

7-503.

(A) A DOCUMENT OF TITLE CONFERS NO RIGHT IN GOODS AGAINST A PERSON THAT BEFORE ISSUANCE OF THE DOCUMENT HAD A LEGAL INTEREST OR A PERFECTED SECURITY INTEREST IN THE GOODS AND DID NOT:

(1) DELIVER OR ENTRUST THE GOODS OR ANY DOCUMENT OF TITLE COVERING THE GOODS TO THE BAILOR OR THE BAILOR'S NOMINEE WITH:

(A) ACTUAL OR APPARENT AUTHORITY TO SHIP, STORE, OR SELL;

(B) POWER TO OBTAIN DELIVERY UNDER § 7-403; OR

(C) POWER OF DISPOSITION UNDER § 2-403, § 2A-304(2), § 2A-305(2), § 9-320, OR § 9-321(C) OR OTHER STATUTE OR RULE OF LAW; OR

(2) ACQUIESCE IN THE PROCUREMENT BY THE BAILOR OR ITS NOMINEE OF ANY DOCUMENT.

(B) TITLE TO GOODS BASED UPON AN UNACCEPTED DELIVERY ORDER IS SUBJECT TO THE RIGHTS OF ANY PERSON TO WHICH A NEGOTIABLE WAREHOUSE RECEIPT OR BILL OF LADING COVERING THE GOODS HAS BEEN DULY NEGOTIATED. THAT TITLE MAY BE DEFEATED UNDER § 7-504 TO THE SAME EXTENT AS THE RIGHTS OF THE ISSUER OR A TRANSFEREE FROM THE ISSUER.

(C) TITLE TO GOODS BASED UPON A BILL OF LADING ISSUED TO A FREIGHT FORWARDER IS SUBJECT TO THE RIGHTS OF ANY PERSON TO WHICH A BILL ISSUED BY THE FREIGHT FORWARDER IS DULY NEGOTIATED. HOWEVER, DELIVERY BY THE CARRIER IN ACCORDANCE WITH SUBTITLE 4 PURSUANT TO ITS OWN BILL OF LADING DISCHARGES THE CARRIER'S OBLIGATION TO DELIVER.

7-504.

(A) A TRANSFEREE OF A DOCUMENT OF TITLE, WHETHER NEGOTIABLE OR NONNEGOTIABLE, TO WHICH THE DOCUMENT HAS BEEN DELIVERED BUT NOT DULY NEGOTIATED, ACQUIRES THE TITLE AND RIGHTS THAT ITS TRANSFEROR HAD OR HAD ACTUAL AUTHORITY TO CONVEY.

(B) IN THE CASE OF A TRANSFER OF A NONNEGOTIABLE DOCUMENT OF TITLE, UNTIL BUT NOT AFTER THE BAILEE RECEIVES NOTICE OF THE TRANSFER, THE RIGHTS OF THE TRANSFEREE MAY BE DEFEATED:

(1) BY THOSE CREDITORS OF THE TRANSFEROR WHICH COULD TREAT THE TRANSFER AS VOID UNDER § 2-402 OR § 2A-308;

(2) BY A BUYER FROM THE TRANSFEROR IN ORDINARY COURSE OF BUSINESS IF THE BAILEE HAS DELIVERED THE GOODS TO THE BUYER OR RECEIVED NOTIFICATION OF THE BUYER'S RIGHTS;

(3) BY A LESSEE FROM THE TRANSFEROR IN ORDINARY COURSE OF BUSINESS IF THE BAILEE HAS DELIVERED THE GOODS TO THE LESSEE OR RECEIVED NOTIFICATION OF THE LESSEE'S RIGHTS; OR