UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962
Article 7
WAREHOUSE RECEIPTS, BILLS OF LADING AND OTHER DOCUMENTS OF TITLE
Part 1
GENERAL

440.7101 Uniform commercial code—documents of title; short title of article.

Sec. 7101.

This article shall be known and may be cited as "uniform commercial code—documents of title".

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7102 Uniform commercial code; documents of title; definitions.

Sec. 7102.

(1) As used in this article, unless the context otherwise requires:
(a) "Bailee" means a person that by a warehouse receipt, bill of lading, or other document of title acknowledges possession of goods and contracts to deliver them.
(b) "Carrier" means a person that issues a bill of lading.
(c) "Consignee" means a person named in a bill of lading to which or to whose order the bill promises delivery.
(d) "Consignor" means a person named in a bill of lading as the person from which the goods have been received for shipment.
(e) "Delivery order" means a record that contains an order to deliver goods directed to a warehouseman, carrier, or other person that in the ordinary course of business issues warehouse receipts or bills of lading.
(f) "Good faith" means honesty in fact and the observance of reasonable commercial standards of fair dealing.
(g) "Goods" means all things that are treated as movable for the purposes of a contract for storage or transportation.
(h) "Issuer" means a bailee that issues a document of title or, in the case of an unaccepted delivery order, the person that orders the possessor of goods to deliver. The term includes any person for which an agent or employee purports to act in issuing a document if the agent or employee has real or apparent authority to issue documents, even if the issuer did not receive any goods, the goods were misdescribed, or in any other respect the agent or employee violated the issuer's instructions.
(i) "Person entitled under the document" means the holder, in the case of a negotiable document of title, or the person to which delivery of the goods is to be made by the terms of, or pursuant to instructions in a record under, a nonnegotiable document of title.
(j) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.
(k) "Sign" means any of the following, with present intent to authenticate or adopt a record:
(i) To execute or adopt a tangible symbol.
(ii) To attach to or logically associate with the record an electronic sound, symbol, or process.
(l) "Shipper" means a person that enters into a contract of transportation with a carrier.
(m) "Warehouse" means a person engaged in the business of storing goods for hire.

(2) All of the following definitions from other articles apply to this article:
(a) "Contract for sale" as defined in section 2106.
(b) "Lessee in the ordinary course of business" as defined in section 2A103.
(c) "Receipt of goods" as defined in section 2103.
(3) Article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7103 Article subject to governmental treaty, statute, or regulatory statute; electronic signatures.

Sec. 7103.

(1) This article is subject to any treaty or statute of the United States or regulatory statute of this state to the extent the treaty, statute, or regulatory statute is applicable.

(2) This article does not modify or repeal any law prescribing the form or content of a document of title or the services or facilities to be afforded by a bailee, or otherwise regulating a bailee's business in respects not specifically treated in this article. However, violation of such a law does not affect the status of a document of title that otherwise is within the definition of a document of title.

(3) This act modifies, limits, and supersedes the electronic signatures in global and national commerce act, 15 USC 7001 to 7031, but does not modify, limit, or supersede 15 USC 7001(a) or authorize electronic delivery of any of the notices described in 15 USC 7003(b).

(4) To the extent there is a conflict between the uniform electronic transactions act, 2000 PA 305, MCL 450.831 to 450.849, and this article, this article governs.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7104 Negotiable and nonnegotiable warehouse receipt, bill of lading, or other document of title.

Sec. 7104.

(1) Except as otherwise provided in subsection (3), a document of title is negotiable if by its terms the goods are to be delivered to bearer or to the order of a named person.

(2) A document of title other than one described in subsection (1) is nonnegotiable. A bill of lading that states that the goods are consigned to a named person is not made negotiable by a provision that the goods are to be delivered only against an order in a record signed by the same or another named person.

(3) A document of title is nonnegotiable if, at the time it is issued, the document has a conspicuous legend, however expressed, that it is nonnegotiable.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7105 Tangible document of title as substitute for electronic document; electronic document title as substitute for tangible document of title; conditions.

Sec. 7105.

(1) Upon request of a person entitled under an electronic document of title, the issuer of the electronic document may issue a tangible document of title as a substitute for the electronic document if both of the following are met:

(a) The person entitled under the electronic document surrenders control of the document to the issuer.

(b) The tangible document when issued contains a statement that it is issued in substitution for the electronic document.

(2) All of the following apply upon issuance of a tangible document of title in substitution for an electronic document of title in accordance with subsection (1):

(a) The electronic document ceases to have any effect or validity.

(b) The person that procured issuance of the tangible document warrants to all subsequent persons entitled under the tangible document that the warrantor was a person entitled under the electronic document when the warrantor surrendered control of the electronic document to the issuer.

