

(3) A DOCUMENT IS DULY NEGOTIATED IF IT IS NEGOTIATED IN THE MANNER STATED IN THIS SUBSECTION TO A HOLDER THAT PURCHASES IT IN GOOD FAITH, WITHOUT NOTICE OF ANY DEFENSE AGAINST OR CLAIM TO IT ON THE PART OF ANY PERSON, AND FOR VALUE, UNLESS IT IS ESTABLISHED THAT THE NEGOTIATION IS NOT IN THE REGULAR COURSE OF BUSINESS OR FINANCING OR INVOLVES TAKING DELIVERY OF THE DOCUMENT IN SETTLEMENT OR PAYMENT OF A MONETARY OBLIGATION.

(C) INDORSEMENT OF A NONNEGOTIABLE DOCUMENT OF TITLE NEITHER MAKES IT NEGOTIABLE NOR ADDS TO THE TRANSFEREE'S RIGHTS.

(D) THE NAMING IN A NEGOTIABLE BILL OF LADING OF A PERSON TO BE NOTIFIED OF THE ARRIVAL OF THE GOODS DOES NOT LIMIT THE NEGOTIABILITY OF THE BILL OR CONSTITUTE NOTICE TO A PURCHASER OF THE BILL OF ANY INTEREST OF THAT PERSON IN THE GOODS.

7-502.

(A) SUBJECT TO §§ 7-205 AND 7-503, A HOLDER TO WHICH A NEGOTIABLE DOCUMENT OF TITLE HAS BEEN DULY NEGOTIATED ACQUIRES THEREBY:

(1) TITLE TO THE DOCUMENT;

(2) TITLE TO THE GOODS;

(3) ALL RIGHTS ACCRUING UNDER THE LAW OF AGENCY OR ESTOPPEL, INCLUDING RIGHTS TO GOODS DELIVERED TO THE BAILEE AFTER THE DOCUMENT WAS ISSUED; AND

(4) THE DIRECT OBLIGATION OF THE ISSUER TO HOLD OR DELIVER THE GOODS ACCORDING TO THE TERMS OF THE DOCUMENT FREE OF ANY DEFENSE OR CLAIM BY THE ISSUER EXCEPT THOSE ARISING UNDER THE TERMS OF THE DOCUMENT OR UNDER THIS TITLE, BUT IN THE CASE OF A DELIVERY ORDER, THE BAILEE'S OBLIGATION ACCRUES ONLY UPON THE BAILEE'S ACCEPTANCE OF THE DELIVERY ORDER AND THE OBLIGATION ACQUIRED BY THE HOLDER IS THAT THE ISSUER AND ANY INDORSER WILL PROCURE THE ACCEPTANCE OF THE BAILEE.

(B) SUBJECT TO § 7-503, TITLE AND RIGHTS ACQUIRED BY DUE NEGOTIATION ARE NOT DEFEATED BY ANY STOPPAGE OF THE GOODS REPRESENTED BY THE DOCUMENT OF TITLE OR BY SURRENDER OF THE GOODS BY THE BAILEE AND ARE NOT IMPAIRED EVEN IF:

(1) THE DUE NEGOTIATION OR ANY PRIOR DUE NEGOTIATION CONSTITUTED A BREACH OF DUTY;

(2) ANY PERSON HAS BEEN DEPRIVED OF POSSESSION OF A NEGOTIABLE TANGIBLE DOCUMENT OR CONTROL OF A NEGOTIABLE ELECTRONIC DOCUMENT BY MISREPRESENTATION, FRAUD, ACCIDENT, MISTAKE, DURESS, LOSS, THEFT, OR CONVERSION; OR

(3) A PREVIOUS SALE OR OTHER TRANSFER OF THE GOODS OR DOCUMENT HAS BEEN MADE TO A THIRD PERSON.