



General Assembly

Substitute Bill No. 5212

February Session, 2004

* _____ HB05212JUD ___ 030904 _____ *

**AN ACT ADOPTING REVISED ARTICLE 7 OF THE UNIFORM
COMMERCIAL CODE CONCERNING DOCUMENTS OF TITLE.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42a-7-101 of the general statutes is repealed and
2 the following is substituted in lieu thereof (*Effective October 1, 2004*):

3 This article [shall be known and] and sections 6, 41 and 42 of this act
4 may be cited as "Uniform Commercial Code-Documents of Title".

5 Sec. 2. Section 42a-7-102 of the general statutes is repealed and the
6 following is substituted in lieu thereof (*Effective October 1, 2004*):

7 [(1) In this article, unless the context otherwise requires: (a) "Bailee"
8 means the person who by a warehouse receipt, bill of lading or other
9 document of title acknowledges possession of goods and contracts to
10 deliver them. (b) "Consignee" means the person named in a bill to
11 whom or to whose order the bill promises delivery. (c) "Consignor"
12 means the person named in a bill as the person from whom the goods
13 have been received for shipment. (d) "Delivery order" means a written
14 order to deliver goods directed to a warehouseman, carrier or other
15 person who in the ordinary course of business issues warehouse
16 receipts or bills of lading. (e) "Document" means document of title as
17 defined in the general definitions in section 42a-1-201. (f) "Goods"
18 means all things which are treated as movable for the purposes of a

19 contract of storage or transportation. (g) "Issuer" means a bailee who
20 issues a document except that in relation to an unaccepted delivery
21 order it means the person who orders the possessor of goods to
22 deliver. Issuer includes any person for whom an agent or employee
23 purports to act in issuing a document if the agent or employee has real
24 or apparent authority to issue documents, notwithstanding that the
25 issuer received no goods or that the goods were misdescribed or that
26 in any other respect the agent or employee violated his instructions. (h)
27 "Warehouseman" is a person engaged in the business of storing goods
28 for hire.

29 (2) Other definitions applying to this article or to specified parts
30 thereof and the sections in which they appear are:

T1 "Duly negotiate". Section 42a-7-501.

T2 "Person entitled under the document". Section 42a-7-403(4).

31 (3) Definitions in other articles applying to this article and the
32 sections in which they appear are:

T3 "Contract for sale". Section 42a-2-106.

T4 "Overseas". Section 42a-2-323.

T5 "Receipt" of goods. Section 42a-2-103.

33 (4) In addition article 1 contains general definitions and principles of
34 construction and interpretation applicable throughout this article.]

35 (a) In this article and sections 6, 41 and 42 of this act, unless the
36 context otherwise requires:

37 (1) "Bailee" means a person that by a warehouse receipt, bill of
38 lading or other document of title acknowledges possession of goods

39 and contracts to deliver them.

40 (2) "Carrier" means a person that issues a bill of lading.

41 (3) "Consignee" means a person named in a bill of lading to which
42 or to whose order the bill promises delivery.

43 (4) "Consignor" means a person named in a bill of lading as the
44 person from which the goods have been received for shipment.

45 (5) "Delivery order" means a record that contains an order to deliver
46 goods directed to a warehouse, carrier or other person that in the
47 ordinary course of business issues warehouse receipts or bills of
48 lading.

49 (6) "Good faith" means honesty in fact and the observance of
50 reasonable commercial standards of fair dealing.

51 (7) "Goods" means all things that are treated as movable for the
52 purposes of a contract for storage or transportation.

53 (8) "Issuer" means a bailee that issues a document of title or, in the
54 case of an unaccepted delivery order, the person that orders the
55 possessor of goods to deliver. The term includes a person for which an
56 agent or employee purports to act in issuing a document if the agent or
57 employee has real or apparent authority to issue documents, even if
58 the issuer did not receive any goods, the goods were misdescribed, or
59 in any other respect the agent or employee violated the issuer's
60 instructions.

61 (9) "Person entitled under the document" means the holder, in the
62 case of a negotiable document of title, or the person to which delivery
63 of the goods is to be made by the terms of, or pursuant to instructions
64 in a record under, a nonnegotiable document of title.

65 (10) "Record" means information that is inscribed on a tangible
66 medium or that is stored in an electronic or other medium and is
67 retrievable in perceivable form.

68 (11) "Sign" means, with present intent to authenticate or adopt a
69 record:

70 (A) To execute or adopt a tangible symbol; or

71 (B) To attach to or logically associate with the record an electronic
72 sound, symbol or process.

73 (12) "Shipper" means a person that enters into a contract of
74 transportation with a carrier.

75 (13) "Warehouse" means a person engaged in the business of storing
76 goods for hire.

77 (b) Definitions in other articles applying to this article and sections
78 6, 41 and 42 of this act and the sections in which they appear are:

79 (1) "Contract for sale". Section 42a-2-106.

80 (2) "Lessee in ordinary course of business". Section 42a-2A-102, as
81 amended by this act.

82 (3) ""Receipt" of goods". Section 42a-2-103, as amended by this act.

83 (c) In addition, article 1 contains general definitions and principles
84 of construction and interpretation applicable throughout this article
85 and sections 6, 41 and 42 of this act.

86 Sec. 3. Section 42a-7-103 of the general statutes is repealed and the
87 following is substituted in lieu thereof (*Effective October 1, 2004*):

88 [To the extent that any treaty or statute of the United States,
89 regulatory statute of this state or tariff, classification or regulation filed
90 or issued pursuant thereto is applicable, the provisions of this article
91 are subject thereto.]

92 (a) This article and sections 6, 41 and 42 of this act are subject to any
93 treaty or statute of the United States or a regulatory statute of this state
94 to the extent the treaty, statute or regulatory statute is applicable.

95 (b) This article and sections 6, 41 and 42 of this act do not modify or
96 repeal any law prescribing the form or content of a document of title or
97 the services or facilities to be afforded by a bailee, or otherwise
98 regulating a bailee's businesses in respects not specifically treated in
99 this article and sections 6, 41 and 42 of this act. However, violation of
100 such a law does not affect the status of a document of title that
101 otherwise is within the definition of a document of title.

102 (c) This article and sections 6, 41 and 42 of this act modify, limit and
103 supersede the federal Electronic Signatures in Global and National
104 Commerce Act, 15 USC 7001 et seq., but do not modify, limit or
105 supersede Section 101(c) of said act, 15 USC 7001(c), or authorize
106 electronic delivery of any of the notices described in Section 103(b) of
107 said act, 15 USC Section 7003(b).

108 (d) To the extent there is a conflict between the Connecticut
109 Uniform Electronic Transactions Act, sections 1-266 to 1-286, inclusive,
110 and this article and sections 6, 41 and 42 of this act, this article and
111 sections 6, 41 and 42 of this act govern.

112 Sec. 4. Section 42a-7-104 of the general statutes is repealed and the
113 following is substituted in lieu thereof (*Effective October 1, 2004*):

114 [(1) A warehouse receipt, bill of lading or other document of title is
115 negotiable (a) if by its terms the goods are to be delivered to bearer or
116 to the order of a named person; or (b) where recognized in overseas
117 trade, if it runs to a named person or assigns.

118 (2) Any other document is nonnegotiable. A bill of lading in which it
119 is stated that the goods are consigned to a named person is not made
120 negotiable by a provision that the goods are to be delivered only
121 against a written order signed by the same or another named person.]

122 (a) Except as otherwise provided in subsection (c) of this section, a
123 document of title is negotiable if by its terms the goods are to be
124 delivered to bearer or to the order of a named person.

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

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

133 Sec. 5. Section 42a-7-105 of the general statutes is repealed and the
134 following is substituted in lieu thereof (*Effective October 1, 2004*):

135 [The omission from either part 2 or part 3 of this article of a
136 provision corresponding to a provision made in the other part does not
137 imply that a corresponding rule of law is not applicable.]

138 (a) Upon request of a person entitled under an electronic document
139 of title, the issuer of the electronic document may issue a tangible
140 document of title as a substitute for the electronic document if:

141 (1) The person entitled under the electronic document surrenders
142 control of the document to the issuer; and

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

145 (b) Upon issuance of a tangible document of title in substitution for
146 an electronic document of title in accordance with subsection (a) of this
147 section:

148 (1) The electronic document ceases to have any effect or validity;
149 and

150 (2) The person that procured issuance of the tangible document
151 warrants to all subsequent persons entitled under the tangible
152 document that the warrantor was a person entitled under the
153 electronic document when the warrantor surrendered control of the

154 electronic document to the issuer.

155 (c) Upon request of a person entitled under a tangible document of
156 title, the issuer of the tangible document may issue an electronic
157 document of title as a substitute for the tangible document if:

158 (1) The person entitled under the tangible document surrenders
159 possession of the document to the issuer; and

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

162 (d) Upon issuance of an electronic document of title in substitution
163 for a tangible document of title in accordance with subsection (c) of
164 this section:

165 (1) The tangible document ceases to have any effect or validity; and

166 (2) The person that procured issuance of the electronic document
167 warrants to all subsequent persons entitled under the electronic
168 document that the warrantor was a person entitled under the tangible
169 document when the warrantor surrendered possession of the tangible
170 document to the issuer.

171 Sec. 6. (NEW) (*Effective October 1, 2004*) (a) A person has control of
172 an electronic document of title if a system employed for evidencing the
173 transfer of interests in the electronic document reliably establishes that
174 person as the person to which the electronic document was issued or
175 transferred.

176 (b) A system satisfies subsection (a) of this section, and a person is
177 deemed to have control of an electronic document of title, if the
178 document is created, stored and assigned in such a manner that:

179 (1) A single authoritative copy of the document exists which is
180 unique, identifiable and, except as otherwise provided in subdivisions
181 (4), (5) and (6) of this subsection, unalterable;

182 (2) The authoritative copy identifies the person asserting control as:

183 (A) The person to which the document was issued; or

184 (B) If the authoritative copy indicates that the document has been
185 transferred, the person to which the document was most recently
186 transferred;

187 (3) The authoritative copy is communicated to and maintained by
188 the person asserting control or its designated custodian;

189 (4) Copies or amendments that add or change an identified assignee
190 of the authoritative copy can be made only with the consent of the
191 person asserting control;

192 (5) Each copy of the authoritative copy and any copy of a copy is
193 readily identifiable as a copy that is not the authoritative copy; and

194 (6) Any amendment of the authoritative copy is readily identifiable
195 as authorized or unauthorized.

196 Sec. 7. Section 42a-7-201 of the general statutes is repealed and the
197 following is substituted in lieu thereof (*Effective October 1, 2004*):

198 [(1)] (a) A warehouse receipt may be issued by any [warehouseman]
199 warehouse.