(3) Upon request of a person entitled under a tangible document of title, the issuer of the tangible document may issue an electronic document of title as a substitute for the tangible document if both of the following are met:

(a) The person entitled under the tangible document surrenders possession of the document to the issuer.
(b) The electronic document when issued contains a statement that it is issued in substitution for the tangible document.
(4) All of the following apply upon issuance of an electronic document of title in substitution for a tangible document of title in accordance with subsection (3):
(a) The tangible document ceases to have any effect or validity.
(b) The person that procured issuance of the electronic document warrants to all subsequent persons entitled under the electronic document that the warrantor was a person entitled under the tangible document when the warrantor surrendered possession of the tangible document to the issuer.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7106 Person having control of electronic document.

Sec. 7106.

(1) A person has control of an electronic document of title if a system employed for evidencing the transfer of interests in the electronic document reliably establishes that person as the person to which the electronic document was issued or transferred.
(2) A system satisfies subsection (1), and a person is considered to have control of an electronic document of title, if the document is created, stored, and assigned in a manner that meets all of the following:
(a) A single authoritative copy of the document exists that is unique, identifiable, and, except as otherwise provided in subdivisions (d), (e), and (f), unalterable.
(b) The authoritative copy described in subdivision (a) identifies the person asserting control as 1 of the following:
(i) The person to which the document was issued.
(ii) If the authoritative copy indicates that the document has been transferred, the person to which the document was most recently transferred.
(c) The authoritative copy described in subdivision (a) is communicated to and maintained by the person asserting control or its designated custodian.
(d) Copies or amendments that add or change an identified assignee of the authoritative copy described in subdivision (a) can be made only with the consent of the person asserting control.
(e) Each copy of the authoritative copy described in subdivision (a) and any copy of a copy is readily identifiable as a copy that is not the authoritative copy.
(f) Any amendment of the authoritative copy described in subdivision (a) is readily identifiable as authorized or unauthorized.

History: Add. 2012, Act 87, Eff. July 1, 2013

Part 2
WAREHOUSE RECEIPTS: SPECIAL PROVISIONS

440.7201 Warehouse receipt; issuance; storage under government bond.

Sec. 7201.

(1) A warehouse receipt may be issued by any warehouse.
(2) If distilled spirits, agricultural commodities, or any other goods are stored under a statute requiring a bond against withdrawal or a license for the issuance of receipts in the nature of warehouse receipts, a receipt issued for the goods is considered to be a warehouse receipt even if issued by a person that is the owner of the goods and is not a warehouse.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7202 Terms of receipt; form; contrary provisions.

Sec. 7202.

(1) A warehouse receipt need not be in any particular form.

(2) Unless a warehouse receipt provides for each of the following, the warehouse is liable for damages caused to a person injured by its omission:

(a) A statement of the location of the warehouse where the goods are stored.

(b) The date of issue of the receipt.

(c) The unique identification code of the receipt.

(d) A statement whether the goods received will be delivered to the bearer, to a named person, or to a named person or its order.

(e) The rate of storage and handling charges, unless goods are stored under a field warehousing arrangement, in which case a statement of that fact is sufficient on a nonnegotiable receipt.

(f) A description of the goods or the packages containing them.

(g) The signature of the warehouse or its agent.

(h) If the receipt is issued for goods that the warehouse owners, either solely, jointly, or in common with others, a statement of the fact of that ownership.

(i) A statement of the amount of advances made and of liabilities incurred for which the warehouse claims a lien or security interest, unless the precise amount of advances made or liabilities incurred, at the time of the issue of the receipt, is unknown to the warehouse or to its agent that issued the receipt, in which case a statement of the fact that advances have been made or liabilities incurred and the purpose of the advances or liabilities is sufficient.

(3) A warehouse may insert in its receipt any terms that are not contrary to the provisions of this act and do not impair its obligation of delivery under section 7403 or its duty of care under section 7204. Any contrary provisions are ineffective.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7203 Liability for nonreceipt or misdescription.

Sec. 7203.

A party to or purchaser for value in good faith of a document of title, other than a bill of lading, that relies upon the description of the goods in the document may recover from the issuer damages caused by the nonreceipt or misdescription of the goods, except to the extent that any of the following apply:

(a) The document conspicuously indicates that the issuer does not know whether all or any part of the goods in fact were received or conform to the description, such as a case in which the description is in terms of marks or labels or kind, quantity, or condition, or the receipt or description is qualified by "contents, condition, and quality unknown", "said to contain", or words of similar import, if the indication is true.

(b) The party or purchaser has notice of the nonreceipt or misdescription.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7204 Duty of care; contractual limitation of warehouse liability; provisions as to time and manner of presenting claims and commencing actions.

Sec. 7204.

(1) A warehouse is liable for damages for loss of or injury to the goods caused by its failure to exercise care with regard to the goods that a reasonably careful person would exercise under similar circumstances. Unless otherwise

agreed, the warehouse is not liable for damages that could not have been avoided by the exercise of that care.

(2) Damages may be limited by a term in a warehouse receipt or storage agreement limiting the amount of liability in case of loss or damage beyond which the warehouse is not liable. Such a limitation is not effective with respect to the warehouse's liability for conversion to its own use. On request of the bailor in a record at the time of signing the storage agreement or within a reasonable time after receipt of the warehouse receipt, the warehouse's liability may be increased on part or all of the goods covered by the storage agreement or the warehouse receipt. In this event, increased rates may be charged based on an increased valuation of the goods.

