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Article 3: Commercial Paper

Walter F. Weldon Jr

Albert E. Nevins Jr

Richard P. Delaney

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2-403), and within ten days after receipt, reclaim any goods received by the buyer on credit, but if misrepresentation of solvency has been made to the particular seller in writing within three months before delivery the ten day limitation does not apply.

SECTION 2-711. Buyer's Remedies in General; Buyer's Security Interest in Rejected Goods

(3) On rightful rejection or justifiable revocation of acceptance a buyer has a security interest in goods in his possession or control for any payments made on their price and any expenses reasonably incurred in their inspection, receipt, transportation, care and custody and may hold such goods and resell them in like manner as an aggrieved seller (Section 2-706).

F. W. Lang Co. v. Fleet, 193 Pa. Super. 365, 165 A.2d 258 (1960)

Where the seller of an ice cream freezer and refrigeration compressor unit has received a judgment by confession for the unpaid balance of the sale as represented by an installment sales contract, the buyer cannot open the judgment by instituting an action in assumpsit to recover the down payment where he failed to assert a lien for money already paid to the seller and where he has used the equipment for over two years before instituting the action.

N.B. This case was decided under the 1953 draft of the Code which reads as follows:

(3) On rightful rejection or justifiable revocation of acceptance a buyer who has paid all or part of the price has a security interest in goods in his possession or control for the amount paid plus any expenses reasonably incurred in their inspection, receipt, transportation, care and custody and may on notifying the seller of his intention to do so hold such goods and resell them in like manner as an aggrieved seller.

ARTICLE 3: COMMERCIAL PAPER

SECTION 3-207. Negotiation Effective Although It May Be Rescinded

(1) Negotiation is effective to transfer the instrument although the negotiation is

(a) made by an infant, a corporation exceeding its powers, or any other person without capacity; . . .

(2) Except as against a subsequent holder in due course such negotiation is, in an appropriate case, subject to rescission, the declaration of a constructive trust or any other remedy permitted by law.

Snyder v. Town Hills Motors, Inc., 193 Pa. Super. 598, 165 A.2d 293 (1960)

Where a minor bought an automobile from a friend, giving a check in part payment, and the friend endorsed the check and used it as part payment on another automobile purchased from a dealer, the dealer

(Where a cited case interprets only a portion of a Code section only that portion is set out)

who received the check by negotiation and for value, in good faith and without notice that it was overdue or had been dishonored or that there was any defense against it, was a subsequent holder in due course against whom rescission of a negotiable instrument by an infant is not permitted by Section 3-207.

SECTION 3-302. Holder In Due Course

- (1) A holder in due course is a holder who takes the instrument . . .
- (a) for value; and
 - (b) in good faith
 - (c) without notice that it is overdue or has been dishonored or of any defense against or claim to it on the part of any person.

Snyder v. Town Hills Motors, Inc., 193 Pa. Super. 598, 165 A.2d 293 (1960)

Where the seller of an automobile exercises dominion over a check received in payment, by directing the buyer to hand it over to a dealer from whom the seller was purchasing another automobile, and the buyer did so and accepted a receipt from the seller, there was a constructive delivery from the buyer to the seller and subsequently from the seller to the dealer so that the dealer was a holder in due course. Although the UCC repealed the NIL it did not prescribe any new definition of the word "delivery"; therefore, the established definition of "delivery", which provides that transfer may be either actual or constructive, should prevail.

ARTICLE 6: BULK TRANSFERS

SECTION 6-102. "Bulk Transfer"; Transfers of Equipment; Enterprises Subject to This Article; Bulk Transfer Subject to This Article

(1) A "bulk transfer" is any transfer in bulk and not in the ordinary course of the transferor's business of a major part of the materials, supplies, merchandise or other inventory (Section 9-109) of an enterprise subject to this Article.

(2) A transfer of a substantial part of the equipment is a bulk transfer if it is made in connection with a bulk transfer of inventory, but not otherwise.

Uhr v. 3361, Inc., 21 Pa. D. & C. 2d 348 (1960)

The sale of a restaurant-taproom business is a bulk transfer.

SECTION 6-103. Transfers Excepted From This Article

The following transfers are not subject to this Article: . . .

Uhr v. 3361, Inc., 21 Pa. D. & C. 2d 348 (1960)

A claim that a transaction is exempt is an affirmative defense and must be pleaded by the one claiming that the transaction is excluded.

(Where a cited case interprets only a portion of a Code section only that portion is set out)