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The Uniform Commercial Code in Minnesota: Article 7 — Warehouse Receipts and Bills of Lading

This article is one of several being published to introduce Minnesota practitioners to the newly enacted Uniform Commercial Code. Mr. Trousdale examines the Documents of Title Article of the Code and its relation to prior Minnesota law.

Elmer B. Trousdale*

I. INTRODUCTION

Article 7 of the Uniform Commercial Code regulates warehouse receipts and bills of lading. Its enactment repeals all noncriminal provisions of the Uniform Warehouse Receipts Act (hereinafter referred to as the UWRA), all noncriminal provisions of the Uniform Bills of Lading Act (hereinafter referred to as the UBLA), and a small part of the Uniform Sales Act. Even though the Code does not affect federal statutes regulating documents of title, it does regulate a substantial amount of commerce. This article

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6. The approximate volume of Minnesota rail carload traffic subject to state regulation under the Code is indicated by Interstate Commerce Com-
explains and analyzes the principal changes in the Minnesota law of warehouse receipts and bills of lading resulting from the enactment of the Code.

II. ISSUANCE, FORM, AND TERMS OF DOCUMENTS OF TITLE

A. ISSUANCE

Any warehouseman may issue a warehouse receipt. The new definition of "warehouseman" makes article 7 applicable to warehousemen operating unlawfully, as well as to state operated and cooperative warehouses. Although the Code, unlike the UBLA, does not explicitly state that it governs bills of lading issued by all common carriers, it seems implicit in the definition of "bill of lading" as well as in article 7 when read as a whole.

B. FORM AND TERMS

The Code requires incorporation of certain terms in a warehouse receipt and creates a liability for failure to include them. Restricted use of additional terms is also allowed. Thus, the Code continues the term requirements of the UWRA with some

mission, Bureau of Transport Economics and Statistics, 1961 Carload Waybill Statistics (1968). These statistics, based on a one per cent sample of waybills for rail carload shipments, indicate that a total of 487,000 carloads of rail traffic (exclusive of less than carload traffic) originated and terminated in Minnesota during 1961. However, some of this commerce may have moved from Minnesota origins to Minnesota destinations over interstate routes, or have been moved out of the state by water or other means subsequent to the wholly Minnesota rail haul, thus becoming foreign or interstate commerce.

In 1963 Minnesota had 187 public warehouses with 4,856,000 square feet of floor space producing $20,656,000 of revenue. Dep't of Commerce, 1963 Census of Business, Public Warehousing, p. 9.

7. Code § 7-201(1).
9. A STUDY OF THE EFFECT OF THE UNIFORM COMMERCIAL CODE ON MINNESOTA LAW 603 (1964) [hereinafter cited in footnotes as MINN. STUDY and referred to in text as Minnesota Study].
11. Code § 1-201(6).
changes. Rate of handling and storage charges need not be shown on a nonnegotiable receipt when goods are stored under a field warehousing arrangement and that fact is noted on the receipt. The Code apparently requires that both negotiable and nonnegotiable receipts show the amount of advances and liabilities for which the warehouseman claims a lien; it also modifies slightly the provision for insertion of optional terms in the receipt.

The Code does not prescribe terms for bills of lading. This was probably done because the Interstate Commerce Commission prescribes forms of carrier bills for interstate shipments which are also used for intrastate shipments. The Code apparently extends to nonnegotiable documents the present duty to identify plainly copies of negotiable receipts and bills issued for the same goods.

Both the UBLA and the UWRA require the plain identification of nonnegotiable documents. The UWRA also spells out the circumstances leading to liability for failure to so mark the receipt. There are no counterparts to these requirements in the Code. Furthermore, the UBLA provides that the insertion in a negotiable bill of the name of the person to be notified does not affect the negotiability of the bill. There is no comparable provision in the Code.

The uniform laws require, with certain express exceptions, that negotiable documents state lien charges. The Code continues this requirement and, against the claim of a good faith purchaser, limits the warehouseman’s lien to charges specified on the negotiable receipt, or, if none are specified, to a reasonable charge for storage. Carriers' liens are similarly limited.