(3) Reasonable provisions as to the time and manner of presenting claims and commencing actions based on the bailment may be included in the warehouse receipt or storage agreement.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7205 Fungible goods; buyer's title.

Sec. 7205.

A buyer in the ordinary course of business of fungible goods sold and delivered by a warehouse that is also in the business of buying and selling those goods takes the goods free of any claim under a warehouse receipt even if the receipt is negotiable and has been duly negotiated.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7206 Termination of storage at warehouse's option; removal or sale; notice; delivery; satisfaction of lien.

Sec. 7206.

(1) A warehouse, by giving notice to the person on whose account the goods are held and any other person known to claim an interest in the goods, may require payment of any charges and removal of the goods from the warehouse at the termination of the period of storage fixed by the document of title or, if a period is not fixed, within a stated period not less than 30 days after the warehouse gives notice. If the goods are not removed before the date specified in the notice, the warehouse may sell them pursuant to section 7210.

(2) If a warehouse in good faith believes that goods are about to deteriorate or decline in value to less than the amount of its lien within the time provided in subsection (1) and section 7210, the warehouse may specify in the notice given under subsection (1) any reasonable shorter time for removal of the goods and, if the goods are not removed, may sell them at public sale held not less than 1 week after a single advertisement or posting.

(3) If, as a result of a quality or condition of the goods of which the warehouse did not have notice at the time of deposit, the goods are a hazard to other property, the warehouse facilities, or other persons, the warehouse may sell the goods at public or private sale without advertisement or posting on reasonable notification to all persons known to claim an interest in the goods. If the warehouse, after a reasonable effort, is unable to sell the goods, it may dispose of them in any lawful manner and does not incur liability by reason of that disposition.

(4) A warehouse shall deliver the goods to any person entitled to them under this article upon due demand made at any time before sale or other disposition under this section.

(5) A warehouse may satisfy its lien from the proceeds of any sale or disposition under this section but shall hold the balance for delivery on the demand of any person to which the warehouse would have been bound to deliver the goods.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7207 Separation of goods; commingling of fungible goods; overissued receipts.

Sec. 7207.

(1) Unless the warehouse receipt provides otherwise, a warehouse shall keep separate the goods covered by each receipt so as to permit at all times identification and delivery of those goods. However, different lots of fungible goods may be commingled.

(2) If different lots of fungible goods are commingled, the goods are owned in common by the persons entitled thereto and the warehouse is severally liable to each owner for that owner's share. If, because of overissue, a mass of fungible goods is insufficient to meet all the receipts the warehouse has issued against it, the persons entitled include all holders to which overissued receipts have been duly negotiated.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7208 Alteration of warehouse receipts.

Sec. 7208.

If a blank in a negotiable tangible warehouse receipt has been filled in without authority, a good faith purchaser for value and without notice of the lack of authority may treat the insertion as authorized. Any other unauthorized alteration leaves any tangible or electronic warehouse receipt enforceable against the issuer according to its original tenor.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7209 Warehouse's lien; security interest; "household goods" defined; loss of lien.

Sec. 7209.

(1) A warehouse has a lien against the bailor on the goods covered by a warehouse receipt or storage agreement or on the proceeds of those goods in its possession for charges for storage or transportation, including demurrage and terminal charges, insurance, labor, or other charges, present or future, in relation to the goods, and for expenses necessary for preservation of the goods or reasonably incurred in their sale pursuant to law. If the person on whose account the goods are held is liable for similar charges or expenses in relation to other goods whenever deposited and it is stated in the warehouse receipt or storage agreement that a lien is claimed for charges and expenses in relation to other goods, the warehouse also has a lien against the goods covered by the warehouse receipt or storage agreement or on the proceeds of those goods in its possession for those charges and expenses, whether or not the other goods have been delivered by the warehouse. However, as against a person to which a negotiable warehouse receipt is duly negotiated, a warehouse's lien is limited to charges in an amount or at a rate specified in the warehouse receipt or, if no charges are so specified, to a reasonable charge for storage of the specific goods covered by the receipt subsequent to the date of the receipt.

(2) A warehouse may also reserve a security interest against the bailor for the maximum amount specified on the receipt for charges other than those specified in subsection (1), such as for money advanced and interest. The security interest is governed by article 9.

(3) A warehouse's lien for charges and expenses under subsection (1) or a security interest under subsection (2) is also effective against any person that so entrusted the bailor with possession of the goods that a pledge of them by the bailor to a good faith purchaser for value would have been valid. However, the lien or security interest is not effective against a person that before issuance of a document of title had a legal interest or a perfected security interest in the goods and that did not do any of the following:

(a) Deliver or entrust the goods or any document of title covering the goods to the bailor or the bailor's nominee with any of the following:

(i) Actual or apparent authority to ship, store, or sell.

(ii) Power to obtain delivery under section 7403.