200 [(2) Where] (b) If goods₂ including distilled spirits and agricultural
201 commodities₂ are stored under a statute requiring a bond against
202 withdrawal or a license for the issuance of receipts in the nature of
203 warehouse receipts, a receipt issued for the goods [has like effect as] is
204 deemed to be a warehouse receipt even [though] if issued by a person
205 [who] that is the owner of the goods and is not a [warehouseman]
206 warehouse.

207 Sec. 8. Section 42a-7-202 of the general statutes is repealed and the
208 following is substituted in lieu thereof (*Effective October 1, 2004*):

209 [(1)] (a) A warehouse receipt need not be in any particular form.

210 [(2)] (b) Unless a warehouse receipt [embodies within its written or
211 printed terms] provides for each of the following, the [warehouseman]
212 warehouse is liable for damages caused [by the omission] to a person
213 injured [thereby] by its omission:

214 [(a) The] (1) A statement of the location of the warehouse facility
215 where the goods are stored;

216 [(b) the] (2) The date of issue of the receipt;

217 [(c) the consecutive number] (3) The unique identification code of
218 the receipt;

219 [(d) a] (4) A statement whether the goods received will be delivered
220 to the bearer, to a [specified] named person, or to a [specified] named
221 person or [his] its order;

222 [(e) the] (5) The rate of storage and handling charges, [except that
223 where] unless goods are stored under a field warehousing
224 arrangement, in which case a statement of that fact is sufficient on a
225 nonnegotiable receipt;

226 [(f) a] (6) A description of the goods or [of] the packages containing
227 them;

228 [(g) the] (7) The signature of the [warehouseman, which may be
229 made by his authorized] warehouse or its agent;

230 [(h) if] (8) If the receipt is issued for goods [of which the
231 warehouseman is owner] that the warehouse owns, either solely, [or]
232 jointly or in common with others, a statement of the fact of [such] that
233 ownership; and

234 [(i) a] (9) A statement of the amount of advances made and of
235 liabilities incurred for which the [warehouseman] warehouse claims a
236 lien or security interest, [as provided in section 42a-7-209. If] unless the
237 precise amount of [such] advances made or [of such] liabilities
238 incurred, [is,] at the time of the issue of the receipt, is unknown to the

239 [warehouseman or to his agent who issues it,] warehouse or to its
240 agent that issued the receipt, in which case a statement of the fact that
241 advances have been made or liabilities incurred and the purpose
242 [thereof] of the advances or liabilities is sufficient.

243 [(3) A warehouseman may insert in his receipt any other terms
244 which are not contrary to the provisions of this title and do not impair
245 his obligation of delivery or his duty of care. Any contrary provisions
246 shall be ineffective.]

247 (c) A warehouse may insert in its receipt any terms that are not
248 contrary to this title and do not impair its obligation of delivery under
249 section 42a-7-403, as amended by this act, or its duty of care under
250 section 42a-7-204, as amended by this act. Any contrary provision is
251 ineffective.

252 Sec. 9. Section 42a-7-203 of the general statutes is repealed and the
253 following is substituted in lieu thereof (*Effective October 1, 2004*):

254 A party to or purchaser for value in good faith of a document of
255 title, other than a bill of lading, [relying in either case] that relies upon
256 the description [therein] of the goods in the document may recover
257 from the issuer damages caused by the nonreceipt or misdescription of
258 the goods, except to the extent that:

259 [the] (1) The document conspicuously indicates that the issuer does
260 not know whether [any part or] all or part of the goods in fact were
261 received or conform to the description, [as where] such as a case in
262 which the description is in terms of marks or labels or kind, quantity or
263 condition, or the receipt or description is qualified by "contents,
264 condition and quality unknown", "said to contain" or [the like, if such]
265 words of similar import, if the indication is true; [,] or

266 [the] (2) The party or purchaser otherwise has notice of the
267 nonreceipt or misdescription.

268 Sec. 10. Section 42a-7-204 of the general statutes is repealed and the

269 following is substituted in lieu thereof (*Effective October 1, 2004*):

270 [(1) A warehouseman] (a) A warehouse is liable for damages for loss
271 of or injury to the goods caused by [his] its failure to exercise [such]
272 care [in] with regard to [them as] the goods that a reasonably careful
273 [man] person would exercise under [like] similar circumstances. [but
274 unless] Unless otherwise agreed, [he] the warehouse is not liable for
275 damages [which] that could not have been avoided by the exercise of
276 [such] that care.

277 [(2)] (b) Damages may be limited by a term in the warehouse receipt
278 or storage agreement limiting the amount of liability in case of loss or
279 damage [, and setting forth a specific liability per article or item, or
280 value per unit of weight, beyond which the warehouseman shall not be
281 liable; provided, however, that such liability may on written request of
282 the bailor at the time of signing such storage agreement or within a
283 reasonable time after receipt of the warehouse receipt be increased on
284 part or all of the goods thereunder, in which event increased rates may
285 be charged based on such increased valuation, but that no such
286 increase shall be permitted contrary to a lawful limitation of liability
287 contained in the warehouseman's tariff, if any. No such limitation is
288 effective with respect to the warehouseman's liability for conversion to
289 his own use] beyond which the warehouse is not liable. Such a
290 limitation is not effective with respect to the warehouse's liability for
291 conversion to its own use. On request of the bailor in a record at the
292 time of signing the storage agreement or within a reasonable time after
293 receipt of the warehouse receipt, the warehouse's liability may be
294 increased on part or all of the goods covered by the storage agreement
295 or the warehouse receipt. In this event, increased rates may be charged
296 based on an increased valuation of the goods.

297 [(3)] (c) Reasonable provisions as to the time and manner of
298 presenting claims and [instituting] commencing actions based on the
299 bailment may be included in the warehouse receipt or [tariff] storage
300 agreement.

301 Sec. 11. Section 42a-7-205 of the general statutes is repealed and the
302 following is substituted in lieu thereof (*Effective October 1, 2004*):

303 A buyer in [the] ordinary course of business of fungible goods sold
304 and delivered by a [warehouseman who] warehouse that is also in the
305 business of buying and selling such goods takes the goods free of any
306 claim under a warehouse receipt even [though it] if the receipt is
307 negotiable and has been duly negotiated.

308 Sec. 12. Section 42a-7-206 of the general statutes is repealed and the
309 following is substituted in lieu thereof (*Effective October 1, 2004*):

310 [(1) A warehouseman may on notifying] (a) A warehouse, by giving
311 notice to the person on whose account the goods are held and any
312 other person known to claim an interest in the goods, may require
313 payment of any charges and removal of the goods from the warehouse
314 at the termination of the period of storage fixed by the document [,] of
315 title or, if [no] a period is not fixed, within a stated period not less than
316 thirty days after the [notification] warehouse gives notice. If the goods
317 are not removed before the date specified in the [notification] notice,
318 the [warehouseman] warehouse may sell them [in accordance with the
319 provisions of] pursuant to section 42a-7-210, [on enforcement of a
320 warehouseman's lien] as amended by this act.

321 [(2) If a warehouseman] (b) If a warehouse in good faith believes
322 that [the] goods are about to deteriorate or decline in value to less than
323 the amount of [his] its lien within the time [prescribed in subsection (1)
324 for notification, advertisement and sale, the warehouseman] provided
325 in subsection (a) of this section and section 42a-7-210, as amended by
326 this act, the warehouse may specify in the [notification] notice given
327 under subsection (a) of this section any reasonable shorter time for
328 removal of the goods and, [in case] if the goods are not removed, may
329 sell them at public sale held not less than one week after a single
330 advertisement or posting.

331 [(3)] (c) If, as a result of a quality or condition of the goods of which
332 the [warehouseman had no] warehouse did not have notice at the time

333 of deposit, the goods are a hazard to other property, [or to] the
334 warehouse facilities or [to] other persons, the [warehouseman]
335 warehouse may sell the goods at public or private sale without
336 advertisement or posting on reasonable notification to all persons
337 known to claim an interest in the goods. If the [warehouseman]
338 warehouse, after a reasonable effort, is unable to sell the goods, [he] it
339 may dispose of them in any lawful manner and [shall incur no] does
340 not incur liability by reason of [such] that disposition.

341 [(4) The warehouseman must] (d) A warehouse shall deliver the
342 goods to any person entitled to them under this article and sections 6,
343 41 and 42 of this act upon due demand made at any time [prior to]
344 before sale or other disposition under this section.

345 [(5) The warehouseman may satisfy his] (e) A warehouse may
346 satisfy its lien from the proceeds of any sale or disposition under this
347 section but [must] shall hold the balance for delivery on the demand of
348 any person to [whom he] which the warehouse would have been
349 bound to deliver the goods.

350 Sec. 13. Section 42a-7-207 of the general statutes is repealed and the
351 following is substituted in lieu thereof (*Effective October 1, 2004*):

352 [(1)] (a) Unless the warehouse receipt [otherwise] provides
353 otherwise, a [warehouseman must] warehouse shall keep separate the
354 goods covered by each receipt so as to permit at all times identification
355 and delivery of those goods. [except that] However, different lots of
356 fungible goods may be commingled.

357 [(2) Fungible] (b) If different lots of fungible goods [so] are
358 commingled, the goods are owned in common by the persons entitled
359 thereto and the [warehouseman] warehouse is severally liable to each
360 owner for that owner's share. [Where] If, because of overissue, a mass
361 of fungible goods is insufficient to meet all the receipts [which the
362 warehouseman] the warehouse has issued against it, the persons
363 entitled include all holders to [whom] which overissued receipts have
364 been duly negotiated.

365 Sec. 14. Section 42a-7-208 of the general statutes is repealed and the
366 following is substituted in lieu thereof (*Effective October 1, 2004*):

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

373 Sec. 15. Section 42a-7-209 of the general statutes is repealed and the
374 following is substituted in lieu thereof (*Effective October 1, 2004*):

375 [(1) A warehouseman] (a) A warehouse has a lien against the bailor
376 on the goods covered by a warehouse receipt or storage agreement or
377 on the proceeds thereof in [his] its possession for charges for storage or
378 transportation, including demurrage and terminal charges, insurance,
379 labor, or other charges, present or future, in relation to the goods, and
380 for expenses necessary for preservation of the goods or reasonably
381 incurred in their sale pursuant to law. If the person on whose account
382 the goods are held is liable for [like] similar charges or expenses in
383 relation to other goods whenever deposited and it is stated in the
384 warehouse receipt or storage agreement that a lien is claimed for
385 charges and expenses in relation to other goods, the [warehouseman]
386 warehouse also has a lien against [him for such] the goods covered by
387 the warehouse receipt or storage agreement or on the proceeds thereof
388 in its possession for those charges and expenses, whether or not the
389 other goods have been delivered by the [warehouseman. But]
390 warehouse. However, as against a person to [whom] which a
391 negotiable warehouse receipt is duly negotiated, a [warehouseman's]
392 warehouse's lien is limited to charges in an amount or at a rate
393 specified [on] in the warehouse receipt or, if no charges are so
394 specified, [then] to a reasonable charge for storage of the specific goods
395 covered by the receipt subsequent to the date of the receipt.