**III. ALTERED, LOST, AND DESTROYED DOCUMENTS**

Under the UWRA if a material alteration is made in a ware-

18. See Code § 7-402; Minn. Stat. §§ 227.06, 228.07 (1961); Minn. Study 643-44.
22. See Code § 7-209(1).
house receipt, with or without fraudulent intent, the warehouseman is liable according to the terms of the receipt before the alteration. No apparent distinction is made between negotiable and nonnegotiable documents. The Code draws an important new distinction with respect to alterations of warehouse receipts. A purchaser for value without notice may now treat the filling in of any blank in a negotiable receipt as one authorized by the issuer. Under the old law the filling in of a blank is an alteration which can not change the document's original terms. The treatment of all other unauthorized alterations remains unchanged — the original terms of the paper control. However, the Code does not reenact the penalty in the old law that a fraudulent alteration deprives the wrongdoer and others with notice of all rights against the warehouseman except the right to require delivery of the goods.

The UBLA makes any unauthorized alteration, addition, or erasure in a bill of lading made after its issue void; the bill remains enforceable according to its original tenor. The Code reenacts this law without significant change. However, deletion of the term “void” will permit unauthorized alterations to be enforced between parties to the document who consent to the changes. It should be noted that the Code does not allow a good faith purchaser of a negotiable bill of lading to treat filled in blanks as authorized; in this respect negotiable bills are treated differently than negotiable warehouse receipts.

The uniform laws allow a court to order delivery of goods under a negotiable document upon proof of loss of the document and the posting of a bond for the protection of the bailee; the bailee remains liable to a bona fide purchaser of a negotiable document despite such a court order. The Code makes several important changes. First, both negotiable and nonnegotiable lost and missing documents are covered. Second, the posting of security for lost, stolen, or destroyed documents is still mandatory for negotiable documents but is discretionary for nonnegotiable paper. The court is also authorized to order delivery of a substitute docu-

25. Code § 7-208. This change is based on the theory that an issuer of a negotiable document containing blanks should, as against a bona fide purchaser, bear any resulting loss. See Code § 7-208, comment.
27. Minn. Stat. § 228.16 (1961). Unlike the UWRA, no special treatment is given to fraudulent alterations.
movement as well as delivery of the goods. Finally, the Code grants protection for the bailee who delivers under a court order by cutting off liability to later claimants instead of relying on the security bond for protection as was the case under the old law.

IV. NEGOTIATION AND TRANSFER

A. DEFINITION OF NEGOTIABILITY

A negotiable warehouse receipt under the UWRA is one in which the goods are to be delivered to the bearer or to the order of a specified person; any provision that the receipt is nonnegotiable is void. A nonnegotiable receipt is one requiring delivery to the depositor or any other specified person. Similar definitions are contained in the UBLA except that a negotiable bill is not defined as payable to the bearer. The Code restates these negotiability definitions and preserves in the holder of a negotiable document the power to acquire more rights than his transferor. It changes the UBLA by expressly making bearer bills negotiable. It also omits sections of the old law voiding statements in a negotiable document making it nonnegotiable. This omission appears to be of little effect.

B. NEGOTIATION BY DELIVERY AND ENDDORSEMENT

The UWRA allows negotiation of a receipt by delivery alone if the receipt is payable to bearer or has been endorsed in blank. The UBLA does not provide expressly for negotiation by delivery of bearer bills — an omission consistent with the failure of the UBLA to define a negotiable bill as including one payable to bearer. However, a negotiable bill is negotiable by delivery alone under the UBLA if the person to whose order the bill is payable has endorsed it in blank.

The uniform laws provide for negotiation by the endorsement of the person to whose order the goods are deliverable. In the case of a warehouse receipt such endorsement can be in blank, to

34. Minn. Stat. § 228.05 (1961).
35. See Code § 7-104.
36. See ibid. The Minnesota Study implies that the UBIA made bearer bills negotiable. Minn. Study 604.
bearer, or to a specified person; in the case of a bill of lading, such endorsement can be in blank or to a specified person; again the UBLA omits express provision for the bearer situation.