(iii) Power of disposition under section 2403, 2A304(2), 2A305(2), 9320, or 9321 or other statute or rule of

law.
(b) Acquiesce in the procurement by the bailor or its nominee of any document.
(4) A warehouse's lien on household goods for charges and expenses in relation to the goods under subsection (1) is also effective against all persons if the depositor was the legal possessor of the goods at the time of deposit. As used in this subsection, "household goods" means furniture, furnishings, or personal effects used by the depositor in a dwelling.
(5) A warehouse loses its lien on any goods that it voluntarily delivers or unjustifiably refuses to deliver.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7210 Warehouse's lien; enforcement procedure; liability for noncompliance.

Sec. 7210.

(1) Except as otherwise provided in subsection (2), a warehouse's lien may be enforced by public or private sale of the goods, in bulk or in packages, at any time or place and on any terms that are commercially reasonable, after notifying all persons known to claim an interest in the goods. The notification must include a statement of the amount due, the nature of the proposed sale, and the time and place of any public sale. The fact that a better price could have been obtained by a sale at a different time or in a method different from that selected by the warehouse is not of itself sufficient to establish that the sale was not made in a commercially reasonable manner. A warehouse sells in a commercially reasonable manner if the warehouse sells the goods in the usual manner in any recognized market for the goods, sells at the price current in that market at the time of the sale, or otherwise sells in conformity with commercially reasonable practices among dealers in the type of goods sold. A sale of more goods than apparently necessary to be offered to ensure satisfaction of the obligation is not commercially reasonable, except in cases covered by the preceding sentence.
(2) A warehouse may enforce its lien on goods, other than goods stored by a merchant in the course of its business, only if the following requirements are satisfied:
(a) All persons known to claim an interest in the goods must be notified.
(b) The notification must include an itemized statement of the claim, a description of the goods subject to the lien, a demand for payment within a specified time not less than 10 days after receipt of the notification, and a conspicuous statement that unless the claim is paid within that time the goods will be advertised for sale and sold by auction at a specified time and place.
(c) The sale must conform to the terms of the notification.
(d) The sale must be held at the nearest suitable place to where the goods are held or stored.
(e) After the expiration of the time given in the notification, an advertisement of the sale must be published once a week for 2 weeks consecutively in a newspaper of general circulation where the sale is to be held. The advertisement must include a description of the goods, the name of the person on whose account the goods are being held, and the time and place of the sale. The sale must take place at least 15 days after the first publication. If there is no newspaper of general circulation where the sale is to be held, the advertisement must be posted at least 10 days before the sale in not fewer than 6 conspicuous places in the neighborhood of the proposed sale.
(3) Before any sale pursuant to this section, any person claiming a right in the goods may pay the amount necessary to satisfy the lien and the reasonable expenses incurred in complying with this section. In that event, the goods may not be sold but must be retained by the warehouse subject to the terms of the receipt and this article.
(4) A warehouse may buy at any public sale held pursuant to this section.
(5) A purchaser in good faith of goods sold to enforce a warehouse's lien takes the goods free of any rights of persons against which the lien was valid, despite the warehouse's noncompliance with this section.
(6) A warehouse may satisfy its lien from the proceeds of any sale pursuant to this section but shall hold the balance, if any, for delivery on demand to any person to which the warehouse would have been bound to deliver the goods.
(7) The rights provided by this section are in addition to all other rights allowed by law to a creditor against a debtor.
(8) If a lien is on goods stored by a merchant in the course of its business, the lien may be enforced in accordance with subsection (1) or (2).
(9) A warehouse is liable for damages caused by failure to comply with the requirements for sale under this section and, in case of willful violation, is liable for conversion.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 1964, Act 250, Eff. Aug. 28, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

Part 3
BILLS OF LADING: SPECIAL PROVISIONS

440.7301 Negotiable bill of lading; issuer's liability for misdating, nonreceipt, or misdescription; goods loaded by issuer of bill of lading; bulk; statement of shipper's weight, load, and count; guarantee; liability.

Sec. 7301.

(1) A consignee of a nonnegotiable bill of lading which has given value in good faith, or a holder to which a negotiable bill has been duly negotiated, relying upon the description of the goods in the bill or upon the date shown in the bill, may recover from the issuer damages caused by the misdating of the bill or the nonreceipt or misdescription of the goods, except to the extent that the bill indicates that the issuer does not know whether any part or all of the goods in fact were received or conform to the description, such as in a case in which the description is in terms of marks or labels or kind, quantity, or condition or the receipt or description is qualified by "contents or condition of contents of packages unknown", "said to contain", "shipper's weight, load, and count", or words of similar import, if that indication is true.
(2) All of the following apply if goods are loaded by the issuer of a bill of lading:
(a) The issuer shall count the packages of goods if shipped in packages and ascertain the kind and quantity if shipped in bulk.
(b) Words such as "shipper's weight, load, and count", or words of similar import indicating that the description was made by the shipper are ineffective except as to goods concealed in packages.
(3) If bulk goods are loaded by a shipper that makes available to the issuer of a bill of lading adequate facilities for weighing those goods, the issuer shall ascertain the kind and quantity within a reasonable time after receiving the shipper's request in a record to do so. In that case, "shipper's weight" or words of similar import are ineffective.
(4) The issuer of a bill of lading, by including in the bill the words "shipper's weight, load, and count", or words of similar import, may indicate that the goods were loaded by the shipper, and, if that statement is true, the issuer is not liable for damages caused by the improper loading. However, omission of those words does not imply liability for damages caused by improper loading.
(5) A shipper guarantees to an issuer the accuracy at the time of shipment of the description, marks, labels, number, kind, quantity, condition, and weight, as furnished by the shipper, and the shipper shall indemnify the issuer against damage caused by inaccuracies in those particulars. This right of indemnity does not limit the issuer's responsibility or liability under the contract of carriage to any person other than the shipper.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7302 Through bill of lading or other document of title; variance as to overseas undertaking; obligations of persons other than issuer; obligations of persons to issuer.

