence-contracts .
[36] Section 16(b), The Sale of Goods Act.
[37] (1968)3 WLR 110 at p 469(HL).
[38] Section 16 (a), The Sale of Goods Act.
[39] The Sale of Goods Act.
[40] [CAP 214, R.E. 2002].
[41] See Arcos Ltd v Ronaasen & Sons [1933] AC 470. [43] [1991] 1 QB 564.
[42] Manoj Singh Adhikari, Yogesh Kumar Verma, Manoj Sindhwani, and Shippu Sachdeva, "Generative AI Tools for Product Design and Engineering," in *Generative Artificial Intelligence in Finance: Large Language Models, Interfaces, and Industry Use Cases to Transform Accounting and Finance Processes* (2025): 299–325.

commerce or digital content advancement[43]. If goods are produced or customised using AI algorithms, questions arise about liability for defects. Who is responsible if an AI-generated product is faulty? Can the Act's provisions on remedies for breach of contract (such as the right to reject goods) apply to AI-generated products? Sellers must address defects promptly, even if the defects are due to AI errors[44].

4.6 On The Application of the Doctrine of *Caveat Emptor*

The scope of *caveat emptor* is explained by Fitzgibbon, LJ of the Irish Court of Appeal, that *Caveat emptor* does not mean in a law or Latin that the buyer must 'take a chance'; it means he must 'take care.'[45] This pertains to specific purchases where the buyer can use their judgment. It also applies when the buyer chooses what he wants to buy voluntarily. Furthermore, it applies when the contract expressly states, by usage or another means, that the buyer will not rely on the seller's skill or judgment[46].

The Sale of Goods Act allows the buyer to examine the goods to ascertain whether they conform to the contract.[47] Failure of the buyer to examine the goods will be deemed that the buyer has acceptance of the goods[50]. Applying the doctrine of *caveat emptor* in the context of artificial intelligence (AI) presents several challenges. The doctrine of *caveat emptor* assumes that buyers have access to relevant information about the product. However, AI models often lack transparency, making it challenging for buyers to assess their quality or reliability. AI systems, especially deep learning models, can be complex and challenging to interpret. When buyers rely on AI-generated recommendations or decisions, they may not fully understand how those recommendations were made.

Additionally, AI systems can have defects, biases, or inaccuracies. Buyers who rely on AI-generated information may unknowingly make suboptimal choices. The doctrine of *caveat emptor* places the responsibility on buyers to verify the quality of goods. In the case of AI, buyers may not have the technical expertise to assess the quality of an AI system. Also, the doctrine of *caveat emptor* expects buyers to exercise due diligence. In the AI context, buyers may need to understand the limitations of AI systems and seek additional information[48].

5.0 VERSATILITY OF THE SALE OF GOODS ACT IN APPLYING TO DIGITAL PRODUCTS

Under the Sale of Goods Act, warranties and conditions for digital products can be subject to the same principles as those for tangible goods. However, applying these principles to digital products requires careful consideration of their unique characteristics.

5.1 Implied Terms and Satisfactory Quality

The SOGA implies terms in contracts for the sale of goods, including digital products. One such term is that goods must be of merchantable quality[52]. For digital products, merchantable quality means that they should be free from defects, perform as expected, and meet the buyer's reasonable expectations. Thus, if a digital product (such as software, an app, or a digital download) fails to meet these standards, it may breach the implied term of merchantable quality.

5.2 Express Warranties and Descriptions

Express warranties are specific promises the seller makes regarding the product's quality, functionality, or features. In the case of digital products, express warranties can be provided through Product descriptions and Marketing materials. In product descriptions: If the seller describes the digital product (e.g., in an online listing), those descriptions become part of the contract. The product must then conform to the description[49]. In Marketing materials: Any statements the seller makes about the product's capabilities or performance create express warranties. If a digital product does not match the express warranties provided, the buyer may have a claim for breach of contract.

6.0 THE LEGAL AND REGULATORY FRAMEWORK ADAPTATION

The legal landscape surrounding AI in Tanzania is still evolving, and there is a pressing need for regulatory frameworks that address the unique challenges posed by AI technologies[50]. Scholars have suggested that the legal regulation of AI should be proactive rather than reactive, focusing on the development of comprehensive policies that govern AI applications in various sectors, including

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[43] Adam Wasilewski, "Harnessing Generative AI for Personalized E-Commerce Product Descriptions: A Framework and Practical Insights," *Computer Standards & Interfaces* (2025): 104012.

