

EXCEPT AS PROVIDED BY SUBSECTION (B) OF THIS SECTION, A CONSIGNEE ENTRUSTED WITH AND IN POSSESSION OF A POSSESSORY DOCUMENT IS CONSIDERED THE TRUE OWNER OF THE GOODS DESCRIBED IN THE DOCUMENT FOR THE PURPOSE OF ANY CONTRACT WITH A THIRD PERSON FOR:

(1) THE SALE OR DISPOSAL OF THE GOODS; OR

(2) THE PLEDGE OR DEPOSIT OF THEM AS SECURITY FOR ANY MONEY OR NEGOTIABLE INSTRUMENT ADVANCED OR GIVEN ON THE FAITH OF THE POSSESSORY DOCUMENT.

(B) EXCEPTION.

A CONTRACT, PLEDGE, OR DEPOSIT DESCRIBED IN SUBSECTION (A) OF THIS SECTION IS NOT VALID IF THE THIRD PERSON HAS NOTICE THAT THE CONSIGNEE IS NOT THE TRUE OWNER OF THE GOODS.

REVISOR'S NOTE: This section is new language derived without substantive change from Art. 2, §3.

11-804. CONTRACT BETWEEN CONSIGNEE AND THIRD PERSON.

(A) PAYMENT TO CONSIGNEE GOOD AGAINST OWNER.

EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, IF IN THE ORDINARY COURSE OF BUSINESS A CONTRACT FOR SALE OF GOODS IS MADE BETWEEN A CONSIGNEE AND A THIRD PERSON, THE CONTRACT AND ANY PAYMENT MADE IN THE ORDINARY COURSE OF BUSINESS FOR THE GOODS UNDER THE CONTRACT IS VALID AGAINST THE OWNER OF THE GOODS, EVEN IF THE THIRD PERSON HAS NOTICE THAT THE SELLER OF THE GOODS IS A CONSIGNEE.

(B) EXCEPTION.

A CONTRACT OR PAYMENT DESCRIBED IN SUBSECTION (A) OF THIS SECTION IS NOT VALID AGAINST THE OWNER OF THE GOODS IF THE THIRD PERSON HAS NOTICE THAT THE SELLER IS NOT AUTHORIZED TO SELL THE GOODS OR TO RECEIVE PAYMENTS FOR THEM, AS THE CASE MAY BE.

REVISOR'S NOTE: This section is new language derived without substantive change from Art. 2, §4.

11-805. DEPOSIT OR PLEDGE WITH THIRD PERSON.

(A) DEPOSIT OR PLEDGE BY CONSIGNEE.

EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, IF A THIRD PERSON TAKES GOODS OF A POSSESSORY DOCUMENT IN DEPOSIT OR PLEDGE AS SECURITY FOR A PREEXISTING DEBT OR DEMAND FROM ANY OTHER PERSON