Sec. 7302.

(1) The issuer of a through bill of lading or other document of title embodying an undertaking to be performed in part by a person acting as its agent or by a performing carrier, is liable to any person entitled to recover on the bill or other document for any breach by the other person or the performing carrier of its obligation under the bill or other document. However, to the extent that the bill or other document covers an undertaking to be performed overseas or in territory not contiguous to the continental United States or an undertaking including matters other than transportation, this liability for breach by the other person or the performing carrier may be varied by agreement of the parties.
(2) If goods covered by a through bill of lading or other document of title embodying an undertaking to be performed in part by a person other than the issuer are received by that person, the person is subject, with respect to its own performance while the goods are in its possession, to the obligation of the issuer. The person's obligation is discharged by delivery of the goods to another person pursuant to the bill or other document and does not include liability for breach by any other person or by the issuer.
(3) The issuer of a through bill of lading or other document of title described in subsection (1) is entitled to recover all of the following from the performing carrier, or other person in possession of the goods when the breach of the obligation under the bill or other document occurred:

(a) The amount it may be required to pay to any person entitled to recover on the bill or other document for the breach, as may be evidenced by any receipt, judgment, or transcript of judgment.

(b) The amount of any expense reasonably incurred by the issuer in defending any action commenced by any person entitled to recover on the bill or other document for the breach.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7303 Diversion; reconsignment; change of instructions.

Sec. 7303.

(1) Unless the bill of lading otherwise provides, a carrier may deliver the goods to a person or destination other than that stated in the bill or may otherwise dispose of the goods, without liability for misdelivery, on instructions from any of the following:

(a) The holder of a negotiable bill.

(b) The consignor on a nonnegotiable bill, even if the consignee has given contrary instructions.

(c) The consignee on a nonnegotiable bill in the absence of contrary instructions from the consignor, if the goods have arrived at the billed destination or if the consignee is in possession of the tangible bill or in control of the electronic bill.

(d) The consignee on a nonnegotiable bill, if the consignee is entitled as against the consignor to dispose of the goods.

(2) Unless instructions described in subsection (1) are included in a negotiable bill of lading, a person to which the bill is duly negotiated may hold the bailee according to the original terms.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7304 Bills of lading in set of parts.

Sec. 7304.

(1) Except as customary in international transportation, a tangible bill of lading may not be issued in a set of parts. The issuer is liable for damages caused by violation of this subsection.

(2) If a tangible bill of lading is lawfully issued in a set of parts, each of which contains an identification code and is expressed to be valid only if the goods have not been delivered against any other part, the whole of the parts constitutes 1 bill.

(3) If a tangible negotiable bill of lading is lawfully issued in a set of parts and different parts are negotiated to different persons, the title of the holder to which the first due negotiation is made prevails as to both the document of title and the goods even if any later holder may have received the goods from the carrier in good faith and discharged the carrier's obligation by surrendering its part.

(4) A person that negotiates or transfers a single part of a tangible bill of lading issued in a set is liable to holders of that part as if it were the whole set.

(5) The bailee shall deliver in accordance with part 4 against the first presented part of a tangible bill of lading lawfully issued in a set. Delivery in this manner discharges the bailee's obligation on the whole bill.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7305 Destination and substitute bills.

Sec. 7305.

(1) Instead of issuing a bill of lading to the consignor at the place of shipment, a carrier, at the request of the consignor, may procure the bill to be issued at destination or at any other place designated in the request.
(2) Upon request of any person entitled as against a carrier to control the goods while in transit and on surrender of possession or control of any outstanding bill of lading or other receipt covering the goods, the issuer, subject to section 7105, may procure a substitute bill to be issued at any place designated in the request.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7306 Altered bills of lading.

Sec. 7306.

An unauthorized alteration or filling in of a blank in a bill of lading leaves the bill enforceable according to its original tenor.

History: 1962, Act 174, Eff. Jan. 1, 1964

440.7307 Carrier's lien.

Sec. 7307.