[44] Ryan Abbott, "AI-Generated Torts," in *Tort Liability and Autonomous Systems Accidents*, (Cheltenham, UK: Edward Elgar Publishing, 2023), 97–121.

[45] Wallis V Russei,(1902)2IR 585(CA).

[46] Ibid., at p 615(CA).

[47] Section 36 (2), The Sale of Goods Act. [50] Ibid., Section 36 (1).

[48] Nur Huwaina Husna Rozaini, Shahirah AliZaman, and Nur Faizura Ishak, "The Application of the Doctrine of *Caveat Emptor* in Sale Transaction in Malaysia" (2013) [52] *Ibid*., Section 16 (b).

[49] Section 15, The Sale of Goods Act.

[50] Abdallah Mrindoko Ally, "Artificial Intelligence (AI) and Financial Technology (FinTech) in Tanzania; Legal and Regulatory Issues," *International Journal of Law and Management* (2025).

sales.[51] This approach would not only enhance the effectiveness of the Sale of Goods Act but also foster innovation and economic growth in the digital economy.

Also, the ethical and legal challenges posed by AI integration in sales must be addressed[52]. Issues such as data privacy, algorithmic bias, and accountability for AI-driven decisions are critical considerations[53]. The Sale of Goods Act does not explicitly account for these challenges, which may lead to legal ambiguities and potential disputes. For instance, if an AI system makes a pricing error that results in financial loss for a consumer, determining liability under the existing legal framework can be problematic. Therefore, it is essential to establish clear guidelines that delineate the responsibilities of AI systems and their operators within the context of the Sale of Goods Act.

Furthermore, the concept of "*Teilrechtsfähigkeit*," which refers to the partial legal capacity of AI, has been proposed as a means to address the legal status of AI systems in commercial transactions[54]. By recognizing AI as a legal entity with certain rights and responsibilities, the legal framework can better accommodate the complexities introduced by AI technologies. This recognition could facilitate the enforcement of contracts generated by AI systems and provide a clearer basis for resolving disputes arising from AI-driven sales activities.

In addition, to legal recognition, the ethical implications of AI in sales must be carefully considered. The integration of AI technologies raises concerns about transparency, fairness, and consumer protection[55]. For instance, if an AI system employs discriminatory algorithms that disadvantage certain consumer groups, it could violate the principles of fairness enshrined in the Sale of Goods Act. Therefore, it is crucial to establish ethical guidelines that govern the development and deployment of AI technologies in sales, ensuring that they align with the broader objectives of consumer protection and equitable trading practices.

The role of legal practitioners in navigating the intersection of AI and the Sale of Goods Act is also significant. Legal professionals must be equipped with the knowledge and skills to understand AI technologies and their implications for commercial law. This includes familiarity with concepts such as smart contracts, data privacy regulations, and the ethical considerations surrounding AI applications. By enhancing the legal expertise of practitioners, the legal profession can better address the challenges posed by AI integration in sales and ensure compliance with existing legal frameworks.

Moreover, the collaboration between legal scholars, technologists, and policymakers is essential for developing effective regulatory frameworks that govern AI in sales. Interdisciplinary approaches can facilitate the identification of best practices and innovative solutions that address the complexities of AI integration[56]. By fostering dialogue among stakeholders, Tanzania can create a legal environment that supports the responsible adoption of AI technologies while safeguarding consumer rights and promoting fair trading practices.

7. NECESSARY LEGAL REFORMS UNDER THE SALE OF GOODS ACT

The following are the proposed reforms collectively aim to modernize Tanzania's Sale of Goods Act, making it responsive to the rapidly evolving digital and AI-driven commercial environment. They safeguard buyer protections, clarify seller responsibilities, and lay the groundwork for legally robust, AIintegrated commerce in the country.

7.1 Expanding the Definition of a Contract of Sale

The current Sale of Goods Act defines a contract of sale as an agreement between a buyer and seller, both presumed to be natural or legal persons[57]. However, in modern e-commerce, many transactions are initiated and concluded by automated systems such as AI chatbots, virtual assistants, or online checkout platforms, often without direct human input at the point of sale[5859]. To reflect this reality, the Act should be amended to recognise contracts formed via electronic or automated agents, provided the human party

[51] Begishev, I. et al, "On methods to legal regulation of artificial intelligence in the world", in *International Journal of Innovative Technology and Exploring Engineering*, Vol 9 No. 1, 2019, pp: 5159-5162 at p.5160.