The Code adopts the form and manner of negotiation contained in the uniform laws making express the requirement of delivery which is merely implicit in the old laws. After a negotiable document of title has been endorsed to a specified person (even if previously a bearer document), further negotiation requires endorsement of that person as well as delivery. This provision continues the requirements of the uniform acts but in more comprehensive terms.

C. Transfer of Documents of Title

The UWRRA provides that any receipt which cannot be negotiated by delivery can still be transferred. Endorsement of a non-negotiable receipt gives the owner no additional rights. The transferee acquires title to the goods as against his transferor, subject only to the terms of their agreement. The transferee of a nonnegotiable receipt also acquires the right to notify the warehouseman to hold the goods according to the terms of the receipt. Prior to such notice the transferee’s rights can be defeated.

The UBLA contains similar provisions with respect to the transfer of bills and provides for identical rights in the transferee of a bill which has been transferred but not negotiated. However, in recognition of the widespread nature of a carrier’s operations, the UBLA has more detailed requirements for notifying a bailee of a transfer than the UWRRA.

The Code makes some changes in the rights of a transferee to whom a document of title has been transferred, but not duly negotiated. Such a transferee now acquires not only the rights which his transferor had but also those rights which the latter had actual authority to convey. Article 7 omits the provision that the rights of a transferee against his transferor may be limited by the terms of any agreement between the parties. This causes no substantive change because two parties still have

40. See Code § 7-501(1)-(3).
43. Ibid.
44. Minn. Stat. § 228.31-.34 (1961).
46. See Code § 7-504(1); Minn. Study 661–63.
the power to modify their contractual obligations.\textsuperscript{47}

The old law allows the rights of a transferee of a nonnegotiable document to be defeated before notice of the transfer reaches the bailee when a creditor of the transferor attaches the goods or if the bailee receives prior notice of a second sale of the same goods.\textsuperscript{48} The Code retains these two rules and adds a third one. The rights of a transferee may also be defeated by good faith dealings of the bailee with the transferor.\textsuperscript{49} In addition, a diversion ordered by the consignor under a nonnegotiable bill of lading\textsuperscript{50} which causes the carrier not to deliver the goods to the original consignee now voids the consignee's title if the carrier has delivered the goods to a buyer in the ordinary course of business.\textsuperscript{51}

D. ELEMENTS OF DUE NEGOTIATION

Due negotiation of a document under the Code furnishes the purchaser in good faith with more rights than his transferor. A preliminary description of the facts constituting due negotiation is a prerequisite to understanding this important change.

The sections of the old law establishing the validity of negotiation and transfer of title in the face of fraud, duress, breach of duty, and other personal defenses, condition due negotiation on the existence of three factors: (1) negotiation (or delivery in the case of bearer documents), endorsement, and, by implication, delivery of order documents, (2) good faith action without notice to the transferee of infirmities, and (3) value.\textsuperscript{52} These elements are also specified in sections defining the rights of persons to whom negotiable documents have been negotiated.\textsuperscript{53} “Value” is defined as “any consideration sufficient to form a simple contract. . . .”\textsuperscript{54} This includes antecedent obligations for which a receipt is taken as satisfaction or security.\textsuperscript{55} Doing a thing in

\textsuperscript{47} See Code § 1–102(3); Minn. Study 662.


\textsuperscript{49} See Code § 7–504(2)(c).

\textsuperscript{50} A diversion is an order to the carrier to change the destination or consignee; it is usually issued while the goods are enroute. It is distinguishable from a reconsignment which is an order to the carrier to change the destination or the consignee after the goods have arrived at their original destination. See Detroit Traffic Ass'n v. Lake Shore & M.S. Ry., XXI I.C.C. 257, 259 (1911); Arlington Heights Fruit Exch. v. Southern Pac. Co., XIX I.C.C. 148, 152 (1910).

\textsuperscript{51} Code § 7–504(3).