396 [(2) The warehouseman] (b) A warehouse may also reserve a

397 security interest against the bailor for [a] the maximum amount
398 specified on the receipt for charges other than those specified in
399 subsection [(1)] (a) of this section, such as for money advanced and
400 interest. [Such a] The security interest is governed by article 9.

401 [(3) A warehouseman's] (c) A warehouse's lien for charges and
402 expenses under subsection [(1)] (a) of this section or a security interest
403 under subsection [(2)] (b) of this section is also effective against any
404 person [who] that so entrusted the bailor with possession of the goods
405 that a pledge of them by [him] the bailor to a good faith purchaser for
406 value would have been valid. [but] However, the lien or security
407 interest is not effective against a person [as to whom the document
408 confers no right in the goods covered by it under section 42a-7-503.]
409 that before issuance of a document of title had a legal interest or a
410 perfected security interest in the goods and that did not:

411 (1) Deliver or entrust the goods or any document of title covering
412 the goods to the bailor or the bailor's nominee with: (A) Actual or
413 apparent authority to ship, store or sell; (B) power to obtain delivery
414 under section 42a-7-403, as amended by this act; or (C) power of
415 disposition under section 42a-2-403, 42a-2A-404, 42a-2A-405 or 42a-9-
416 320, subsection (c) of section 42a-9-321 or other statute or rule of law;
417 or

418 (2) Acquiesce in the procurement by the bailor or its nominee of any
419 document.

420 (d) A warehouse's lien on household goods for charges and
421 expenses in relation to the goods under subsection (a) of this section is
422 also effective against all persons if the depositor was the legal
423 possessor of the goods at the time of deposit. In this subsection,
424 "household goods" means furniture, furnishings or personal effects
425 used by the depositor in a dwelling.

426 [(4) A warehouseman loses his] (e) A warehouse loses its lien on any
427 goods [which he] that it voluntarily delivers or [which he] unjustifiably
428 refuses to deliver.

429 Sec. 16. Section 42a-7-210 of the general statutes is repealed and the
430 following is substituted in lieu thereof (*Effective October 1, 2004*):

431 [(1)] (a) Except as otherwise provided in subsection [(2)] (b) of this
432 section, a [warehouseman's] warehouse's lien may be enforced by
433 public or private sale of the goods₂ in [bloc] bulk or in [parcels]
434 packages, at any time or place and on any terms [which] that are
435 commercially reasonable, after notifying all persons known to claim an
436 interest in the goods. [Such] The notification must include a statement
437 of the amount due, the nature of the proposed sale and the time and
438 place of any public sale. The fact that a better price could have been
439 obtained by a sale at a different time or in a different method from that
440 selected by the [warehouseman] warehouse is not of itself sufficient to
441 establish that the sale was not made in a commercially reasonable
442 manner. [If the warehouseman either] The warehouse sells in a
443 commercially reasonable manner if the warehouse sells the goods in
444 the usual manner in any recognized market therefor, [or if he] sells at
445 the price current in [such] that market at the time of [his] the sale, or [if
446 he has otherwise sold] otherwise sells in conformity with commercially
447 reasonable practices among dealers in the type of goods sold. [, he has
448 sold in a commercially reasonable manner.] A sale of more goods than
449 apparently necessary to be offered to [insure] ensure satisfaction of the
450 obligation is not commercially reasonable₂ except in cases covered by
451 the preceding sentence.

452 [(2) A warehouseman's] (b) A warehouse may enforce its lien on
453 goods₂ other than goods stored by a merchant in the course of [his] its
454 business₂ [may be enforced only as follows] only if the following
455 requirements are satisfied:

456 [(a)] (1) All persons known to claim an interest in the goods must be
457 notified.

458 [(b) The notification must be delivered in person or sent by
459 registered letter or by certified mail receipted for on mailing to the last-
460 known address of any person to be notified.]

461 [(c)] (2) The notification must include an itemized statement of the
462 claim, a description of the goods subject to the lien, a demand for
463 payment within a specified time not less than ten days after receipt of
464 the notification, and a conspicuous statement that unless the claim is
465 paid within that time the goods will be advertised for sale and sold by
466 auction at a specified time and place.

467 [(d)] (3) The sale must conform to the terms of the notification.

468 [(e)] (4) The sale must be held at the nearest suitable place to [that]
469 where the goods are held or stored.

470 [(f)] (5) After the expiration of the time given in the notification, an
471 advertisement of the sale must be published once a week for two
472 weeks consecutively in a newspaper of general circulation where the
473 sale is to be held. The advertisement must include a description of the
474 goods, the name of the person on whose account [they] the goods are
475 being held, and the time and place of the sale. The sale must take place
476 at least fifteen days after the first publication. If there is no newspaper
477 of general circulation where the sale is to be held, the advertisement
478 must be posted at least ten days before the sale in not [less] fewer than
479 six conspicuous places in the neighborhood of the proposed sale.

480 [(3)] (c) Before any sale pursuant to this section, any person claiming
481 a right in the goods may pay the amount necessary to satisfy the lien
482 and the reasonable expenses incurred [under] in complying with this
483 section. In that event, the goods [must] may not be sold [,] but must be
484 retained by the [warehouseman] warehouse subject to the terms of the
485 receipt and this article and sections 6, 41 and 42 of this act.

486 [(4) The warehouseman] (d) A warehouse may buy at any public
487 sale held pursuant to this section.

488 [(5)] (e) A purchaser in good faith of goods sold to enforce a
489 [warehouseman's] warehouse's lien takes the goods free of any rights
490 of persons against [whom] which the lien was valid, despite the
491 warehouse's noncompliance [by the warehouseman with the

492 requirements of] with this section.

493 [(6) The warehouseman may satisfy his] (f) A warehouse may
494 satisfy its lien from the proceeds of any sale pursuant to this section
495 but [must] shall hold the balance, if any, for delivery on demand to any
496 person to [whom he] which the warehouse would have been bound to
497 deliver the goods.

498 [(7)] (g) The rights provided by this section [shall be] are in addition
499 to all other rights allowed by law to a creditor against [his] a debtor.

500 [(8) Where] (h) If a lien is on goods stored by a merchant in the
501 course of [his] its business, the lien may be enforced in accordance
502 with [either subsection (1) or (2)] subsection (a) or (b) of this section.

503 [(9) The warehouseman] (i) A warehouse is liable for damages
504 caused by failure to comply with the requirements for sale under this
505 section and, in case of wilful violation, is liable for conversion.

506 Sec. 17. Section 42a-7-301 of the general statutes is repealed and the
507 following is substituted in lieu thereof (*Effective October 1, 2004*):

508 [(1)] (a) A consignee of a nonnegotiable bill [who] of lading which
509 has given value in good faith, or a holder to [whom] which a
510 negotiable bill has been duly negotiated, relying [in either case] upon
511 the description [therein] of the goods [,] in the bill or upon the date
512 [therein] shown in the bill, may recover from the issuer damages
513 caused by the misdating of the bill or the nonreceipt or misdescription
514 of the goods, except to the extent that the [document] bill indicates that
515 the issuer does not know whether any part or all of the goods in fact
516 were received or conform to the description, [as where] such as in a
517 case in which the description is in terms of marks or labels or kind,
518 quantity, or condition or the receipt or description is qualified by
519 "contents or condition of contents of packages unknown", "said to
520 contain", "shipper's weight, load and count" or [the like, if such
521 indication be] words of similar import, if that indication is true.

522 [(2) When goods are loaded by an issuer who is a common carrier,
523 the issuer must count the packages of goods if package freight and
524 ascertain the kind and quantity if bulk freight. In such cases "shipper's
525 weight, load and count", or other words indicating that the description
526 was made by the shipper are ineffective except as to freight concealed
527 by packages.

528 (3) When bulk freight is loaded by a shipper who makes available to
529 the issuer adequate facilities for weighing such freight, an issuer who
530 is a common carrier must ascertain the kind and quantity within a
531 reasonable time after receiving the written request of the shipper to do
532 so. In such cases "shipper's weight" or other words of like purport are
533 ineffective.

534 (4) The issuer may by inserting in the bill the words "shipper's
535 weight, load and count" or other words of like purport indicate that
536 the goods were loaded by the shipper and if such statement is true the
537 issuer shall not be liable for damages caused by the improper loading;
538 but the omission of such words does not imply liability for such
539 damages.

540 (5) The shipper shall be deemed to have guaranteed to the issuer the
541 accuracy at the time of shipment of the description, marks, labels,
542 number, kind, quantity, condition and weight, as furnished by him;
543 and the shipper shall indemnify the issuer against damage caused by
544 inaccuracies in such particulars. The right of the issuer to such
545 indemnity shall in no way limit his responsibility and liability under
546 the contract of carriage to any person other than the shipper.]

547 (b) If goods are loaded by the issuer of a bill of lading:

548 (1) The issuer shall count the packages of goods if shipped in
549 packages and ascertain the kind and quantity if shipped in bulk; and

550 (2) Words such as "shipper's weight, load and count" or words of
551 similar import indicating that the description was made by the shipper
552 are ineffective except as to goods concealed in packages.

553 (c) If bulk goods are loaded by a shipper that makes available to the
554 issuer of a bill of lading adequate facilities for weighing those goods,
555 the issuer shall ascertain the kind and quantity within a reasonable
556 time after receiving the shipper's request in a record to do so. In that
557 case, "shipper's weight" or words of similar import are ineffective.

558 (d) The issuer of a bill of lading, by including in the bill the words
559 "shipper's weight, load and count", or words of similar import, may
560 indicate that the goods were loaded by the shipper, and, if that
561 statement is true, the issuer is not liable for damages caused by the
562 improper loading. However, omission of such words does not imply
563 liability for damages caused by improper loading.

564 (e) A shipper guarantees to an issuer the accuracy at the time of
565 shipment of the description, marks, labels, number, kind, quantity,
566 condition and weight, as furnished by the shipper, and the shipper
567 shall indemnify the issuer against damage caused by inaccuracies in
568 those particulars. This right of indemnity does not limit the issuer's
569 responsibility or liability under the contract of carriage to any person
570 other than the shipper.

571 Sec. 18. Section 42a-7-302 of the general statutes is repealed and the
572 following is substituted in lieu thereof (*Effective October 1, 2004*):

573 [(1)] (a) The issuer of a through bill of lading, or other document of
574 title embodying an undertaking to be performed in part by [persons
575 acting as its agents or by connecting carriers is liable to anyone] a
576 person acting as its agent or by a performing carrier, is liable to any
577 person entitled to recover on the bill or other document for any breach
578 by [such other persons or by a connecting] the other person or the
579 performing carrier of its obligation under the bill or other document,
580 [but] However, to the extent that the bill or other document covers an
581 undertaking to be performed overseas or in territory not contiguous to
582 the continental United States or an undertaking including matters
583 other than transportation, this liability for breach by the other person
584 or the performing carrier may be varied by agreement of the parties.