[52] Dinesh Kumar and Nidhi Suthar, "Ethical and Legal Challenges of AI in Marketing: An Exploration of Solutions," *Journal of Information, Communication and Ethics in Society* 22, no. 1 (2024): 124–144.

[53] Madaoui, N. "The impact of artificial intelligence on legal systems: challenges and opportunities. In *Problems of Legality*, Vol 1 No. 164, 2024, pp. 285-303 at p 292.

[54] Zhaltyrbayeva, R.,et al, "Legal regulation in the field of artificial intelligence: assessment and prospects", in *Journal of Law and Sustainable Development*, Vol. 11, No.12, 2023, pp 1-21 at pp 5-15.

[55] Dr. Rashmi Mishra and Deepika Varshney, "Consumer Protection Frameworks by Enhancing Market Fairness, Accountability and Transparency (FAT) for Ethical Consumer Decision-Making: Integrating Circular Economy Principles and Digital Transformation in Global Consumer Markets," *Asian Journal of Education and Social Studies* 50, no. 7 (2024): 10– 9734.

[56] Vasiliev, A. and Pechatnova, Y. "The position of the artificial intelligence among the elements of the legal relationship", in *Digital Law Journal*, Vol 1 No 4, 2020, pp 74-83 at p 76.

[57] Section 3, The Sale of Goods Act

[58] Shailee Thakur, Sukhmani Sandhu, and Fekadu Yehuwalashet, "E-Commerce and Trade: The Role of Artificial Intelligence," in *Handbook of Artificial Intelligence Applications for Industrial Sustainability* (Boca Raton, FL: CRC Press,

[59]), 232–248.

behind the system is legally identifiable. This would ensure that AI-facilitated transactions are legally valid, upholding the enforceability of digital contracts while maintaining accountability by assigning responsibility to the deploying party.

7.2 Clarifying Offer and Acceptance in AI Contexts

Offer and acceptance, as fundamental elements of contract formation under the Act, traditionally require a human exchange of intention[60]. In AI-driven transactions, offers may be generated by an algorithm (e.g., suggested price or product listing), and acceptance may occur when a consumer clicks "*buy*." To remove ambiguity, the Act should introduce provisions stating that actions taken by AI systems under prior human programming or authorization shall constitute valid offers or acceptances. This would legally validate algorithmic negotiation and transaction finalisation, recognising the growing role of machine decisionmaking in digital commerce and ensuring that such transactions are not void for lack of human intention.

7.3 Assigning Liability for AI-Induced Breaches

Under the current Act, liability for breach is based on a party's failure to perform agreed terms, but there is no clarity when the breach is caused by an AI system, for example, if an algorithm selects the wrong product or misinterprets delivery instructions. A clear reform is needed to introduce strict liability for sellers who deploy AI systems, holding them accountable for their systems' actions just as they would be for those of employees or agents[61]. Such a provision ensures that consumers are not left without recourse when harmed by automated processes and encourages businesses to vet and monitor their AI tools responsibly.

7.4 Strengthening Implied Terms for Description and Quality

Section 15 of the Act implies that goods must match their description and be of merchantable quality. Yet, in AI-powered e-commerce, descriptions may be personalized or automatically generated based on user data, which can lead to inconsistent or misleading product information. A legal reform is needed to clarify that AI-generated or customized product descriptions constitute part of the contractual description, thereby binding sellers to those representations. This reform would protect consumers from algorithmic manipulation and ensure that businesses remain liable for the accuracy of content created by their intelligent systems.

7.5 Revising Rules on Transfer of Ownership in AI-Powered Sales

Traditionally, ownership of goods passes when parties intend it to, as defined in Sections 20–25[62]. In AIrun platforms, however, systems may automatically process transactions and dispatch goods without explicit human confirmation. This creates uncertainty about when property in goods legally passes, especially if there's a programming error or premature delivery. The Act should be revised to include that property passes when an automated system, acting within its authorised scope, confirms acceptance of the order, ensuring predictability in ownership transfer even in AI-automated environments. This protects both parties and supports efficient digital logistics.

7.6 Ensuring Consumer Remedies for AI-Related Breaches

The current remedies under the Sale of Goods Act, such as rejection, damages, and specific performance, are predicated on human breaches[63]. However, in AI-mediated sales, the source of the breach may be an algorithm's independent decision or malfunction. The Act should clarify that consumers are entitled to full remedies for breaches caused by automated systems, just as they would be for breaches by human sellers. This change would reaffirm the principle that automation does not absolve legal responsibility, and it ensures consumers are not disadvantaged in cases involving advanced digital technologies.