(1) A carrier has a lien on the goods covered by a bill of lading or on the proceeds of those goods in its possession for charges after the date of the carrier's receipt of the goods for storage or transportation, including demurrage and terminal charges, and for expenses necessary for preservation of the goods incident to their transportation or reasonably incurred in their sale pursuant to law. However, against a purchaser for value of a negotiable bill of lading, a carrier's lien is limited to charges stated in the bill or the applicable tariffs or, if no charges are stated, a reasonable charge.
(2) A lien for charges and expenses under subsection (1) on goods that the carrier was required by law to receive for transportation is effective against the consignor or any person entitled to the goods unless the carrier had notice that the consignor lacked authority to subject the goods to those charges and expenses. Any other lien under subsection (1) is effective against the consignor and any person that permitted the bailor to have control or possession of the goods unless the carrier had notice that the bailor lacked authority.
(3) A carrier loses its lien on any goods that it voluntarily delivers or unjustifiably refuses to deliver.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7308 Carrier's lien; enforcement; procedure; liability for noncompliance.

Sec. 7308.

(1) A carrier's lien on goods may be enforced by public or private sale of the goods, in bulk or in packages, at any time or place and on any terms that are commercially reasonable, after notifying all persons known to claim an interest in the goods. The notification must include a statement of the amount due, the nature of the proposed sale, and the time and place of any public sale. The fact that a better price could have been obtained by a sale at a different time or in a method different from that selected by the carrier is not of itself sufficient to establish that the sale was not made in a commercially reasonable manner. The carrier sells goods in a commercially reasonable manner if the carrier sells the goods in the usual manner in any recognized market for that type of goods, sells at the price current in that market at the time of the sale, or otherwise sells in conformity with commercially reasonable practices among dealers in the type of goods sold. A sale of more goods than apparently necessary to be offered to ensure satisfaction of the obligation is not commercially reasonable except in cases covered by the preceding

sentence.
(2) Before any sale pursuant to this section, any person claiming a right in the goods may pay the amount necessary to satisfy the lien and the reasonable expenses incurred in complying with this section. In that event, the goods may not be sold but must be retained by the carrier subject to the terms of the bill of lading and this article.
(3) A carrier may buy at any public sale pursuant to this section.
(4) A purchaser in good faith of goods sold to enforce a carrier's lien takes the goods free of any rights of persons against which the lien was valid, despite the carrier's noncompliance with this section.
(5) A carrier may satisfy its lien from the proceeds of any sale pursuant to this section but shall hold the balance, if any, for delivery on demand to any person to which the carrier would have been bound to deliver the goods.
(6) The rights provided by this section are in addition to all other rights allowed by law to a creditor against a debtor.
(7) A carrier's lien may be enforced pursuant to either subsection (1) or the procedure set forth in section 7210(2).
(8) A carrier is liable for damages caused by failure to comply with the requirements for sale under this section and, in case of willful violation, is liable for conversion.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7309 Carrier's duty of care; contractual provisions as to liability.

Sec. 7309.

(1) A carrier that issues a bill of lading, whether negotiable or nonnegotiable, shall exercise the degree of care in relation to the goods which a reasonably careful person would exercise under similar circumstances. This subsection does not affect any statute, regulation, or rule of law that imposes liability upon a common carrier for damages not caused by its negligence.
(2) Damages may be limited by a term in the bill of lading or in a transportation agreement that the carrier's liability may not exceed a value stated in the bill or transportation agreement if the carrier's rates are dependent upon value and the consignor is afforded an opportunity to declare a higher value and the consignor is advised of the opportunity. However, such a limitation is not effective with respect to the carrier's liability for conversion to its own use.
(3) Reasonable provisions as to the time and manner of presenting claims and commencing actions based on the shipment may be included in a bill of lading or a transportation agreement.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

Part 4
WAREHOUSE RECEIPTS AND BILLS OF LADING: GENERAL OBLIGATIONS

440.7401 Irregularities in issue of document of title.

Sec. 7401.

The obligations imposed by this article on an issuer apply to a document of title even if any of the following apply:
(a) The document does not comply with the requirements of this article or of any other statute, rule, or regulation regarding its issuance, form, or content.
(b) The issuer violated laws regulating the conduct of its business.
(c) The goods covered by the document were owned by the bailee when the document was issued.
(d) The person issuing the document is not a warehouse but the document purports to be a warehouse receipt.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7402 Duplicate document of title; overissue.

Sec. 7402.

A duplicate or any other document of title purporting to cover goods already represented by an outstanding document of the same issuer does not confer any right in the goods, except as provided in the case of tangible bills of lading in a set of parts, overissue of documents for fungible goods, substitutes for lost, stolen, or destroyed documents, or substitute documents issued pursuant to section 7105. The issuer is liable for damages caused by its overissue or failure to identify a duplicate document by a conspicuous notation.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7403 Delivery; exceptions; satisfaction of bailee's lien; cancellation or indication of partial delivery.

Sec. 7403.

(1) A bailee shall deliver the goods to a person entitled under a document of title if the person complies with subsections (2) and (3), unless and to the extent that the bailee establishes any of the following:

(a) Delivery of the goods to a person whose receipt was rightful as against the claimant.