585 [(2) Where] (b) If goods covered by a through bill of lading or other
586 document of title embodying an undertaking to be performed in part
587 by [persons] a person other than the issuer are received by [any such]
588 that person, [he] the person is subject, with respect to [his] its own
589 performance while the goods are in [his] its possession, to the
590 obligation of the issuer. [His] The person's obligation is discharged by
591 delivery of the goods to another [such] person pursuant to the bill or
592 other document [,] and does not include liability for breach by any
593 other [such persons] person or by the issuer.

594 [(3) The issuer of such through bill of lading or other document shall
595 be entitled to recover from the connecting carrier or such other person
596 in possession of the goods when the breach of the obligation under the
597 document occurred, the amount it may be required to pay to anyone
598 entitled to recover on the document therefor, as may be evidenced by
599 any receipt, judgment, or transcript thereof, and the amount of any
600 expense reasonably incurred by it in defending any action brought by
601 anyone entitled to recover on the document therefor.]

602 (c) The issuer of a through bill of lading or other document of title
603 described in subsection (a) of this section is entitled to recover from the
604 performing carrier, or other person in possession of the goods when
605 the breach of the obligation under the bill or other document occurred:

606 (1) The amount it may be required to pay to any person entitled to
607 recover on the bill or other document for the breach, as may be
608 evidenced by any receipt, judgment or transcript of judgment; and

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

612 Sec. 19. Section 42a-7-303 of the general statutes is repealed and the
613 following is substituted in lieu thereof (*Effective October 1, 2004*):

614 [(1)] (a) Unless the bill of lading otherwise provides, [the] a carrier
615 may deliver the goods to a person or destination other than that stated

616 in the bill or may otherwise dispose of the goods, without liability for
617 misdelivery, on instructions from:

618 [(a) the] (1) The holder of a negotiable bill;

619 [or (b) the] (2) The consignor on a nonnegotiable bill,
620 [notwithstanding contrary instructions from] even if the consignee has
621 given contrary instructions;

622 [or (c) the] (3) The consignee on a nonnegotiable bill in the absence
623 of contrary instructions from the consignor, if the goods have arrived
624 at the billed destination or if the consignee is in possession of the
625 tangible bill or in control of the electronic bill; or

626 [(d) the] (4) The consignee on a nonnegotiable bill, if [he] the
627 consignee is entitled as against the consignor to dispose of [them] the
628 goods.

629 [(2)] (b) Unless [such] instructions described in subsection (a) of this
630 section are [noted on] included in a negotiable bill of lading, a person
631 to [whom] which the bill is duly negotiated [can] may hold the bailee
632 according to the original terms.

633 Sec. 20. Section 42a-7-304 of the general statutes is repealed and the
634 following is substituted in lieu thereof (*Effective October 1, 2004*):

635 [(1)] (a) Except [where] as customary in [overseas] international
636 transportation, a tangible bill of lading [must] may not be issued in a
637 set of parts. The issuer is liable for damages caused by violation of this
638 subsection.

639 [(2) Where] (b) If a tangible bill of lading is lawfully [drawn] issued
640 in a set of parts, each of which [is numbered] contains an identification
641 code and is expressed to be valid only if the goods have not been
642 delivered against any other part, the whole of the parts [constitute]
643 constitutes one bill.

644 [(3) Where] (c) If a tangible negotiable bill of lading is lawfully

645 issued in a set of parts and different parts are negotiated to different
646 persons, the title of the holder to [whom] which the first due
647 negotiation is made prevails as to both the document of title and the
648 goods even [though] if any later holder may have received the goods
649 from the carrier in good faith and discharged the carrier's obligation by
650 [surrender of his] surrendering its part.

651 [(4) Any person who] (d) A person that negotiates or transfers a
652 single part of a tangible bill of lading [drawn] issued in a set is liable to
653 holders of that part as if it were the whole set.

654 [(5) (e) The bailee [is obliged to] shall deliver in accordance with
655 part 4 of this article against the first presented part of a tangible bill of
656 lading lawfully [drawn] issued in a set. [Such delivery] Delivery in this
657 manner discharges the bailee's obligation on the whole bill.

658 Sec. 21. Section 42a-7-305 of the general statutes is repealed and the
659 following is substituted in lieu thereof (*Effective October 1, 2004*):

660 [(1) (a) Instead of issuing a bill of lading to the consignor at the
661 place of shipment, a carrier, [may] at the request of the consignor, may
662 procure the bill to be issued at destination or at any other place
663 designated in the request.

664 [(2) (b) Upon request of [anyone] any person entitled as against
665 [the] a carrier to control the goods while in transit and on surrender of
666 possession or control of any outstanding bill of lading or other receipt
667 covering [such] the goods, the issuer, subject to section 42a-7-105, as
668 amended by this act, may procure a substitute bill to be issued at any
669 place designated in the request.

670 Sec. 22. Section 42a-7-307 of the general statutes is repealed and the
671 following is substituted in lieu thereof (*Effective October 1, 2004*):

672 [(1) (a) A carrier has a lien on the goods covered by a bill of lading
673 or on the proceeds thereof in its possession for charges [subsequent to]
674 after the date of [its] the carrier's receipt of the goods for storage or

675 transportation, including demurrage and terminal charges, and for
676 expenses necessary for preservation of the goods incident to their
677 transportation or reasonably incurred in their sale pursuant to law.
678 [But] However, against a purchaser for value of a negotiable bill of
679 lading, a carrier's lien is limited to charges stated in the bill or the
680 applicable tariffs [,] or, if no charges are stated, [then to] a reasonable
681 charge.

682 [(2)] (b) A lien for charges and expenses under subsection [(1)] (a) of
683 this section on goods [which] that the carrier was required by law to
684 receive for transportation is effective against the consignor or any
685 person entitled to the goods unless the carrier had notice that the
686 consignor lacked authority to subject the goods to [such] those charges
687 and expenses. Any other lien under subsection [(1)] (a) of this section is
688 effective against the consignor and any person [who] that permitted
689 the bailor to have control or possession of the goods unless the carrier
690 had notice that the bailor lacked [such] authority.

691 [(3)] (c) A carrier loses [his] its lien on any goods [which he] that it
692 voluntarily delivers or [which he] unjustifiably refuses to deliver.

693 Sec. 23. Section 42a-7-308 of the general statutes is repealed and the
694 following is substituted in lieu thereof (*Effective October 1, 2004*):

695 [(1)] (a) A carrier's lien on goods may be enforced by public or
696 private sale of the goods, in [bloc] bulk or in [parcels] packages, at any
697 time or place and on any terms [which] that are commercially
698 reasonable, after notifying all persons known to claim an interest in the
699 goods. [Such] The notification must include a statement of the amount
700 due, the nature of the proposed sale and the time and place of any
701 public sale. The fact that a better price could have been obtained by a
702 sale at a different time or in a [different] method different from that
703 selected by the carrier is not of itself sufficient to establish that the sale
704 was not made in a commercially reasonable manner. [If the carrier
705 either] The carrier sells goods in a commercially reasonable manner if
706 the carrier sells the goods in the usual manner in any recognized

707 market therefor, [or if he] sells at the price current in [such] that market
708 at the time of [his] the sale, or [if he has otherwise sold] otherwise sells
709 in conformity with commercially reasonable practices among dealers
710 in the type of goods sold, [he has sold in a commercially reasonable
711 manner.] A sale of more goods than apparently necessary to be offered
712 to ensure satisfaction of the obligation is not commercially reasonable,
713 except in cases covered by the preceding sentence.

714 [(2)] (b) Before any sale pursuant to this section, any person
715 claiming a right in the goods may pay the amount necessary to satisfy
716 the lien and the reasonable expenses incurred [under] in complying
717 with this section. In that event, the goods [must] may not be sold [,] but
718 must be retained by the carrier, subject to the terms of the bill of lading
719 and this article and sections 6, 41 and 42 of this act.

720 [(3) The] (c) A carrier may buy at any public sale pursuant to this
721 section.

722 [(4)] (d) A purchaser in good faith of goods sold to enforce a
723 carrier's lien takes the goods free of any rights of persons against
724 [whom] which the lien was valid, despite the carrier's noncompliance
725 [by the carrier with the requirements of] with this section.

726 [(5) The] (e) A carrier may satisfy [his] its lien from the proceeds of
727 any sale pursuant to this section but [must] shall hold the balance, if
728 any, for delivery on demand to any person to [whom he] which the
729 carrier would have been bound to deliver the goods.

730 [(6)] (f) The rights provided by this section [shall be] are in addition
731 to all other rights allowed by law to a creditor against [his] a debtor.

732 [(7)] (g) A carrier's lien may be enforced [in accordance with]
733 pursuant to either subsection [(1)] (a) of this section or the procedure
734 set forth in subsection [(2)] (b) of section 42a-7-210, as amended by this
735 act.

736 [(8) The] (h) A carrier is liable for damages caused by failure to

737 comply with the requirements for sale under this section and, in case
738 of wilful violation, is liable for conversion.

739 Sec. 24. Section 42a-7-309 of the general statutes is repealed and the
740 following is substituted in lieu thereof (*Effective October 1, 2004*):

741 [(1)] (a) A carrier [who] that issues a bill of lading, whether
742 negotiable or nonnegotiable, [must] shall exercise the degree of care in
743 relation to the goods which a reasonably careful [man] person would
744 exercise under [like] similar circumstances. This subsection does not
745 [repeal or change any law or rule of law which] affect any statute,
746 regulation or rule of law that imposes liability upon a common carrier
747 for damages not caused by its negligence.

748 [(2)] (b) Damages may be limited by a [provision] term in the bill of
749 lading or in a transportation agreement that the carrier's liability [shall]
750 may not exceed a value stated in the [document] bill or transportation
751 agreement if the carrier's rates are dependent upon value and the
752 consignor [by the carrier's tariff] is afforded an opportunity to declare
753 a higher value [or a value as lawfully provided in the tariff, or where
754 no tariff is filed he is otherwise advised of such opportunity; but no]
755 and the consignor is advised of the opportunity. However, such a
756 limitation is not effective with respect to the carrier's liability for
757 conversion to its own use.

758 [(3)] (c) Reasonable provisions as to the time and manner of
759 presenting claims and [instituting] commencing actions based on the
760 shipment may be included in a bill of lading or [tariff] a transportation
761 agreement.

762 Sec. 25. Section 42a-7-401 of the general statutes is repealed and the
763 following is substituted in lieu thereof (*Effective October 1, 2004*):

764 The obligations imposed by this article and sections 6, 41 and 42 of
765 this act on an issuer apply to a document of title [regardless of the fact
766 that] even if:

767 [(a) the] (1) The document [may] does not comply with the
768 requirements of this article and sections 6, 41 and 42 of this act or of
769 any other [law] statute, rule or regulation regarding its issue, form or
770 content;

771 [or (b) the] (2) The issuer [may have] violated laws regulating the
772 conduct of [his] its business;

773 [or (c) the] (3) The goods covered by the document were owned by
774 the bailee [at the time] when the document was issued; or

775 [(d) the] (4) The person issuing the document [does not come within
776 the definition of warehouseman if it] is not a warehouse but the
777 document purports to be a warehouse receipt.

