

## Auctions glossary



\* The definitions presented below are only informative and not legal.

### **Absentee bid:**

If a potential buyer cannot be present on the day of the sale, he can leave an absentee bid with the auctioneer or his staff. The bid can be registered directly during the exhibition, or by e-mail or fax. As well as the potential buyer's contact details and bank details (particulars of his account; he must also include a signed cheque made out to the auction house), the number of the lot(s) he is interested in, and a brief description, to avoid any disagreements about the object in the sale.

The auction house/office of legal auctioneer acts on behalf of the principal, and bids for him up to the limit he has set. If there is no competitor during the bidding, he can obtain the lot at a lower price than the limit he fixed. This limit may not under any circumstances be exceeded by the auction house.

### **Advance:**

Act no.2000-642 of 10 July 2000 on the regulation of voluntary sales of chattels at public auction gives auction houses (operators of voluntary sales) the option of granting their sellers an advance on the price of the sale.

### **Advertising:**

Advertising sales must be ensured by any appropriate means. Apart from the distribution of catalogues, voluntary and legal auctioneers can post advertisements in the press and on specialist websites, and display posters at the sale venue. Advertisements must indicate the venue and date of the sale, together with the time, the name of the company and the person conducting the sale.

### **After-sale:**

If a lot finds no buyer at auction, the voluntary auction house can then sell it in a private transaction as part of a sale where a buyer and seller are put in contact outside the usual auction process.

### **Art or sale handler:**

Person in charge of removing and shipping items, setting them up in the sale room, placing objects on the table during sales, delivering purchases to buyers and managing the reserve or warehouse. Also known as "auction room staff".

### **Attributed to:**

Article 5 of order no. 81-255 of 3 March 1981 on the suppression of fraud in the transaction of works of art and collector's objects stipulates: in the description of a lot, "the use of the term "attributed to" followed by the name of an artist guarantees that the work was executed during the period when said artist was working, and that well-founded presumptions point to this artist as the likely author."

**Auction clerk:**

Employee of an auctioneer's office and/or auction house in charge of its daily running and of preparing sales.

**Auction house:**

See "Voluntary sales operators".

**Authenticity:**

As regards the authenticity of a lot, guaranteed by the auctioneer, Article 5 of order no. 81-255 of 3 March 1981 on the suppression of fraud in the transaction of works of art and collector's objects stipulates: "Unless accompanied by an express reservation as to authenticity, the indication that a work or an object bears the signature or stamp of an artist entails the guarantee that the artist mentioned is actually the author. The same applies to the use of the term "by" or "of" followed by the designation of the author, or when the name of the artist is immediately followed by the designation or title of the work."

**Bid:**

Purchase offer, expressed in practice by the announcement of a price out loud, or by an unambiguous signal. Bids made by the seller are prohibited. These can result in the revocation of the authorisation given to the sales voluntary operator, and the payment of indemnities.

**Bill of sale:**

The bill of sale (synonymous with invoice) is a document indicating the buyer's details, the object's characteristics, its number in the catalogue and sale report, and its hammer price, with the addition of costs. Once the bill has been paid, it acts as a certificate of ownership. We talk about an "invoice" for voluntary sales.

**Buyer's premium or sale costs:**

This consists of a non-negotiable percentage of the hammer or sale price payable by the buyer when paying for his lot. With voluntary sales, these are freely fixed by the voluntary sales operator. With judicial sales, they are set by decree at 14.352% including VAT (12% excluding tax plus VAT relating to the lot). In general, the percentage given includes VAT on the margin.

**Capital gains (tax):**

With goods achieving a unit price higher than €5,000, private sellers are subject to capital gains tax. They then have the choice between a flat rate of 5%, or actual capital gains tax, which is assessed with a reduction of 10% per year of possession as from the second year; so after twelve years, they are exempt. It is thus important to be able to prove the year of entry into possession of the item.

**Catalogue:**

The catalogue presents the objects or lots in the order in which they appear in the sale, accompanied by a description indicating, where possible, an attribution, a date and a place of production, together with an estimate and a photograph.

Its content legally engages the liability of the auctioneer who produces it and the specialists who assist him in this.

The precise meaning of notices in the catalogue stem from Order no. 81-255 of 3 March 1981 on the suppression of fraud in the transaction of works of art and collector's objects. Notably, article 7 states: "The expressions "in the style of", "manner of", "genre of", "after" or "like" in no way guarantee the particular identity of the artist, the date of the work or its school", and article 8: "Any facsimile, casting from a working mould, copy or other reproduction of a work of art or collector's object must be designated as such".