(b) Damages to or delay, loss, or destruction of the goods for which the bailee is not liable.

(c) Previous sale or other disposition of the goods in lawful enforcement of a lien or on a warehouse's lawful termination of storage.

(d) The exercise by a seller of its right to stop delivery pursuant to section 2705 or by a lessor of its right to stop delivery pursuant to section 2A526.

(e) A diversion, reconsignment, or other disposition pursuant to section 7303.

(f) Release, satisfaction, or any other personal defense against the claimant.

(g) Any other lawful excuse.

(2) A person claiming goods covered by a document of title shall satisfy the bailee's lien if the bailee so requests or if the bailee is prohibited by law from delivering the goods until the charges are paid.

(3) Unless a person claiming the goods is a person against which the document of title does not confer a right under section 7503(1), both of the following apply:

(a) The person claiming under a document shall surrender possession or control of any outstanding negotiable document covering the goods for cancellation or indication of partial deliveries.

(b) The bailee shall cancel the document or conspicuously indicate in the document the partial delivery or the bailee is liable to any person to which the document is duly negotiated.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7404 Bailee's delivery in good faith according to document of title.

Sec. 7404.

A bailee that in good faith has received goods and delivered or otherwise disposed of the goods according to the terms of a document of title or pursuant to this article is not liable for the goods even if any of the following apply:

(a) The person from which the bailee received the goods did not have authority to procure the document or to dispose of the goods.

(b) The person to which the bailee delivered the goods did not have authority to receive the goods.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

Part 5
WAREHOUSE RECEIPTS AND BILLS OF LADING: NEGOTIATION AND TRANSFER

440.7501 Negotiable document of title; indorsement; notice of arrival.

Sec. 7501.

(1) All of the following rules apply to a negotiable tangible document of title:
(a) If the document's original terms run to the order of a named person, the document is negotiated by the named person's indorsement and delivery. After the named person's indorsement in blank or to bearer, any person may negotiate the document by delivery alone.
(b) If the document's original terms run to bearer, it is negotiated by delivery alone.
(c) If the document's original terms run to the order of a named person and it is delivered to the named person, the effect is the same as if the document had been negotiated.
(d) Negotiation of the document after it has been indorsed to a named person requires indorsement by the named person and delivery.
(e) 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 receiving the document in settlement or payment of a monetary obligation.
(2) All of the following rules apply to a negotiable electronic document of title:
(a) If the document's original terms run to the order of a named person or to bearer, the document is negotiated by delivery of the document to another person. Indorsement by the named person is not required to negotiate the document.
(b) If the document's original terms run to the order of a named person and the named person has control of the document, the effect is the same as if the document had been negotiated.
(c) 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.
(3) Indorsement of a nonnegotiable document neither makes it negotiable nor adds to the transferee's rights.
(4) The naming in a negotiable bill 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.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7502 Negotiation; rights acquired.

Sec. 7502.

(1) Subject to sections 7205 and 7503, a holder to which a negotiable document of title is duly negotiated acquires all of the following:
(a) Title to the document.
(b) Title to the goods.
(c) All rights accruing under the law of agency or estoppel, including rights to goods delivered to the bailee after the document was issued.
(d) 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 article. However, 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.
(2) Subject to section 7503, 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 any of the following occur:
(a) The due negotiation or any prior due negotiation constituted a breach of duty.

(b) 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.
(c) A previous sale or other transfer of the goods or document has been made to a third person.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7503 Documents of title to goods; defeat in certain cases.

Sec. 7503.

(1) 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 that did not do any of the following:
(a) Deliver or entrust the goods or any document of title covering the goods to the bailor or his or her nominee with any of the following:
(i) Actual or apparent authority to ship, store, or sell.
(ii) Power to obtain delivery under section 7403.
(iii) Power of disposition under section 2403, 2A304(2), 2A305(2), 9320, or 9321(3) or other statute or rule of law.
(b) Acquiesce in the procurement by the bailor or its nominee of any document.
(2) 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. Such a title may be defeated under section 7504 to the same extent as the rights of the issuer or a transferee from the issuer.
(3) 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 part 4 of this article pursuant to its own bill of lading discharges the carrier's obligation to deliver.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2000, Act 348, Eff. July 1, 2001 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7504 Documents of title; transfer by delivery in absence of due negotiation; effect; defeat of transfer rights; diversion or change of shipping instructions; stoppage of delivery.

Sec. 7504.

(1) 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.
(2) 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 by any of the following:
(a) By those creditors of the transferor which could treat the transfer as void under section 2402 or 2A308.
(b) 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.
(c) 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.
(d) As against the bailee, by good-faith dealings of the bailee with the transferor.
(3) A diversion or other change of shipping instructions by the consignor in a nonnegotiable bill of lading which causes the bailee not to deliver the goods to the consignee defeats the consignee's title to the goods if the goods have been delivered to a buyer in ordinary course of business or a leasee in ordinary course of business and, in any event, defeats the consignee's rights against the bailee.
(4) Delivery of the goods pursuant to a nonnegotiable document of title may be stopped by a seller under section 2705 or a lessor under section 2A526, subject to the requirements of due notification in those sections. A bailee that honors the seller's or lessor's instructions is entitled to be indemnified by the seller or lessor against any resulting loss or expense.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7505 Documents of title; liability of indorser.