778 Sec. 26. Section 42a-7-402 of the general statutes is repealed and the
779 following is substituted in lieu thereof (*Effective October 1, 2004*):

780 [Neither a duplicate nor] A duplicate or any other document of title
781 purporting to cover goods already represented by an outstanding
782 document of the same issuer [confers] does not confer any right in the
783 goods, except as provided in the case of tangible bills of lading in a set
784 of parts, overissue of documents for fungible goods, [and] substitutes
785 for lost, stolen or destroyed documents, [but the] or substitute
786 documents issued pursuant to section 42a-7-105, as amended by this
787 act. The issuer is liable for damages caused by [his] its overissue or
788 failure to identify a duplicate document [as such] by a conspicuous
789 notation. [on its face.]

790 Sec. 27. Section 42a-7-403 of the general statutes is repealed and the
791 following is substituted in lieu thereof (*Effective October 1, 2004*):

792 [(1) The bailee must] (a) A bailee shall deliver the goods to a person
793 entitled under [the] a document [who] of title if the person complies
794 with subsections [(2) and (3)] (b) and (c) of this section, unless and to
795 the extent that the bailee establishes any of the following:

796 [(a)] (1) Delivery of the goods to a person whose receipt was rightful

797 as against the claimant;

798 [(b) damage] (2) Damage to or delay, [or] loss or destruction of the
799 goods for which the bailee is not liable;

800 [(c) previous] (3) Previous sale or other disposition of the goods in
801 lawful enforcement of a lien or on [warehouseman's] a warehouse's
802 lawful termination of storage;

803 [(d) the] (4) The exercise by a seller of [his] its right to stop delivery
804 pursuant to [the provisions of] section 42a-2-705, as amended by this
805 act, or by a lessor of its right to stop delivery pursuant to section 42a-
806 2A-719, as amended by this act;

807 [(e) a] (5) A diversion, reconsignment or other disposition pursuant
808 to [the provisions of] section 42a-7-303, [or tariff regulating such right]
809 as amended by this act;

810 [(f) release] (6) Release, satisfaction or any other [fact affording a]
811 personal defense against the claimant; or

812 [(g) any] (7) Any other lawful excuse.

813 [(2)] (b) A person claiming goods covered by a document of title
814 [must] shall satisfy the bailee's lien [where] if the bailee so requests or
815 [where] if the bailee is prohibited by law from delivering the goods
816 until the charges are paid.

817 [(3) Unless the] (c) Unless a person claiming the goods is [one
818 against whom the document confers no] a person against which the
819 document of title does not confer a right under [section 42a-7-503(1) he
820 must surrender for cancellation or notation of partial deliveries]
821 subsection (a) of section 42a-7-503, as amended by this act;

822 (1) The person claiming under a document shall surrender
823 possession or control of any outstanding negotiable document
824 covering the goods [,] for cancellation or indication of partial
825 deliveries; and [the bailee must]

826 (2) The bailee shall cancel the document or conspicuously [note]
827 indicate in the document the partial delivery [thereon or be] or the
828 bailee is liable to any person to [whom] which the document is duly
829 negotiated.

830 [(4) "Person entitled under the document" means holder in the case
831 of a negotiable document, or the person to whom delivery is to be
832 made by the terms of or pursuant to written instructions under a
833 nonnegotiable document.]

834 Sec. 28. Section 42a-7-404 of the general statutes is repealed and the
835 following is substituted in lieu thereof (*Effective October 1, 2004*):

836 A bailee [who] that in good faith [including observance of
837 reasonable commercial standards] has received goods and delivered or
838 otherwise disposed of [them] the goods according to the terms of [the]
839 a document of title or pursuant to this article and sections 6, 41 and 42
840 of this act is not liable [therefor. This rule applies even though the
841 person from whom he received the goods had no authority to procure
842 the document or to dispose of the goods and even though the person
843 to whom he delivered the goods had no authority to receive them.] for
844 the goods even if:

845 (1) The person from which the bailee received the goods did not
846 have authority to procure the document or to dispose of the goods; or

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

849 Sec. 29. Section 42a-7-501 of the general statutes is repealed and the
850 following is substituted in lieu thereof (*Effective October 1, 2004*):

851 [(1) A negotiable document of title running to the order of a named
852 person is negotiated by his endorsement and delivery. After his
853 endorsement in blank or to bearer any person can negotiate it by
854 delivery alone.

855 (2) (a) A negotiable document of title is also negotiated by delivery

856 alone when by its original terms it runs to bearer. (b) When a
857 document running to the order of a named person is delivered to him
858 the effect is the same as if the document had been negotiated.

859 (3) Negotiation of a negotiable document of title after it has been
860 endorsed to a specified person requires endorsement by the special
861 endorsee as well as delivery.

862 (4) A negotiable document of title is "duly negotiated" when it is
863 negotiated in the manner stated in this section to a holder who
864 purchases it in good faith without notice of any defense against or
865 claim to it on the part of any person and for value, unless it is
866 established that the negotiation is not in the regular course of business
867 or financing or involves receiving the document in settlement or
868 payment of a money obligation.

869 (5) Endorsement of a nonnegotiable document neither makes it
870 negotiable nor adds to the transferee's rights.

871 (6) The naming in a negotiable bill of a person to be notified of the
872 arrival of the goods does not limit the negotiability of the bill nor
873 constitute notice to a purchaser thereof of any interest of such person
874 in the goods.]

875 (a) The following rules apply to a negotiable tangible document of
876 title:

877 (1) If the document's original terms run to the order of a named
878 person, the document is negotiated by the named person's
879 endorsement and delivery. After the named person's endorsement in
880 blank or to bearer, any person may negotiate the document by delivery
881 alone.

882 (2) If the document's original terms run to bearer, it is negotiated by
883 delivery alone.

884 (3) If the document's original terms run to the order of a named
885 person and it is delivered to the named person, the effect is the same as

886 if the document had been negotiated.

887 (4) Negotiation of the document after it has been endorsed to a
888 named person requires endorsement by the named person and
889 delivery.

890 (5) A document is duly negotiated if it is negotiated in the manner
891 stated in this subsection to a holder that purchases it in good faith,
892 without notice of any defense against or claim to it on the part of any
893 person, and for value, unless it is established that the negotiation is not
894 in the regular course of business or financing or involves receiving the
895 document in settlement or payment of a monetary obligation.

896 (b) The following rules apply to a negotiable electronic document of
897 title:

898 (1) If the document's original terms run to the order of a named
899 person or to bearer, the document is negotiated by delivery of the
900 document to another person. Endorsement by the named person is not
901 required to negotiate the document.

902 (2) If the document's original terms run to the order of a named
903 person and the named person has control of the document, the effect is
904 the same as if the document had been negotiated.

905 (3) A document is duly negotiated if it is negotiated in the manner
906 stated in this subsection to a holder that purchases it in good faith,
907 without notice of any defense against or claim to it on the part of any
908 person, and for value, unless it is established that the negotiation is not
909 in the regular course of business or financing or involves taking
910 delivery of the document in settlement or payment of a monetary
911 obligation.

912 (c) Endorsement of a nonnegotiable document of title neither makes
913 it negotiable nor adds to the transferee's rights.

914 (d) The naming in a negotiable bill of lading of a person to be
915 notified of the arrival of the goods does not limit the negotiability of

916 the bill or constitute notice to a purchaser of the bill of any interest of
917 that person in the goods.

918 Sec. 30. Section 42a-7-502 of the general statutes is repealed and the
919 following is substituted in lieu thereof (*Effective October 1, 2004*):

920 [(1) Subject to the following section and to the provisions of section
921 42a-7-205 on fungible goods, a holder to whom] (a) Subject to sections
922 42a-7-205, as amended by this act, and 42a-7-503, as amended by this
923 act, a holder to which a negotiable document of title has been duly
924 negotiated acquires thereby:

925 [(a)] (1) Title to the document;

926 [(b) title] (2) Title to the goods;

927 [(c) all] (3) All rights accruing under the law of agency or estoppel,
928 including rights to goods delivered to the bailee after the document
929 was issued; and

930 [(d) the] (4) The direct obligation of the issuer to hold or deliver the
931 goods according to the terms of the document free of any defense or
932 claim by [him] the issuer except those arising under the terms of the
933 document or under this article [. In] and sections 6, 41 and 42 of this
934 act, but in the case of a delivery order, the bailee's obligation accrues
935 only upon the bailee's acceptance of the delivery order and the
936 obligation acquired by the holder is that the issuer and any endorser
937 will procure the acceptance of the bailee.

938 [(2)] (b) Subject to [the following section] section 42a-7-503, as
939 amended by this act, title and rights [so] acquired by due negotiation
940 are not defeated by any stoppage of the goods represented by the
941 document of title or by surrender of [such] the goods by the bailee [,]
942 and are not impaired even [though the] if:

943 (1) The due negotiation or any prior due negotiation constituted a
944 breach of duty; [or even though any]

945 (2) Any person has been deprived of possession of [the] a
946 negotiable tangible document or control of a negotiable electronic
947 document by misrepresentation, fraud, accident, mistake, duress, loss,
948 theft or conversion; [,] or [even though a]

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

951 Sec. 31. Section 42a-7-503 of the general statutes is repealed and the
952 following is substituted in lieu thereof (*Effective October 1, 2004*):

953 [(1)] (a) A document of title confers no right in goods against a
954 person [who] that before issuance of the document had a legal interest
955 or a perfected security interest in [them and who neither (a) delivered
956 or entrusted them] the goods and that did not:

957 (1) Deliver or entrust the goods or any document of title covering
958 [them] the goods to the bailor or [his] the bailor's nominee with:
959 [actual] (A) Actual or apparent authority to ship, store or sell; [or with]
960 (B) power to obtain delivery under section 42a-7-403, as amended by
961 this act; or [with] (C) power of disposition under [sections] section 42a-
962 2-403, [and] 42a-2A-404, 42a-2A-405 or 42a-9-320, subsection (c) of
963 section 42a-9-321 or other statute or rule of law; [nor (b) acquiesced] or

964 (2) Acquiesce in the procurement by the bailor or [his] its nominee
965 of any document. [of title.]

966 [(2)] (b) Title to goods based upon an unaccepted delivery order is
967 subject to the rights of [anyone to whom] any person to which a
968 negotiable warehouse receipt or bill of lading covering the goods has
969 been duly negotiated. [Such a] That title may be defeated under [the
970 next] section 42a-7-504, as amended by this act, to the same extent as
971 the rights of the issuer or a transferee from the issuer.