Any changes to the catalogue must be displayed in the room during the exhibition and the sale, and be announced by the auctioneer or specialist when the lot comes up for sale.

**Cash (payment in):**

See "Payment".

**Carriage:**

The shipment by post or carrier of lots bought at auction should be arranged directly with the auction house/office of legal auctioneer concerned. Carriage is generally charged to the buyer, at his own risk and peril.

**Charity auction:**

Sales carried out on behalf of charitable and philanthropic organisations recognised as of public interest. In general, the auctioneer does this for no fee, the buyer is exempt from costs, and the seller transfers the proceeds of the sale to the organisations concerned.

**CITES:**

The Convention on International Trade in Endangered Species of Wild Fauna and Flora, also known as the Washington Convention. Adopted on 3 March 1973 by 80 countries and effective as of 1 July 1975, this controls the international trade of species for which it assumes protection through a permit system.

**Collection of objects (removal):**

Objects can be collected once they have been paid for, either at the end of the sale, or during the next few days. Storage costs may be charged if there is too long a period before collection.

**Complaints:**

All complaints must first be sent to the natural person or legal entity conducting the sale. In the event of a disagreement or conflict with an voluntary auctioneer, the dispute can be submitted to the CVV (French Auction Market Authority); if with a legal auctioneer, to the "Chambre de Discipline de la Compagnie" (disciplinary board of the association of which he is a member).

**Conditions of sale:**

Displayed in the sale room, and reproduced at the end of catalogues, the conditions of sale contain the clauses of the contract for sale at auction, which the buyer tacitly accepts when making an offer. They include the sale costs.

**Conseil des Ventes Volontaires de meubles aux enchères (French Auction Market Authority):**

Regulation authority for the voluntary sales of chattels at public auctions. Its missions - to supervise, apply penalties, observe and train - are detailed in article L321-18 of the French Commercial Code.

**Copy:**

Not to be confused with "fake". A copy is a work based more or less closely on an original work, but intended to be a reproduction (Décret n°81-255 du 3 mars 1981 sur la répression des fraudes en matière de transactions d'oeuvres d'art et d'objets de collection). Unlike a fake item, it is not produced with the intent to deceive.

**Crazy bid:**

When a buyer is awarded a lot that he cannot in the end pay for, the auctioneer can decide to put the lot back up for sale. The first, defaulting bidder will have to pay any difference between the price initially achieved and the new hammer price, if the latter is lower (Article L. 321-3 of the French Commercial Code).

**Damages (action for):**

The auctioneer is liable for the content of the catalogue he produces, jointly and severally with the specialist. The description of a work in the sale must be an honest reflection of its qualities with regard to knowledge established at the time of the sale. The cancellation of the sale of a work for lack of authenticity must be ordered by a judge. Several kinds of action can be envisaged, the main course as regards authenticity being action to cancel the sale for error on the substance (art. 1110 C. Civ.), which must be instigated within five years of the discovery of the error (art. 2224 of the French Civil Code). At the same time, the legal liability of the voluntary sales operator and/or the specialist can be incurred through action for damages (as opposed to action to cancel the sale), which must be instigated within five years of the sale. (Source: CVV (French Auction Market Authority). In addition, unless resolution of the sale in case of default of payment by the buyer, he is "responsible to the seller as regards the representation of the price and the delivery of the goods he has sold. Any clause aimed at setting aside or limiting this liability is deemed to be non-existent." (Article L. 321-14 of the French Commercial Code)

**Delivery:**

An item can only be handed over to the buyer if the auction house/office has received payment for it or at least sufficient security, according to article L. 321-14 of the French Commercial Code.

**Direct auction:**

A term mainly used at the Hôtel Drouot, for sales with no exhibition beforehand

**Double bids:**

See "simultaneous bids".

**Estimates:**

Price bracket indicating, for information only, the prices expected when an object goes up for sale at auction.

**Ex-catalogue:**

Lot added after the catalogue has closed. This is the subject of an addendum and a detailed announcement when it comes up for sale.

**Exhibition:**

Objects can generally be viewed at the sale venue the day before and the morning of the sale. The staff of the office are on hand for all potential buyers who need information or want to submit an absentee bid.

**Export licence:**

Act no.1992-1477 of 31 December 1992 defines the possibilities for the circulation of cultural assets according to criteria of value and age. The licence can be obtained from the Ministry of Culture and Communication. If the latter classifies it as a National Treasure, the asset is not allowed to leave the territory.