\textsuperscript{52} Minn. Stat. §§ 227.47, 228.39 (1961).

\textsuperscript{53} Minn. Stat. §§ 227.41, 228.33 (1961).

\textsuperscript{54} Minn. Stat. § 227.58(1) (1961).

\textsuperscript{55} Ibid.
“good faith” means doing it “honestly, whether it be done negligently or not.”

The Code continues the due negotiation requirements of value, good faith, and customary negotiation, and adds two new requirements; the negotiation must occur “in the regular course of business or financing . . . ,” and the document cannot have been received “in settlement or payment of a money obligation.”

According to the official comment, this test of due negotiation involves two issues for the trier of fact. It must be reasonable to believe the transferor had full power over the document negotiated; the circumstances of the transaction must fit into normal commercial patterns.

The Minnesota Study suggests the latter portion of this new requirement in section 7-501 dealing with “settlement or payment of a money obligation” changes the uniform laws by disqualifying an antecedent debt as value. It states:

Subsection 7-501(4) also makes a statutory innovation relating to the “value” requirement, by providing that when the document is received in settlement or payment of a money obligation, sufficient “value” has not been given to put the transaction within the “regular course of business or financing.” This changes existing statutory law which defines “value” to include an antecedent debt where documents of title are taken in satisfaction of the debt. (Emphasis added.)

However, the Code defines the giving of value to include satisfaction of a preexisting claim and the official comment suggests that no change in the uniform laws definition of value is made. The likely answer is that for purposes of section 7-501 the definition of value is modified.

E. RIGHTS ACQUIRED BY DUE NEGOTIATION

Under the Code when a negotiable document has been duly negotiated the holder acquires title to the document and the goods, the right to goods delivered to the bailee after issuance of the document, and the right to require the issuer to hold or deliver the goods free of any defense or claim except those arising under the terms of the document or article 7. These rights are not impaired if a prior endorsement was a breach of duty, if a prior

58. Code § 7-501, comment.
60. See Code § 1-201(44); Mmnu. Study 655; see also Stubbs, supra note 17, at 785.
holder of the document was deprived of possession by fraud, duress, mistake, theft or conversion, or if a prior sale had been made to another person. Section 7-502(1)(c) creates a new right in the holder of a document. A bailee who issues a document describing certain goods before receipt of the goods and who later acquires them is estopped from denying that the after acquired goods are subject to the document.

V. WARRANTIES AND GUARANTEES

Under the uniform laws a person who negotiates or transfers a receipt or bill by endorsement or delivery warrants that the document is genuine, that he had the right to transfer it, that he had no knowledge of any fact which would impair the document, and that the goods were merchantable or fit for a particular purpose, unless the contrary intent appeared. Article 7 continues these warranties in different language omitting only the warranties of merchantability and fitness which are properly left to the sales article of the Code.

The endorsement on documents of title serve only to transfer title to the document. Thus the UBLA and UWRA do not make the endorser of bills and receipts liable for a default by the issuer or a prior endorser. This limitation is continued by the Code.

Under the old law a holder for security, such as a bank, by the act of demanding payment of a debt which the document secured, does not warrant the genuineness of the document or the quantity or quality of goods described. The uniform laws do not make clear whether this exception is limited to banks holding the document as collecting agent for a third party, or whether it also applied to banks purchasing or making advances against a draft and transferring an accompanying document in exchange for payment of the draft. Under the Code, the bank does not make the warranties in either case; it warrants only its own good faith and authority.

VI. BAILEE'S DUTIES OF DELIVERY AND STORAGE

The uniform laws obligate the bailee to deliver the goods if a request for delivery is accompanied by an offer to satisfy his lien.

63. Code § 7-507; see Code §§ 2-314, 2-315.
65. See Code § 7-505.
to surrender any negotiable document covering the goods, and to acknowledge that the goods were delivered. The circumstances which justify delivery by the bailee include delivery to the person lawfully entitled to the goods or to a person in possession of a bearer document. The uniform laws expressly provide for liability if the bailee delivers contrary to these duties. Under the Code, a bailee carrier or warehouseman has a duty to deliver bailed goods to a person entitled under the document who satisfies any bailee lien and who surrenders the applicable negotiable document unless any one or more of seven stated excuses are established. Signing an acknowledgement of delivery is no longer a prerequisite to delivery.