972 [(3)] (c) Title to goods based upon a bill of lading issued to a freight
973 forwarder is subject to the rights of [anyone to whom] any person to
974 which a bill issued by the freight forwarder is duly negotiated. [; but]

975 However, delivery by the carrier in accordance with part 4 of this
976 article pursuant to its own bill of lading discharges the carrier's
977 obligation to deliver.

978 Sec. 32. Section 42a-7-504 of the general statutes is repealed and the
979 following is substituted in lieu thereof (*Effective October 1, 2004*):

980 [(1)] (a) A transferee of a document of title, whether negotiable or
981 nonnegotiable, to [whom] which the document has been delivered but
982 not duly negotiated, acquires the title and rights [which his] that its
983 transferor had or had actual authority to convey.

984 [(2)] (b) In the case of a nonnegotiable document of title, until but
985 not after the bailee receives [notification] notice of the transfer, the
986 rights of the transferee may be defeated;

987 [(a) by] (1) By those creditors of the transferor [who] which could
988 treat the [sale] transfer as void under section 42a-2-402 or 42a-2A-408;

989 [or (b) by] (2) By a buyer from the transferor in ordinary course of
990 business if the bailee has delivered the goods to the buyer or received
991 notification of [his] the buyer's rights;

992 (3) By a lessee from the transferor in ordinary course of business if
993 the bailee has delivered the goods to the lessee or received notification
994 of the lessee's rights; or

995 [(c) as] (4) As against the bailee, by good faith dealings of the bailee
996 with the transferor.

997 [(3)] (c) A diversion or other change of shipping instructions by the
998 consignor in a nonnegotiable bill of lading which causes the bailee not
999 to deliver the goods to the consignee defeats the consignee's title to the
1000 goods if [they] the goods have been delivered to a buyer in ordinary
1001 course of business or a lessee in ordinary course of business and, in
1002 any event, defeats the consignee's rights against the bailee.

1003 [(4)] (d) Delivery of the goods pursuant to a nonnegotiable

1004 document of title may be stopped by a seller under section 42a-2-705,
1005 [and] as amended by this act, or a lessor under section 42a-2A-719, as
1006 amended by this act, subject to the [requirement] requirements of due
1007 notification [there provided] in said sections. A bailee [honoring] that
1008 honors the seller's or lessor's instructions is entitled to be indemnified
1009 by the seller or lessor against any resulting loss or expense.

1010 Sec. 33. Section 42a-7-505 of the general statutes is repealed and the
1011 following is substituted in lieu thereof (*Effective October 1, 2004*):

1012 The endorsement of a tangible document of title issued by a bailee
1013 does not make the endorser liable for any default by the bailee or [by]
1014 previous endorsers.

1015 Sec. 34. Section 42a-7-506 of the general statutes is repealed and the
1016 following is substituted in lieu thereof (*Effective October 1, 2004*):

1017 The transferee of a negotiable tangible document of title has a
1018 specifically enforceable right to have [his] its transferor supply any
1019 necessary endorsement, but the transfer becomes a negotiation only as
1020 of the time the endorsement is supplied.

1021 Sec. 35. Section 42a-7-507 of the general statutes is repealed and the
1022 following is substituted in lieu thereof (*Effective October 1, 2004*):

1023 [Where] If a person negotiates or [transfers] delivers a document of
1024 title for value, otherwise than as a mere intermediary under [the next
1025 following section, then] section 42a-7-508, as amended by this act,
1026 unless otherwise agreed, [he warrants to his immediate purchaser
1027 only] the transferor, in addition to any warranty made in selling or
1028 leasing the goods, [(a)] warrants to its immediate purchaser only that:

1029 [the] (1) The document is genuine;

1030 [and (b) that he has no] (2) The transferor does not have knowledge
1031 of any fact [which] that would impair [its] the document's validity or
1032 worth; and

1033 [(c) that his] (3) The negotiation or [transfer] delivery is rightful and
1034 fully effective with respect to the title to the document and the goods it
1035 represents.

1036 Sec. 36. Section 42a-7-508 of the general statutes is repealed and the
1037 following is substituted in lieu thereof (*Effective October 1, 2004*):

1038 A collecting bank or other intermediary known to be entrusted with
1039 documents of title on behalf of another or with collection of a draft or
1040 other claim against delivery of documents warrants by [such] the
1041 delivery of the documents only its own good faith and authority [. This
1042 rule applies even though the] even if the collecting bank or other
1043 intermediary has purchased or made advances against the claim or
1044 draft to be collected.

1045 Sec. 37. Section 42a-7-509 of the general statutes is repealed and the
1046 following is substituted in lieu thereof (*Effective October 1, 2004*):

1047 [The question whether] Whether a document of title is adequate to
1048 fulfill the obligations of a contract for sale, a contract for lease or the
1049 conditions of a letter of credit is [governed by articles 2 and]
1050 determined by article 2, 2A or 5.

1051 Sec. 38. Section 42a-7-601 of the general statutes is repealed and the
1052 following is substituted in lieu thereof (*Effective October 1, 2004*):

1053 [(1)] (a) If a document [has been] of title is lost, stolen or destroyed,
1054 a court may order delivery of the goods or issuance of a substitute
1055 document and the bailee may without liability to any person comply
1056 with [such] the order. If the document was negotiable, [the claimant
1057 must post security approved by the court to indemnify any person
1058 who may suffer loss as a result of nonsurrender of the document. If the
1059 document was not negotiable, such security may be required at the
1060 discretion of the court] a court may not order delivery of the goods or
1061 issuance of a substitute document without the claimant's posting
1062 security unless it finds that any person that may suffer loss as a result
1063 of nonsurrender of possession or control of the document is

1064 adequately protected against the loss. If the document was
1065 nonnegotiable, the court may require security. The court may also [in
1066 its discretion] order payment of the bailee's reasonable costs and
1067 [counsel] attorney's fees in any action under this subsection.

1068 [(2)] (b) A bailee [who] that, without court order, delivers goods to a
1069 person claiming under a missing negotiable document of title is liable
1070 to any person injured thereby. [, and if] If the delivery is not in good
1071 faith, [becomes] the bailee is liable for conversion. Delivery in good
1072 faith is not conversion if [made in accordance with a field classification
1073 or tariff or, where no classification or tariff is filed, if] the claimant
1074 posts security with the bailee in an amount at least double the value of
1075 the goods at the time of posting to indemnify any person injured by
1076 the delivery [who] which files a notice of claim within one year after
1077 the delivery.

1078 Sec. 39. Section 42a-7-602 of the general statutes is repealed and the
1079 following is substituted in lieu thereof (*Effective October 1, 2004*):

1080 [Except where the] Unless a document of title was originally issued
1081 upon delivery of the goods by a person [who had no] that did not have
1082 power to dispose of them, [no lien attaches] a lien does not attach by
1083 virtue of any judicial process to goods in the possession of a bailee for
1084 which a negotiable document of title is outstanding unless possession
1085 or control of the document [be] is first surrendered to the bailee or [its]
1086 the document's negotiation is enjoined. [, and the bailee shall] The
1087 bailee may not be compelled to deliver the goods pursuant to process
1088 until possession or control of the document is surrendered to [him or
1089 impounded by] the bailee or to the court. [One who purchases] A
1090 purchaser of the document for value without notice of the process or
1091 injunction takes free of the lien imposed by judicial process.

1092 Sec. 40. Section 42a-7-603 of the general statutes is repealed and the
1093 following is substituted in lieu thereof (*Effective October 1, 2004*):

1094 If more than one person claims title to or possession of the goods,
1095 the bailee is excused from delivery until [he has had] the bailee has a

1096 reasonable time to ascertain the validity of the adverse claims or to
1097 [bring an action to compel all claimants to interplead and may compel
1098 such interpleader.] commence an action for interpleader. The bailee
1099 may assert an interpleader either in defending an action for
1100 nondelivery of the goods [] or by original action, [, whichever is
1101 appropriate.]

1102 Sec. 41. (NEW) (*Effective October 1, 2004*) Article 7 and other
1103 provisions of title 42a of the general statutes, as amended by this act,
1104 and sections 6, 41 and 42 of this act apply to a document of title that is
1105 issued or a bailment that arises on or after the effective date of this
1106 section. Article 7 and other provisions of title 42a of the general
1107 statutes, as amended by this act, and sections 6, 41 and 42 of this act do
1108 not apply to a document of title that is issued or a bailment that arises
1109 before the effective date of this section even if the document of title or
1110 bailment would be subject to article 7 and other provisions of title 42a
1111 of the general statutes, as amended by this act, and sections 6, 41 and
1112 42 of this act if the document of title had been issued or bailment had
1113 arisen on or after the effective date of this section. Article 7 and other
1114 provisions of title 42a of the general statutes, as amended by this act,
1115 and sections 6, 41 and 42 of this act do not apply to a right of action
1116 that has accrued before the effective date of this section.

1117 Sec. 42. (NEW) (*Effective October 1, 2004*) A document of title issued
1118 or a bailment that arises before the effective date of this section and the
1119 rights, obligations and interests flowing from that document or
1120 bailment are governed by any statute or other rule amended or
1121 repealed by this act as if amendment or repeal had not occurred and
1122 may be terminated, completed, consummated or enforced under that
1123 statute or other rule.

1124 Sec. 43. Section 42a-1-201 of the general statutes is repealed and the
1125 following is substituted in lieu thereof (*Effective October 1, 2004*):

1126 Subject to additional definitions contained in the subsequent articles
1127 of this title which are applicable to specific articles or parts thereof, and

1128 unless the context otherwise requires, in this title:

1129 (1) "Action" in the sense of a judicial proceeding includes
1130 recoupment, counterclaim, set-off, suit in equity and any other
1131 proceedings in which rights are determined.

1132 (2) "Aggrieved party" means a party entitled to resort to a remedy.

1133 (3) "Agreement" means the bargain of the parties in fact as found in
1134 their language or by implication from other circumstances including
1135 course of dealing or usage of trade or course of performance as
1136 provided in sections 42a-1-205 and 42a-2-208. Whether an agreement
1137 has legal consequences is determined by the provisions of this title, if
1138 applicable; otherwise by the law of contracts.

1139 (4) "Bank" means any person engaged in the business of banking.

1140 (5) "Bearer" means [the] a person in control of a negotiable electronic
1141 document of title or a person in possession of an instrument, a
1142 negotiable tangible document of title, or a certificated security payable
1143 to bearer or endorsed in blank.

1144 (6) "Bill of lading" means a document of title evidencing the receipt
1145 of goods for shipment issued by a person engaged in the business of
1146 directly or indirectly transporting or forwarding goods,] and includes
1147 an airbill. "Airbill" means a document serving for air transportation as
1148 a bill of lading does for marine or rail transportation, and includes an
1149 air consignment note or air waybill] The term does not include a
1150 warehouse receipt.