**Fake:**

Copy intended to be taken for an original. Involves the notion of deception.

**Fees:**

See "costs".

**Gone:**

The word "gone", pronounced by the auctioneer, generally accompanied by a hammer blow marking the close of bidding, formalises the conclusion of the sale contract and transfers ownership. The

buyer becomes the owner of the object the moment the hammer falls and the auctioneer pronounces the ritual "gone", even if the buyer has not yet paid for his purchase or taken possession of the item.

**Hammer price or sale price:**

Price resulting from the last bid, from which are calculated the buyer's and seller's premiums. The buyer must add sale costs to this hammer price when paying for his lot.

**Interference:**

Disturbances during the sale, manoeuvres designed to discourage or intimidating measures against a potential bidder and unlawful agreements constitute an offence of interference with the freedom of bidding. This offence entails the invalidity of the sale. According to article 313-6 of the French Criminal Code, it is punishable by six years' imprisonment and a fine of €22,500, plus possible damages to the victims.

**Inventory:**

The auctioneer is authorised to draw up a list of estimates for movable goods in the context of voluntary sales (insurance, change of marital status, in view of a sale, etc.) or judicial sales (inheritance, liquidation or receivership, excessive debt, etc.). The inventory can be accompanied by a valuation.

**Judicial officer:**

Person holding an office of legal auctioneer with a scope of responsibility that is clearly defined. He is a representative of the law, and as such is appointed by the Minister of Justice.

**Judicial sale:**

Sale required by law or ordered by a court decision.

**Leaflet:**

Document presenting the key lots in the sale with illustrations and a short description in addition to the list of lots, if there is no catalogue.

Bidder or "paddle" number: a small board showing a bidder identification number, for which the bidder has registered before the sale on request, after presenting proof of identity and his bank details.

**Legal auctioneer:**

Judicial officer of a legal office, who carry out judicial appraisals and sales, whether these are required by law or ordered by a court. One person can be a legal and an voluntary auctioneer at the same time.

**Limited edition:**

See "Original work".

**Live auction:**

Interencheres-live.com enables you to participate remotely in an auction in real time. Here you can sit at your computer in your own home, wherever you are on holiday, or at the office, and follow the bidding and the auctioneer's comments as the sale goes along (with sound and video). You can bid for the lots you want at any time with a simple click, as though you were there in person.

**Miscellaneous lot:**

Lot in a case, basket or box containing a collection of low-value objects, generally sold at the beginning of current sales.

**Movable assets:**

Designates goods that can be transported (furniture) and could be sold at auction. In the legal sense, as distinct from immovable assets, which fall within the scope of another judicial officer: the "notaire" (notary).

**Multi-unit option:**

If a set of identical objects, from the same seller, comes up for sale (bottles of wine, for example), the announcement by the auctioneer that the first object will be sold with a "multi-unit option" offers the option for the successful bidder for the first object to take two, three etc. or even all the identical objects at the price obtained by the first. If this successful bidder does not take the whole set, then the auctioneer puts another object up for sale with the same option until the entire stock is sold.

**Office of legal auctioneer:**

Office of the legal auctioneer. With voluntary auctioneers, the term is auction house, or "Opérateurs de ventes volontaires" (voluntary sales operators), according to the type of structure. The terms "Sale room" or "Auction house" indiscriminately designate the venue for a voluntary or judicial sale.

**On-site auction:**

In the context of judicial sales, the sale of goods at the business site of a company in liquidation. With voluntary sales, an auction that takes place outside the usual premises of auction houses.

**Online (sale) or sale on line:**

Voluntary auction carried out solely on the Internet where bids are permitted up to a certain deadline. Online sales are defined by article L. 321-3 of the French Commercial Code (which notably makes a distinction between these and remote bidding brokerage via electronic means). Not to be confused with "Live sale" (see this entry).

**Original work:**

In the description of a lot, "original works within the meaning of the article herein are understood as works created by the artist himself, and copies executed in a limited quantity by the artist himself or under his responsibility." The number of copies is defined according to the type of work in article R. 122-3 of the Intellectual Property Code; a original must not be confused with a "unique piece" according to article L. 122-8 section 2 of the Intellectual Property Code.

**Payment:**

Payment is made in cash, by cheque or with a bank card if this is permitted by the auction house/office. The methods are indicated in the conditions of sale, and are announced by the sale crier or auctioneer at the beginning of the sale.