The first excuse for nondelivery is delivery to another person whose receipt is "rightful" as against the claimant. This excuse corresponds to provisions of the uniform laws justifying delivery to a person lawfully entitled to possession. For example, if a warehouseman issues a negotiable receipt for stolen goods, the Code permits delivery to the original owner even if the receipt has been endorsed to a good faith purchaser for value. But if an owner's negotiable receipt is stolen, the Code does not excuse delivery to the owner as against a purchaser of the receipt.

The second excuse for nondelivery is "damage to or delay, loss or destruction of the goods for which the bailee is not liable ...." This subsection "amounts to a cross reference to all the tort law that determines the varying responsibilities and standards of care applicable to commercial bailees." It is consistent with the UWRA's excusing the warehouseman from liability for loss or damage to the goods which could not have been avoided by the exercise of such care as a reasonably careful owner of similar goods would have exercised.

The third excuse is a previous sale to enforce a bailee's lien or to terminate storage lawfully. This corresponds with provisions of the uniform laws permitting sales by the bailee for such purposes. The fourth excuse for nondelivery is established when a

68. See Minn. Stat. §§ 227.08, 228.11 (1961).
71. See Code § 7-403.
72. See Code § 7-503.
73. Code § 7-403(1)(b).
74. Code § 7-403, comment.
seller exercises the right to stop goods in transit. This right ceases when a negotiable document of title covering the goods is negotiated to a buyer.\textsuperscript{77} Fifth, nondelivery is excused when a diversion or reconsignment has been made pursuant to section 7-303. The sixth and seventh excuses are general and correspond with the provisions of the uniform laws which continue all rules of law and equity, including the law merchant, in cases not provided for in the uniform laws.\textsuperscript{78}

The UCC requires a claimant to satisfy the bailee’s lien before compelling delivery of the bailed goods, if such satisfaction is requested or required by law.\textsuperscript{79} The uniform laws are similar except that lien satisfaction is always a prerequisite to delivery.\textsuperscript{80}

The uniform laws create a liability for a bailee’s failure to pick up and cancel a negotiable document at the time of delivery.\textsuperscript{81} Separate provisions impose similar liability for failing to cancel a negotiable document or to make a notation thereon in cases of partial delivery.\textsuperscript{82} The duties to pick up and cancel negotiable documents on delivery of goods, and to note partial deliveries on the document, are continued in the Code.\textsuperscript{83} The Code also retains the liability of the warehouseman for nonreceipt or misdescription of the goods.\textsuperscript{84} However, while the old law provides protection only for the holder of the receipt, the Code broadens this liability to include, “A party to or purchaser for value in good faith of a document of title . . . .”\textsuperscript{85} Liability for the nonreceipt or misdescription of property in bills of lading is continued with little substantive change.\textsuperscript{86}

The Code creates a third category of liability — liability for misdating a bill.\textsuperscript{87} It first appeared in the Federal Bill of Lading Act in 1927,\textsuperscript{88} following the case of \textit{Browne v. Union Pac. R.R.}\textsuperscript{89} The court denied recovery to a consignee who suffered damage