7.7 Mandating AI Transparency for Sellers

AI systems often operate invisibly in the background, deciding prices, delivery options, or product recommendations without informing the consumer[64]. This creates an imbalance of information and potential for exploitation, such as discriminatory pricing or biased algorithmic ranking. To address this, the Act should require that sellers disclose when AI is used in a transaction, especially when it affects pricing, contract terms, or product selection. This transparency requirement would promote consumer trust and informed decision-making, while aligning Tanzanian law with international best practices in algorithmic fairness and ethical AI use.

7.8 Recognising AI-Generated Electronic Evidence

In disputes under the Sale of Goods Act, evidence such as chatbot logs, auto-generated invoices, or system timestamps may be critical. However, the Act currently offers no guidance on the admissibility or probative value of such electronic records. To support fair adjudication, a new provision should establish that AIgenerated logs and records are admissible as evidence, subject to tests of

[60] Shawn Bayern, "Offer and Acceptance in Modern Contract Law: A Needless Concept," *California Law Review* 103 (2015): 67.
[61] Philipp Hacker, "The European AI Liability Directives–Critique of a Half-Hearted Approach and Lessons for the Future," *Computer Law & Security Review* 51 (2023): 105871.
[62] Sections 20–25, The Sale of Goods Act
[63] Sections 52-55, The Sale of Goods Act
[64] Jeannie Marie Paterson, "Misleading AI: Regulatory Strategies for Algorithmic Transparency in Technologies Augmenting Consumer Decision-Making," *Loyola Consumer Law Review* 34 (2022): 558

authenticity, integrity, and traceability. This will enable courts and dispute resolution bodies to effectively assess AI-mediated transactions, even when no human witnesses are available to testify about the transaction process[65].

8. BEST PRACTICES FROM OTHER JURISDICTIONS

Around the world, the legal environment around artificial intelligence (AI) in the sales of goods is changing, with different countries implementing unique frameworks alongside business best practices. By striking a balance between innovation and concerns about liability and consumer protection, these rules seek to guarantee that AI technologies are used efficiently and ethically. Thus, this study highlights and recommends best practices from important countries as follows;

8.1 United Kingdom

The UK has not formally amended the Sale of Goods Act 1979 itself to directly address AI, but it has restructured its legal framework through complementary statutes such as The Consumer Rights Act 2015, which now largely governs consumer contracts, including digital and online sales, The Digital Economy Act 2017, which supports e-commerce infrastructure, and the Digital Markets, Competition and Consumers Act 2024 which regulates AI use in e-commerce indirectly by targeting practices often powered by algorithms[66]. It bans "drip pricing," requiring total costs (including fees and taxes) to be shown upfront, and cracks down on misleading or fake reviews, obliging platforms to take active steps to detect and prevent them. Subscription traps, including AI-driven nudging tactics, will also be regulated from 2026, demanding clear disclosures and easy cancellations[67]. While the Act doesn't specifically name AI, the CMA now has stronger powers to investigate AI-based pricing or recommendation systems that may mislead consumers or harm competition, placing e-commerce platforms using such tools under tighter scrutiny.

Also, as of June 2025, the UK has not implemented a specific law focused solely on artificial intelligence. In contrast to the EU's AI Act, the UK has chosen a more adaptable, principles-based strategy rather than introducing a standalone AI regulation.

Henceforth, the United Kingdom's Sale of Goods Act 1979 itself is traditional in structure, UK courts have adopted a flexible approach by extending principles of offer, acceptance, and intention to digital interactions[68]. Courts have ruled that pricing errors made by automated systems, such as in the Tesco mispricing cases[69], still create liability for the seller, emphasising the principle of reasonable expectations and consumer protection. This ensures that sellers cannot escape liability simply because an algorithm made the mistake, thereby aligning the law with evolving digital commerce models. The UK also mandates clarity in online terms and provides strong remedies for breaches, even when no human was directly involved at the point of sale. Tanzania's Sale of Goods Act could follow the UK model by clarifying that offer and acceptance through automated systems are binding, and that businesses remain liable for AIgenerated misrepresentations or pricing errors.