For private individuals whose fiscal domicile is in France and professionals in the context of their business, payment, cash payments are limited to €3,000 as per article L. 112-6 of the French Monetary and Financial Code, and article D. 112-3 of order no. 2010-662 of 16 June 2010. Private individuals whose fiscal domicile is not in France can pay up to 15,000 euros in cash or traveller's cheques, after the auction house has checked their identity and domicile from an official document.

**Payment of sale proceeds:**

Sellers are generally paid within one month, or at the latest, two months after the sale in the case of voluntary sales (article L. 321-14 of the French Commercial Code), provided that the buyer has paid for his purchase. The voluntary sales operator may not be held responsible for the purchaser's failure to pay if the operator has taken all the measures necessary to obtain it, and has not delivered the item.

**Private sale:**

Private sale undertaken via the voluntary sales operator, who puts a seller and buyer in contact outside the usual auction process. Articles 7 and 11 of act no. 2011-850 of 20 July 2011 on the liberalisation of the voluntary sale of chattels by public auction authorise private sales without the item going through auction first.

**Provisional bids:**

When certain lots have characteristics in common and belong to the same seller, the auctioneer can propose the multi-unit option. Each lot is sold individually, then the whole set is put back up for sale with the total of the individual hammer prices as the starting price. If a higher offer is made, the new bidder is awarded the whole set; otherwise the provisional individual bids are declared as final by the auctioneer.

**Record book:**

Register in which the voluntary sales operator has to write down all the objects held in view of a sale, identifiable by a unique number indicating the seller. The entry procedures are laid down in articles 321-7 and R321-3 to R321-8 of the French Criminal Code. The record book for precious metals is a register in which the sales operator has to write down all precious metal objects held in view of a sale. Finally, the firearms record book lists guns, mainly in category 5 (hunting) and category 7 (target shooting).

**Report:**

With a judicial sale, this is drawn up as the sale proceeds by the legal auctioneer, who as a judicial officer gives it the status of an officially recorded instrument. With voluntary sales, it is closed no later than one clear day after the close of the sale, according to article L. 321-9 of the French Commercial Code.

It attests to the transfer of ownership, and acts as proof in the event of a dispute or claim.

It indicates the lot number in the catalogue and its number in the sale, the description announced at the sale, the reserve price, the estimates, the hammer price or withdrawal, the contact details of the seller, and of the buyer, if there was one. It is strictly confidential.

**Resale right:**

This right enables artists and their descendants to receive a percentage of the price of a work every time it is resold. The resale right is not payable if the sale price of the work is under 750 euros. The resale right is equal to 4% of the sale price when this is equal to or lower than 50,000 euros. When the sale price is higher than 50,000 euros, the resale right is decreasing in five instalments worth between 4% and 0.25% of the sale price. The total amount of the right payable on the sale of a work may not exceed 12,500 euros. It is payable by the seller. It is due for 70 years after the death of the artist. See article R122-5 of the Intellectual Property Code.

**Reserve price:**

Minimum price set in agreement with the seller (it may not exceed the low estimate), below which the voluntary auctioneer may not sell the item. This price is not revealed to potential buyers, which is why the suggested opening bid may be less.

**Right of pre-emption:**

The State may replace the last bidder in order to obtain an object at its hammer price. This right is stipulated by the act of 21 December 1921. The representative of the museum concerned must make an announcement as soon as the hammer falls. A period of retraction of fifteen days then follows, during which the last bidder remains the owner of the item unless the right of pre-emption is exercised. He becomes the owner once and for all at the end of these fifteen days if the State does not confirm its pre-emption.

**Sale by designation:**

Auction where the lots are not presented physically in the room during the sale, but indicated solely by their number and a brief description, sometimes with a photo on a screen. This is a very common practice for sales of wine, jewellery or particularly bulky items. These sales are also preceded by an exhibition of the lots.

**Sale crier:**

Person who relays the bids to the auctioneer in the sale room. He can receive a cash advance on payments, a signed cheque or a bank card from the purchaser, and proof of the purchaser's identity. He can also take absentee bids.

**Sale handler:**

Person in charge of removing and shipping items, setting them up in the sale room, placing objects on the table during sales, delivering purchases to buyers and managing the reserve or warehouse. Also known as "auction room staff".

**Sale requisition (judicial sale) or mandate of sale (voluntary sale):**

The requisition contains the seller's contact details and identity number, the lot identity number, the description, the estimates, the reserve price if any, the date agreed for the sale and the amount of costs. The mandat of sale is an agreement whereby the seller appoints the voluntary sales operator to sell his goods at auction.