Sec. 7505.

The indorsement of a tangible document of title issued by a bailee does not make the indorser liable for any default by the bailee or by previous indorsers.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7506 Documents of title; delivery without indorsement; right to have indorsement supplied.

Sec. 7506.

The transferee of a negotiable tangible document of title has a specifically enforceable right to have its transferor supply any necessary indorsement, but the transfer becomes a negotiation only as of the time the indorsement is supplied.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7507 Documents of title; warranties on negotiation or delivery for value.

Sec. 7507.

If a person negotiates or delivers a document of title for value, otherwise than as a mere intermediary under section 7508, unless otherwise agreed, the transferor, in addition to any warranty made in selling or leasing the goods, warrants to its immediate purchaser only the following:

(a) That the document is genuine.

(b) That the transferor does not have knowledge of any fact that would impair the document's validity or worth.

(c) That the negotiation or delivery is rightful and fully effective with respect to the title to the document and the goods it represents.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7508 Documents of title; warranties of collecting bank.

Sec. 7508.

A collecting bank or other intermediary known to be entrusted with documents of title on behalf of another or with collection of a draft or other claim against delivery of documents warrants by the delivery of the documents only its own good faith and authority even if the collecting bank or other intermediary has purchased or made advances against the claim or draft to be collected.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7509 Documents of title; adequacy as contract for sale, lease, or conditions of a credit.

Sec. 7509.

Whether a document of title is adequate to fulfill the obligations of a contract for sale, a contract for lease, or the conditions of a letter of credit is determined by article 2, 2A, or 5.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

Part 6
WAREHOUSE RECEIPTS AND BILLS OF LADING: MISCELLANEOUS PROVISIONS

440.7601 Lost, stolen, or destroyed documents of title; delivery of goods or issuance of substitute document; indemnity.

Sec. 7601.

(1) If a document of title is lost, stolen, or destroyed, a court may order delivery of the goods or issuance of a substitute document and the bailee may without liability to any person comply with the order. If the document was negotiable, a court may not order delivery of the goods or issuance of a substitute document without the claimant's posting security unless it finds that any person that may suffer loss as a result of nonsurrender of possession or control of the document is adequately protected against the loss. If the document was nonnegotiable, the court may require security. The court may also order payment of the bailee's reasonable costs and attorney fees in any action under this subsection.

(2) A bailee that, without a court order, delivers goods to a person claiming under a missing negotiable document of title is liable to any person injured by that delivery. If the delivery is not in good faith, the bailee is liable for conversion. Delivery in good faith is not conversion if the claimant posts security with the bailee in an amount at least double the value of the goods at the time of posting to indemnify any person injured by the delivery which files a notice of claim within 1 year after the delivery.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7602 Judicial process; surrender of document of title; purchaser for value.

Sec. 7602.

Unless a document of title was originally issued upon delivery of the goods by a person that did not have power to dispose of them, a lien does not attach by virtue of any judicial process to goods in the possession of a bailee for which a negotiable document of title is outstanding unless possession or control of the document is first surrendered to the bailee or the document's negotiation is enjoined. The bailee may not be compelled to deliver the goods pursuant to process until possession or control of the document is surrendered to the bailee or to the court. A purchaser of the document for value without notice of the process or injunction takes free of the lien imposed by judicial process.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

440.7603 Conflicting claims; interpleader.

Sec. 7603.

If more than 1 person claims title to or possession of the goods, the bailee is excused from delivery until the bailee has had a reasonable time to ascertain the validity of the adverse claims or to commence an action for interpleader. The bailee may assert an interpleader either in defending an action for nondelivery of the goods or by original action.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 2012, Act 87, Eff. July 1, 2013

PART 7
MISCELLANEOUS PROVISIONS

440.7701 Applicability of amendatory act.

Sec. 7701.

(1) The amendatory act that added this section applies to a document of title that is issued or a bailment that arises on or after the effective date of that amendatory act.

(2) The amendatory act that added this section does not apply to a document of title that is issued or a bailment that arises before the effective date of that amendatory act even if the document of title or bailment would be subject to that amendatory act if the document of title had been issued or bailment had arisen on or after the effective date of that amendatory act.

(3) The amendatory act that added this section does not apply to a right of action that has accrued before the effective date of that amendatory act.

History: Add. 2012, Act 87, Eff. July 1, 2013

440.7702 Document of title issued or bailment that arises before effective date of amendatory act.

Sec. 7702.

A document of title issued or a bailment that arises before the effective date of the amendatory act that added this section and the rights, obligations, and interests flowing from that document or bailment are governed by any statute amended or repealed by that amendatory act as if amendment or repeal had not occurred and may be terminated, completed, consummated, or enforced under that statute.

History: Add. 2012, Act 87, Eff. July 1, 2013