8.2 India

India's Sale of Goods Act, 1930, though drafted long before the digital era, has been effectively harmonized with the Information Technology Act, 2000, which validates electronic contracts, digital signatures, and data retention[70]. Indian courts recognize clickwrap agreements and online acceptance as valid forms of consent under the Sale of Goods framework[71]. E-commerce platforms such as Amazon India and Flipkart process millions of transactions using AI-powered systems, and the legal system holds these contracts enforceable even when formed by automated prompts or confirmations. Furthermore, automated invoices, confirmations, and delivery logs generated by AI systems are considered admissible evidence. This blend of old and new legislation allows India to maintain the relevance of its Sale of Goods law while ensuring contractual certainty in AI-driven commerce. Tanzania could update its Sale of Goods Act to explicitly recognise that digital and automated acknowledgements constitute valid acceptance, ensuring e-contracts are enforceable even when AI facilitates the transaction.

8.3 South Africa

South Africa operates under a common law system for the sale of goods but has effectively integrated modern technology through the Electronic Communications and Transactions (ECT) Act, 2002[75]. This Act explicitly recognizes contracts formed by automated systems or electronic agents, a provision that supplements traditional sale law. For example, Section 20 of the ECT Act states that a contract is valid even if no natural person reviewed the actions of an automated system, provided the system operated within

[65] Rushil Chandra and Karun Sanjaya, *Artificial Intelligence and Law* (Academic Guru Publishing House, 2024).

[66] Feyisayo Lari-Williams, *Managing the Powers of Digital Platforms through Platform Law, Contract Law and Consumer Law* (PhD diss., University of Antwerp, 2024).

[67] Department for Business and Trade (UK). *Digital Markets, Competition and Consumers Act 2024: Policy Paper*. GOV.UK. Last updated May 24, 2024.

[68] W. J. M. Ricquier, "United Kingdom Sale of Goods Act 1979 and Its Applicability in Singapore," *Malaya Law Review* 22, no. 1 (1980): 145–148.

[69] Birmingham City Council v Tesco Stores Limited (2013)

[70] Suryansh Singh, "Tracing the History of the Sale of Goods Act, 1930," *Nyaayshastra Law Review* 3 (2022): 1.

[71] Tanisha Gautam, "Clickwrap, Browsewrap, and Shrinkwrap Agreements in India," *Jus Corpus Law Journal* 1 (2020): 208. [75] Shumani L. Gereda, "The Electronic Communications and Transactions Act," in *Telecommunications Law in South Africa* (2006): 262–294.

authorized parameters. South African platforms such as Takealot rely on these provisions to streamline AImanaged sales, including real-time inventory management and automatic delivery scheduling. This proactive legal recognition of AI and automation in contract formation serves as a model for Tanzanian reform efforts, ensuring legal clarity in digital environments.

8.4 Germany

Germany's sale of goods law, governed by the *Bürgerliches Gesetzbuch* (BGB)[72], has been modernized through the adoption of the EU Sale of Goods Directive (2019/771) and Digital Content Directive (2019/770). These directives explicitly cover digital content, smart goods, and algorithmic services, mandating that sellers ensure such products conform to contract terms and remain functional throughout their expected lifespan[73]. For instance, if a buyer purchases a smart thermostat with AI features and it malfunctions due to a software flaw, the seller remains liable even if the defect was caused by an algorithm. German courts uphold these rights under conformity rules and also emphasise ongoing update obligations for digital goods. This legal structure ensures that AI-integrated products are not exempt from sale of goods obligations and that sellers remain fully accountable for their performance. Tanzania's Sale of Goods Act could be reformed to explicitly extend seller obligations to digital and AI-powered goods, ensuring that buyers receive functioning, accurate, and compatible smart goods and services.

8.5 Malaysia

Malaysia's Sale of Goods Act 1957 has been complemented by the Consumer Protection (Electronic Trade Transactions) Regulations 2012[74], which address e-commerce practices, including those driven by AI. These regulations require sellers to disclose their identity, business location, and clear contract terms, even in transactions handled by automated platforms. The law mandates that consumers be informed when interacting with chatbots or automated interfaces and that all representations made by AI are attributable to the seller. Platforms like Lazada and Shopee Malaysia, which use AI to personalize offers and automate logistics, operate within a transparent legal framework that ensures consumer redress mechanisms remain robust. This combination of traditional contract law and modern consumer protection ensures that digital sales are governed with clarity and accountability[75]. Tanzania could implement regulations that require transparency in AI-mediated contracts, including identifying the human or legal entity behind the platform, even when the interaction is with a chatbot or automated checkout.