\textsuperscript{77} See \textsc{Code} §§ 7-403(1)(d), 2-705(2)(d).
\textsuperscript{78} Compare \textsc{Code} § 7-403(1)(f),(g), with \textsc{Minn. Stat.} §§ 227.56, 228.52 (1961).
\textsuperscript{79} See \textsc{Code} § 7-403(2).
\textsuperscript{80} See \textsc{Minn. Stat.} §§ 227.08(1), 228.11(1) (1961).
\textsuperscript{81} See \textsc{Minn. Stat.} §§ 227.11, 228.14 (1961).
\textsuperscript{82} See \textsc{Minn. Stat.} §§ 227.12, 228.15 (1961).
\textsuperscript{83} See \textsc{Code} § 7-403(3).
\textsuperscript{84} Compare \textsc{Minn. Stat.} § 227.20 (1961), with \textsc{Code} § 7-203.
\textsuperscript{85} \textsc{Code} § 7-203.
\textsuperscript{86} \textsc{Code} § 7-301; see \textsc{Minn. Stat.} §§ 227.20, 228.23-.24 (1961); \textsc{Minn. Study} 609-10, 627-28.
\textsuperscript{87} See \textsc{Code} § 7-301.
\textsuperscript{89} 113 Kan. 726, 216 P. 299 (1923), aff'd on other grounds, 267 U.S. 255 (1925).
by the loss of a sale resulting from the goods not being shipped on the date represented in the bill and held the Federal Bills of Lading Act inapplicable to such misdating.

The warehouseman’s and the carrier’s duty to care for bailed goods remain essentially the same. The Code asserts that its prescription of a standard of care for carriers does not repeal or change any law which imposes liability upon a carrier for damage not caused by its negligence. This provision preserves the common law rule of liability for damage to nonperishables unless the damage was caused by an act of God, a public enemy, an inherent characteristic of the goods, or an act of the shipper.

Permissible limitation of liability by the terms of a warehouse receipt are contained in the Code. Although the UWRA prohibits conditions in the receipt contrary to the act or the warehouseman’s standard of care, no law expressly permitted or prohibited any limitations on amount of damages by agreement. The Code cures this uncertainty. A carrier may limit damages to the stated value of the goods carried if its rates are a function of value. Since present case law establishes the carrier’s right to limit liability by contract, the Code may actually be restricting existing carriers’ rights by confining damage limitations to shipments for which the rates are dependent on value.

The UWRA requires the warehouseman to segregate goods covered by different receipts except when fungibles of the same kind and grade are commingled by agreement or custom. The depositors then own the mass of goods in common. The Code continues these provisions with little change. It does omit the requirement that commingling be authorized by custom or agreement. However, since fungibles are defined as goods any unit of which is by nature, agreement, or usage, the equivalent of another

90. See Minn. Study 611, 640. Compare Minn. Stat. §§ 227.21, 228.03(2) (1961), with Code §§ 7-204, 7-309(1).
91. See Code § 7-309(1); Minn. Study 640.
92. See Code § 7-204(2).
93. See Minn. Stat. § 227.03 (1961); Minn. Study 611.
94. See Code § 7-204(2).
95. See Code § 7-309(2).
96. Minn. Study 640. Thus, the Code is similar to the second proviso of Section 20(11) of the Interstate Commerce Act which permits liability to be limited if the Interstate Commerce Commission authorizes rates dependent upon value declared by the shipper. 39 Stat. 441 (1916), 49 U.S.C. § 20(11) (1964).
98. See Code § 7-207.
like unit.\textsuperscript{99} this omission does not appear to change the law significantly. The Code adds a new provision governing a mass of fungible goods. If the goods described in the receipts exceed the amount of goods in existence, all holders of receipts share in the mass.

VII. LIENS

The UWRA contains a warehouseman's lien on bailed goods to enforce charges and expenses incurred in connection with the goods.\textsuperscript{100} It can be enforced against all goods of the lien debtor coming into the possession of the bailee, and against property of others if the debtor has come into possession of that property under such circumstances "that a pledge of the same by him at the time of the deposit to one who took the goods in good faith for value would have been valid."\textsuperscript{101} The lien is lost if the warehouseman surrenders possession or refuses to deliver when the bailor complies with the UWRA.\textsuperscript{102} Satisfaction of the lien is achieved by sale after notice to the bailor.\textsuperscript{103} After such a sale the warehouseman is exonerated from liability to a holder of the receipt.\textsuperscript{104}