1151 (7) "Branch" includes a separately incorporated foreign branch of a
1152 bank.

1153 (8) "Burden of establishing of a fact" means the burden of
1154 persuading the triers of fact that the existence of the fact is more
1155 probable than its nonexistence.

1156 (9) "Buyer in ordinary course of business" means a person that buys

1157 goods in good faith, without knowledge that the sale violates the rights
1158 of another person in the goods, and in the ordinary course from a
1159 person, other than a pawnbroker, in the business of selling goods of
1160 that kind. A person buys goods in the ordinary course if the sale to the
1161 person comports with the usual or customary practices in the kind of
1162 business in which the seller is engaged or with the seller's own usual
1163 or customary practices. A person that sells oil, gas or other minerals at
1164 the wellhead or minehead is a person in the business of selling goods
1165 of that kind. A buyer in the ordinary course of business may buy for
1166 cash, by exchange of other property or on secured or unsecured credit,
1167 and may acquire goods or documents of title under a preexisting
1168 contract for sale. Only a buyer that takes possession of the goods or has
1169 a right to recover the goods from the seller under article 2 may be a
1170 buyer in ordinary course of business. A person that acquires goods in a
1171 transfer in bulk or as security for or in total or partial satisfaction of a
1172 money debt is not a buyer in ordinary course of business.

1173 (10) "Conspicuous", [: A term or clause is conspicuous when it is so
1174 written that a reasonable person against whom it is to operate ought to
1175 have noticed it. A printed heading in capitals (as: NONNEGOTIABLE
1176 BILL OF LADING) is conspicuous. Language in the body of a form is
1177 "conspicuous" if it is in larger or other contrasting type or color. In a
1178 telegram any stated term is "conspicuous". Whether a term or clause is
1179 "conspicuous" or not is for decision by the court] with reference to a
1180 term, means so written, displayed or presented that a reasonable
1181 person against which it is to operate ought to have noticed it. Whether
1182 a term is "conspicuous" or not is a decision for the court. Conspicuous
1183 terms include the following:

1184 (A) A heading in capitals equal to or greater in size than the
1185 surrounding text, or in contrasting type, font or color to the
1186 surrounding text of the same or lesser size; and

1187 (B) Language in the body of a record or display in larger type than
1188 the surrounding text, or in contrasting type, font or color to the
1189 surrounding text of the same size, or set off from surrounding text of

1190 the same size by symbols or other marks that call attention to the
1191 language.

1192 (11) "Contract" means the total legal obligation which results from
1193 the parties' agreement as affected by this title and any other applicable
1194 rules of law.

1195 (12) "Creditor" includes a general creditor, a secured creditor, a lien
1196 creditor and any representative of creditors, including an assignee for
1197 the benefit of creditors, a trustee in bankruptcy, a receiver in equity
1198 and an executor or administrator of an insolvent debtor's or assignor's
1199 estate.

1200 (13) "Defendant" includes a person in the position of defendant in a
1201 cross-action or counterclaim.

1202 (14) "Delivery" with respect to an electronic document of title means
1203 voluntary transfer of control and with respect to instruments, tangible
1204 documents of title, chattel paper, or certificated securities means
1205 voluntary transfer of possession.

1206 (15) "Document of title" [includes bill of lading, dock warrant, dock
1207 receipt, warehouse receipt or order for the delivery of goods, and also
1208 any other document which] means a record (A) that in the regular
1209 course of business or financing is treated as adequately evidencing that
1210 the person in possession [of it] or control of the record is entitled to
1211 receive, control, hold and dispose of the [document] record and the
1212 goods [it] the record covers, [. To be a document of title a document
1213 must purport to be issued by or addressed to a bailee and purport to
1214 cover goods in the bailee's possession which are either identified or are
1215 fungible portions of an identified mass] and (B) that purports to be
1216 issued by or addressed to a bailee and to cover goods in the bailee's
1217 possession which are either identified or are fungible portions of an
1218 identified mass. The term includes a bill of lading, transport document,
1219 dock warrant, dock receipt, warehouse receipt and order for delivery
1220 of goods. An electronic document of title means a document of title
1221 evidenced by a record consisting of information stored in an electronic

1222 medium. A tangible document of title means a document of title
1223 evidenced by a record consisting of information that is inscribed on a
1224 tangible medium.

1225 (16) "Fault" means wrongful act, omission or breach.

1226 (17) "Fungible" with respect to goods or securities means goods or
1227 securities of which any unit is, by nature or usage of trade, the
1228 equivalent of any other like unit. Goods which are not fungible shall be
1229 deemed fungible for the purposes of this title to the extent that under a
1230 particular agreement or document unlike units are treated as
1231 equivalents.

1232 (18) "Genuine" means free of forgery or counterfeiting.

1233 (19) "Good faith" means honesty in fact in the conduct or transaction
1234 concerned.

1235 (20) "Holder" [, with respect to a negotiable instrument, means the
1236 person in possession if the instrument is payable to bearer or, in the
1237 case of an instrument payable to an identified person, if the identified
1238 person is in possession. "Holder" with respect to a document of title
1239 means the person in possession if the goods are deliverable to bearer
1240 or to the order of the person in possession] means:

1241 (A) The person in possession of a negotiable instrument that is
1242 payable either to bearer or to an identified person that is the person in
1243 possession;

1244 (B) The person in possession of a negotiable tangible document of
1245 title if the goods are deliverable either to bearer or to the order of the
1246 person in possession; or

1247 (C) The person in control of a negotiable electronic document of
1248 title.

1249 (21) To "honor" is to pay or to accept and pay, or where a credit so
1250 engages to purchase or discount a draft complying with the terms of

1251 the credit.

1252 (22) "Insolvency proceedings" includes any assignment for the
1253 benefit of creditors or other proceedings intended to liquidate or
1254 rehabilitate the estate of the person involved.

1255 (23) A person is "insolvent" who either has ceased to pay his debts
1256 in the ordinary course of business or cannot pay his debts as they
1257 become due or is insolvent within the meaning of the federal
1258 bankruptcy law.

1259 (24) "Money" means a medium of exchange authorized or adopted
1260 by a domestic or foreign government and includes a monetary unit of
1261 account established by an intergovernmental organization or by
1262 agreement between two or more nations.

1263 (25) [A] Subject to subdivision (27) of this section, a person has
1264 "notice" of a fact [when (a) he has] if the person:

1265 (A) Has actual knowledge of it; [or (b) he has]

1266 (B) Has received a notice or notification of it; or

1267 [(c) from] (C) From all the facts and circumstances known to [him]
1268 the person at the time in question, [he] has reason to know that it
1269 exists.

1270 A person "knows" or has "knowledge" of a fact when [he] the person
1271 has actual knowledge of it. "Discover" or "learn" or a word or phrase of
1272 similar import refers to knowledge rather than to reason to know. The
1273 time and circumstances under which a notice or notification may cease
1274 to be effective are not determined by this title.

1275 (26) A person "notifies" or "gives" a notice or notification to another
1276 person by taking such steps as may be reasonably required to inform
1277 the other person in ordinary course, whether or not [such] the other
1278 person actually comes to know of it. [A] Subject to subdivision (27) of
1279 this section, a person "receives" a notice or notification when: [(a) it]

1280 (A) It comes to [his] that person's attention; or

1281 [(b) it] (B) It is duly delivered in a form reasonable under the
1282 circumstances at the place of business through which the contract was
1283 made or at [any other place] another location held out by [him] that
1284 person as the place for receipt of such communications.

1285 (27) Notice, knowledge or a notice or notification received by an
1286 organization is effective for a particular transaction from the time
1287 when it is brought to the attention of the individual conducting that
1288 transaction, and in any event, from the time when it would have been
1289 brought to [his] the individual's attention if the organization had
1290 exercised due diligence. An organization exercises due diligence if it
1291 maintains reasonable routines for communicating significant
1292 information to the person conducting the transaction and there is
1293 reasonable compliance with the routines. Due diligence does not
1294 require an individual acting for the organization to communicate
1295 information unless such communication is part of [his] the individual's
1296 regular duties or [unless he] the individual has reason to know of the
1297 transaction and that the transaction would be materially affected by
1298 the information.

1299 (28) "Organization" includes a corporation, government or
1300 governmental subdivision or agency, business trust, estate, trust,
1301 partnership or association, two or more persons having a joint or
1302 common interest, or any other legal or commercial entity.

1303 (29) "Party", as distinct from "third party", means a person who has
1304 engaged in a transaction or made an agreement within this title.

1305 (30) "Person" includes an individual or an organization.

1306 (31) "Presumption" or "presumed" means that the trier of fact must
1307 find the existence of the fact presumed unless and until evidence is
1308 introduced which would support a finding of its nonexistence.

1309 (32) "Purchase" includes taking by sale, discount, negotiation,

1310 mortgage, pledge, lien, security interest, issue or reissue, gift or any
1311 other voluntary transaction creating an interest in property.

1312 (33) "Purchaser" means a person who takes by purchase.

1313 (34) "Remedy" means any remedial right to which an aggrieved
1314 party is entitled with or without resort to a tribunal.

1315 (35) "Representative" includes an agent, an officer of a corporation
1316 or association, and a trustee, executor or administrator of an estate, or
1317 any other person empowered to act for another.

1318 (36) "Rights" include remedies.