8.6 European Union (EU)

The European Union has made significant strides in regulating AI through the AI Act[76], which is the first comprehensive legal framework of its kind. The AI Act classifies AI systems into four risk categories: unacceptable risk (banned), high risk, limited risk, and minimal risk. This classification dictates the level of regulatory scrutiny and control required. High-risk AI systems, such as those used in critical infrastructure, education, employment, and law enforcement, are subject to strict obligations before being placed on the market[77]. Limited-risk AI systems, such as chatbots, must have transparent obligations to ensure users know they are interacting with a machine. Minimal or no-risk AI applications, like video games and spam filters, are allowed for free use.

Furthermore, The EU has recently revised its Product Liability Directive to address the unique challenges posed by AI. The Directive defines defects in AI systems as issues arising from their ability to learn and evolve after deployment, thus holding manufacturers accountable for unexpected outcomes. Manufacturers may be held liable for damages caused by flaws in AI systems, even if those flaws develop after the product has been placed on the market. This expands the potential scope of liability significantly.

Moreover, Directive 2019/771 on Contracts for the Sale of Goods and Directive 2019/770 on Contracts for the Supply of Digital Content and Digital Services[78] provide that the Sellers are liable for any lack of conformity in goods that existed at the time of delivery and becomes apparent within two years[79]. Also, the Consumers have the right to remedies, such as repair, replacement, price reduction, or contract termination, if the goods do not conform to the contract.

8.7 Canada

Canada has developed its regulatory framework under the Artificial Intelligence and Data Act, which aims to create robust consumer protection. The Act employs a risk-based approach like European Union (EU), where high-impact AI systems are subject to stringent

[72] Hans-W. Micklitz, "The New German Sales Law: Changing Patterns in the Regulation of Product Quality," *Journal of Consumer Policy* 25, no. 3 (2002): 379–401.

[73] Jorge Morais Carvalho, "Sale of Goods and Supply of Digital Content and Digital Services–Overview of Directives 2019/770 and 2019/771," *Journal of European Consumer and Market Law* 8, no. 5 (2019).

[74] Consumer, A. S. E. A. N. "Consumer Protection (Electronic Trade Transactions) Regulations (2012)." (2012).

[75] Ahmad Masum, Nuarrual Hilal Md Dahlan, Seeni Mohamed Nafees, and Hla Win Kyaw, "Consumer Protection for Sale of Goods: A Malaysian Perspective" (2015): 203–212.

[76] "AI Act." Shaping Europe's digital future, November 5, 2024. https://digitalstrategy.ec.europa.eu/en/policies/regulatory-framework-ai.

[77] Chapter III, the Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024

[78] European Commission, "Consumer Sales and Guarantees." November 5, 2024. https://commission.europa.eu/law/lawtopic/consumer-protection-law/consumer-contract-law/consumer-sales-and-guarantees_en.

[79] Article 14 of the Directive (EU) 2019/770 of the European Parliament and of the Council of 20 May 2019

compliance obligations. Furthermore, organisations have an obligation to disclose information about their AI systems, including decision-making processes and data usage, to ensure consumer awareness and consent. However, the Artificial Intelligence and Data Act has not yet been passed out of committee, its implementation date is uncertain, and there is significant uncertainty as to whether it will be approved before October 2025[80].

9.0 CONCLUSION

In conclusion, the intricate relationship between artificial intelligence and the Sale of Goods Act in Tanzania presents both opportunities and challenges. While AI has the potential to enhance sales processes and improve consumer experiences, it also raises significant legal and ethical questions that must be addressed.

The development of comprehensive regulatory frameworks, ethical guidelines, and enhanced legal expertise is essential for navigating this evolving landscape. By proactively addressing the implications of AI integration, Tanzania can ensure that its legal frameworks remain relevant and effective in the digital age. Hence, the primary recommendation is that the Tanzanian legislator must immediately play an active role in legislating against some sort of full-fledged regulation to govern the application of the Sale of Goods Act in the new digital economy. The Act is archaic; it fails to cope with the 'new deal on the block.' Provisions and rules applicable to contracts entered into for the sale of tangible property cannot be stretched to capture situations where the subject matter itself is absolutely changing its character to take into consideration the enabling of technology. This important step will present satisfaction to some arguments raised in this research, for instance: whether it is 'the nature of goods' under the law and 'if the current silence is due to the recognition that this is not only impossible but also not desirable.' Besides, it will provide legal certainty and predictability in the character and classification of contracts and, therefore, pave the way for their adaptation to the 'digital age.'

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