The Code retains the warehouseman's lien but is less explicit as to what charges are secured.\textsuperscript{105} However, the language appears broad enough to confer a lien for the same charges as the UWRA. The lien is effective only against the bailor and any person who entrusted the bailor with possession so that a pledge by him to a good faith purchaser for value would have been valid. A requirement that the receipt indicate the lien claim on other goods of the depositor is added. In addition, warehousemen now have a security interest for interest and advances instead of a statutory lien.\textsuperscript{106}

The new procedure for enforcing a warehouseman's lien is virtually identical with the old law.\textsuperscript{107} However, the Code does introduce a new method for enforcing liens against goods stored

\begin{footnotesize}
\begin{enumerate}
\item[99.] See Code § 1–201(17).
\item[100.] See Minn. Stat. § 227.27 (1961).
\item[101.] Minn. Stat. § 227.28 (1961).
\item[102.] See Minn. Stat. § 227.29 (1961).
\item[103.] See Minn. Stat. § 227.33 (1961).
\item[104.] See Minn. Stat. § 227.38 (1961).
\item[105.] Code § 7–209; see Minn. Stat. § 227.27 (1961); Minn. Study 619.
\item[106.] Compare Minn. Stat. § 227.27 (1961), with Code § 7–209(2).
\item[107.] Compare Minn. Stat. § 227.33 (1961), with Code § 7–219(2).
\end{enumerate}
\end{footnotesize}
The notification of sale owed the bailor is simplified. The sale may be private and without public advertising, and is valid if it is commercially reasonable. A warehouseman may still enforce a lien against a merchant by a longer and more formal procedure. This eliminates any risk that the sale violates the standard of commercial reasonableness or that the bailor is not a merchant for purposes of the new procedure.

Although the UBLA does not create a carrier’s lien it does contain provisions regulating such liens. The carrier’s lien is authorized by general lien statutes. Procedures for sales to enforce carrier liens are also set forth and survive the Code repealers. The carrier’s right to retain property to enforce his lien ends when the lien is discharged or there is a voluntary surrender of possession. The UBLA exonerates the carrier from liability if a lien sale is carried out. The Code gives the carrier a lien for the same charges covered by present general statutes. It is effective against the consignor as well as any person “entitled to the goods unless the carrier had notice that the consignor lacked authority.” A carrier without notice of a consignor’s lack of authority may enforce the lien against the person rightfully entitled to the goods.

A carrier may enforce his lien using the new procedure incorporating a standard of commercial reasonableness. This procedure is not limited to a particular class of customer. The carrier may also enforce his lien by using the procedure for warehousemen in section 7-210. Furthermore, since the procedures of the general lien statutes are not expressly repealed by the Code, they also seem to be available for lien enforcement.

VIII. REMEDIES, PROCEDURES, AND MISCELLANEOUS PROVISIONS

The uniform laws empower the bailee to require all claimants of the goods to interplead either in the defense of an action

111. See Minn. Stat. § 228.28 (1961).
112. See Code § 7–307(1).
114. Minn. Study 636.
115. See Code § 7–308.
117. However, the Code provides for implied repeal of laws inconsistent with its provisions. See Code § 10–103. Such an implied repeal could be found here.
brought against him or in an action originated by him. The old law also allows the bailee to delay delivery for a reasonable time to determine the validity of adverse claims. The Code continues these rights.

Under the uniform laws if goods are bailed by the owner or his agent and a negotiable document is issued therefor, the goods cannot be attached unless the negotiable receipt is surrendered or its negotiation enjoined. This restriction on attachment remains in the Code with the additional provision that a good faith purchaser takes free of the attachment even if the document was negotiated contrary to court order. The UWRA permits the bailee to sell hazardous or perishable goods, as well as those deteriorating greatly in value, if the owner fails to remove them after reasonable notice. The sale can be made privately without advertising. The power to terminate storage is limited to the terms of the UWRA and any contract provisions fixing the term of storage. The Code continues the uniform law’s provisions for terminating storage with some substantive changes. For example, a marked decline in value is one justification for storage termination.

120. See Code § 7-603.
122. See Code § 7-602.
124. See Code § 7-206. These changes are described in detail in the Minnesota Study at 614.

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