**Sale results:**

On Interencheres.com, the sale results communicated are hammer prices, excluding the premium.

**Saleroom auction:**

Sale in the sale room, as opposed to on-site.

**School of:**

In the description of a lot, "the use of the term "school of" followed by the artist's name entails the guarantee that the author of the work was a pupil of the master cited, is known to have been influenced by him or benefited from his technique. This term can only apply to a work executed while the artist was alive, or no more than fifty years after his death.

When it refers to a specific place, the term "school of" guarantees that the work was executed during the existence of the artistic movement, the period of which must be indicated, by an artist who was part of this movement", according to article 6 of order no. 81-255 of 3 March 1981 on the suppression of fraud in the transaction of works of art and collector's objects.

**Secret bid:**

In a live sale on Interencheres-live.com, it is possible to submit a fixed bid managed automatically by computer, whose maximum amount is secret, meaning that the auctioneer has no knowledge of it.

**Seller's premium or sale costs:**

This consists of a percentage of the hammer price, deducted from the seller's amount when he is paid to cover the service together with costs for advertising, the catalogue, carriage and storage, any specialist's fees, and possibly capital gains and resale rights. Seller's costs at judicial sales are 5% excluding tax, excluding any actual cost (expenditure) justified by the organisation of the sale.

**Session:**

Originally this was a period of time. It's the time taken to carry out the auctions. By extension, this term has become synonymous with "sale".

**Simultaneous bids (or "double bids"):**

When two equivalent bids are announced at the same time for the same price, the auctioneer may immediately put the lot concerned up for sale again and any person present may bid again.

**Specialist:**

Independent person specialising in a particular field, who assists the auctioneer in authenticating and estimating certain goods. The CVV (French Auction Market Authority) has introduced a system of accreditation for specialists who wish to have this.

Sellers can call on the specialist of their choice. Otherwise, auction houses work regularly with the same specialists; if they are employed by the auction house, they are known as auction specialists.

Act no.2004-130 of 11 February 2004 stipulates the joint and several responsibility of the specialist and the auctioneer. This lapses five years after the sale.

**Studio of:**

Article 5 of order no. 81-255 of 3 March 1981 on the suppression of fraud in the transaction of works of art and collector's objects stipulates: in the description of a lot, "the use of the term "studio of" followed by the name of an artist guarantees that the work was executed in the studio of the master cited, or under his supervision. The indication of a studio is mandatorily followed by an indication of the period in the case of family studios that have kept the same name for several generations."

**Suggested opening bid:**

Starting price given by the auctioneer which is then covered by the following bids. A person interested by the suggested opening bid replies "taken" or "taker" to the auctioneer.

**TRACFIN (Traitement du renseignement et action contre les circuits financiers clandestins):**

This is a Ministry of Finance department that fights money laundering and the financing of terrorism. If there is any doubt as to the origin of funds, voluntary sales operators must make a "declaration of suspicion", according to article L. 561-2 of the French Monetary and Finance Code.

To find out more: <http://www.tracfin.bercy.gouv.fr/>

**Valuation:**

See "Inventory".

**VAT:**

Valeur Added Tax. This is added to the bid on top of the service charge, at a rate that depends on the nature of the goods sold (generally 19.6 %, but this can be 7% on sales of horses or books, and 5% on products eligible for special rates). In judicial sales, this may be "recovered" if the seller and buyer are both subject to the tax and if the auctioneer is mandated.

**Voluntary auctioneer:**

Person who is suitable by the Conseil des Ventes Volontaires (French Auction Market Authority) for conducting voluntary sales at public auctions. He is responsible for appraisals, sales and sale reports. He works within a body called a voluntary sales operator. The same auctioneer can be a legal and an authorised auctioneer at the same time.

**Voluntary sale:**

Sale decided freely by the owner of the goods concerned.

**Voluntary sales operator:**

Body in charge of organising and holding voluntary sales at auction within the meaning of article L 321-2 of the French Commercial Code.

**Warehousing:**

Storage of lots after the sale. In the event of long-term storage, a fee will be charged.

**Withdrawal:**

The auctioneer may decide to withdraw a lot from sale if its sale could be subject to a caveat (error in description, accident not mentioned or occurring at the last minute, doubt as to the authenticity, etc.), but a seller may also decide to withdraw a lot if the price achieved is lower than the reserve, in which case it is withdrawn for lack of a sufficient bid.