1319 (37) "Security interest" means an interest in personal property or
1320 fixtures which secures payment or performance of an obligation. The
1321 term also includes any interest of a consignor and a buyer of accounts,
1322 chattel paper, a payment intangible or a promissory note in a
1323 transaction that is subject to article 9. The special property interest of a
1324 buyer of goods on identification of such goods to a contract for sale
1325 under section 42a-2-401, as amended by this act, is not a "security
1326 interest", but a buyer may also acquire a "security interest" by
1327 complying with article 9. Except as otherwise provided in section 42a-
1328 2-505, as amended by this act, the right of a seller or lessor of goods
1329 under article 2 or 2A to retain or acquire possession of the goods is not
1330 a "security interest", but a seller or lessor may also acquire a "security
1331 interest" by complying with article 9. The retention or reservation of
1332 title by a seller of goods, notwithstanding shipment or delivery to the
1333 buyer pursuant to section 42a-2-401, as amended by this act, is limited
1334 in effect to a reservation of a "security interest". Whether a transaction
1335 creates a lease or a "security interest" is determined by the facts of each
1336 case; however, a transaction creates a "security interest" if the
1337 consideration the lessee is to pay the lessor for the right to possession
1338 and use of the goods is an obligation for the term of the lease not
1339 subject to termination by the lessee, and (a) the original term of the
1340 lease is equal to or greater than the remaining economic life of the
1341 goods, (b) the lessee is bound to renew the lease for the remaining

1342 economic life of the goods or is bound to become owner of the goods,
1343 (c) the lessee has an option to renew the lease for the remaining
1344 economic life of the goods for no additional consideration or nominal
1345 additional consideration upon compliance with the lease agreement, or
1346 (d) the lessee has an option to become the owner of the goods for no
1347 additional consideration or nominal additional consideration upon
1348 compliance with the lease agreement. A transaction does not create a
1349 "security interest" merely because it provides that (A) the present value
1350 of the consideration the lessee is obligated to pay the lessor for the
1351 right to possession and use of the goods is substantially equal to or is
1352 greater than the fair market value of the goods at the time the lease is
1353 entered into, (B) the lessee assumes risk of loss of the goods, or agrees
1354 to pay taxes, insurance, filing, recording or registration fees, or service
1355 or maintenance costs with respect to the goods, (C) the lessee has an
1356 option to renew the lease or to become the owner of the goods, (D) the
1357 lessee has an option to renew the lease for a fixed rent that is equal to
1358 or greater than the reasonably predictable fair market rent for the use
1359 of the goods for the term of the renewal at the time the option is to be
1360 performed, or (E) the lessee has an option to become the owner of the
1361 goods for a fixed price that is equal to or greater than the reasonably
1362 predictable fair market value of the goods at the time the option is to
1363 be performed. For the purposes of this subdivision: (i) Additional
1364 consideration is not nominal if (I) when the option to renew the lease is
1365 granted to the lessee, the rent is stated to be the fair market rent for the
1366 use of the goods for the term of the renewal determined at the time the
1367 option is to be performed, or (II) when the option to become the owner
1368 of the goods is granted to the lessee, the price is stated to be the fair
1369 market value of the goods determined at the time the option is to be
1370 performed; (ii) additional consideration is nominal if it is less than the
1371 lessee's reasonably predictable cost of performing under the lease
1372 agreement if the option is not exercised; (iii) "reasonably predictable"
1373 and "remaining economic life of the goods" are to be determined with
1374 reference to the facts and circumstances at the time the transaction is
1375 entered into; and (iv) "present value" means the amount as of a date
1376 certain of one or more sums payable in the future, discounted to the

1377 date certain. The discount is determined by the interest rate specified
1378 by the parties if the rate is not manifestly unreasonable at the time the
1379 transaction is entered into; otherwise, the discount is determined by a
1380 commercially reasonable rate that takes into account the facts and
1381 circumstances of each case at the time the transaction was entered into.

1382 (38) "Send" in connection with [any] a writing, record or notice
1383 means: [to]

1384 (A) To deposit in the mail or deliver for transmission by any other
1385 usual means of communication with postage or cost of transmission
1386 provided for and properly addressed and, in the case of an instrument,
1387 to an address specified thereon or otherwise agreed, or if there be none
1388 to any address reasonable under the circumstances; [. The receipt of
1389 any writing or notice within the time at which it would have arrived if
1390 properly sent has the effect of a proper sending] or

1391 (B) In any other way to cause to be received any record or notice
1392 within the time it would have arrived if properly sent.

1393 (39) "Signed" includes any symbol executed or adopted by a party
1394 with present intention to authenticate a writing.

1395 (40) "Surety" includes guarantor.

1396 (41) "Telegram" includes a message transmitted by radio, teletype,
1397 cable, any mechanical method of transmission, or the like.

1398 (42) "Term" means that portion of an agreement which relates to a
1399 particular matter.

1400 (43) "Unauthorized signature" means one made without actual,
1401 implied, or apparent authority and includes a forgery.

1402 (44) "Value". Except as otherwise provided by sections 42a-3-303,
1403 42a-4-210, as amended by this act, and 42a-4-211 with respect to
1404 negotiable instruments and bank collections a person gives "value" for
1405 rights if he acquires them (a) in return for a binding commitment to

1406 extend credit or for the extension of immediately available credit
1407 whether or not drawn upon and whether or not a charge-back is
1408 provided for in the event of difficulties in collection; or (b) as security
1409 for or in total or partial satisfaction of a preexisting claim; or (c) by
1410 accepting delivery pursuant to a preexisting contract for purchase; or
1411 (d) generally, in return for any consideration sufficient to support a
1412 simple contract.

1413 (45) "Warehouse receipt" means a [receipt] document of title issued
1414 by a person engaged in the business of storing goods for hire.

1415 (46) "Written" or "writing" includes printing, typewriting or any
1416 other intentional reduction to tangible form.

1417 Sec. 44. Subsection (3) of section 42a-2-103 of the general statutes is
1418 repealed and the following is substituted in lieu thereof (*Effective*
1419 *October 1, 2004*):

1420 (3) [The] "Control" as provided in section 6 of this act and the
1421 following definitions in other articles apply to this article:

T6 "Check". Section 42a-3-104.

T7 "Consignee". Section 42a-7-102, as amended by this act.

T8 "Consignor". Section 42a-7-102, as amended by this act.

T9 "Consumer goods". Section 42a-9-102, as amended by this act.

T10 "Dishonor". Section 42a-3-502.

T11 "Draft". Section 42a-3-104.

1422 Sec. 45. Subsection (2) of section 42a-2-104 of the general statutes is
1423 repealed and the following is substituted in lieu thereof (*Effective*
1424 *October 1, 2004*):

1425 (2) "Financing agency" means a bank, finance company or other
1426 person who in the ordinary course of business makes advances against
1427 goods or documents of title or who by arrangement with either the

1428 seller or the buyer intervenes in ordinary course to make or collect
1429 payment due or claimed under the contract for sale, as by purchasing
1430 or paying the seller's draft or making advances against it or by merely
1431 taking it for collection whether or not documents of title accompany or
1432 are associated with the draft. "Financing agency" includes also a bank
1433 or other person who similarly intervenes between persons who are in
1434 the position of seller and buyer in respect to the goods as provided by
1435 section 42a-2-707.

1436 Sec. 46. Section 42a-2-310 of the general statutes is repealed and the
1437 following is substituted in lieu thereof (*Effective October 1, 2004*):

1438 Unless otherwise agreed, (a) payment is due at the time and place at
1439 which the buyer is to receive the goods even though the place of
1440 shipment is the place of delivery; and (b) if the seller is authorized to
1441 send the goods he may ship them under reservation, and may tender
1442 the documents of title, but the buyer may inspect the goods after their
1443 arrival before payment is due unless such inspection is inconsistent
1444 with the terms of the contract; and (c) if delivery is authorized and
1445 made by way of documents of title otherwise than by subsection (b) of
1446 this section then payment is due regardless of where the goods are to
1447 be received (1) at the time and place at which the buyer is to receive
1448 delivery of the tangible documents, [regardless of where the goods are
1449 to be received] or (2) at the time the buyer is to receive delivery of the
1450 electronic documents and at the seller's place of business or if none, the
1451 seller's residence; and (d) where the seller is required or authorized to
1452 ship the goods on credit the credit period runs from the time of
1453 shipment but postdating the invoice or delaying its dispatch will
1454 correspondingly delay the starting of the credit period.

1455 Sec. 47. Subsection (2) of section 42a-2-323 of the general statutes is
1456 repealed and the following is substituted in lieu thereof (*Effective*
1457 *October 1, 2004*):

1458 (2) Where in a case within subsection (1) of this section a tangible
1459 bill of lading has been issued in a set of parts, unless otherwise agreed

1460 if the documents are not to be sent from abroad the buyer may
1461 demand tender of the full set; otherwise only one part of the bill of
1462 lading need be tendered. Even if the agreement expressly requires a
1463 full set (a) due tender of a single part is acceptable within the
1464 provisions of subsection (1) of section 42a-2-508 on cure of improper
1465 delivery; and (b) even though the full set is demanded, if the
1466 documents are sent from abroad the person tendering an incomplete
1467 set may nevertheless require payment upon furnishing an indemnity
1468 which the buyer in good faith deems adequate.

1469 Sec. 48. Subdivision (3) of section 42a-2-401 of the general statutes is
1470 repealed and the following is substituted in lieu thereof (*Effective*
1471 *October 1, 2004*):

1472 (3) Unless otherwise explicitly agreed where delivery is to be made
1473 without moving the goods, (a) if the seller is to deliver a tangible
1474 document of title, title passes at the time when and the place where he
1475 delivers such documents and if the seller is to deliver an electronic
1476 document of title, title passes when the seller delivers the document; or
1477 (b) if the goods are at the time of contracting already identified and no
1478 documents of title are to be delivered, title passes at the time and place
1479 of contracting.

1480 Sec. 49. Subsections (4) and (5) of section 42a-2-503 of the general
1481 statutes are repealed and the following is substituted in lieu thereof
1482 (*Effective October 1, 2004*):

1483 (4) Where goods are in the possession of a bailee and are to be
1484 delivered without being moved (a) tender requires that the seller either
1485 tender a negotiable document of title covering such goods or procure
1486 acknowledgment by the bailee of the buyer's right to possession of the
1487 goods; but (b) tender to the buyer of a nonnegotiable document of title
1488 or of a [written direction to] record directing the bailee to deliver is
1489 sufficient tender unless the buyer seasonably objects, and except as
1490 otherwise provided in article 9 receipt by the bailee of notification of
1491 the buyer's rights fixes those rights as against the bailee and all third

1492 persons; but risk of loss of the goods and of any failure by the bailee to
1493 honor the nonnegotiable document of title or to obey the direction
1494 remains on the seller until the buyer has had a reasonable time to
1495 present the document or direction, and a refusal by the bailee to honor
1496 the document or to obey the direction defeats the tender.

1497 (5) Where the contract requires the seller to deliver documents (a) he
1498 must tender all such documents in correct form, except as provided in
1499 subsection (2) of section 42a-2-323 with respect to bills of lading in a
1500 set; and (b) tender through customary banking channels is sufficient
1501 and dishonor of a draft accompanying or associated with the
1502 documents constitutes nonacceptance or rejection.

1503 Sec. 50. Section 42a-2-505 of the general statutes is repealed and the
1504 following is substituted in lieu thereof (*Effective October 1, 2004*):

1505 (1) Where the seller has identified goods to the contract by or before
1506 shipment: (a) His procurement of a negotiable bill of lading to his own
1507 order or otherwise reserves in him a security interest in the goods. His
1508 procurement of the bill to the order of a financing agency or of the
1509 buyer indicates in addition only the seller's expectation of transferring
1510 that interest to the person named. (b) A nonnegotiable bill of lading to
1511 himself or his nominee reserves possession of the goods as security but
1512 except in a case of conditional delivery as provided by subsection (2) of
1513 section 42a-2-507 a nonnegotiable bill of lading naming the buyer as
1514 consignee reserves no security interest even though the seller retains
1515 possession or control of the bill of lading.

1516 (2) When shipment by the seller with reservation of a security
1517 interest is in violation of the contract for sale it constitutes an improper
1518 contract for transportation within the preceding section but impairs
1519 neither the rights given to the buyer by shipment and identification of
1520 the goods to the contract nor the seller's powers as a holder of a
1521 negotiable document of title.

1522 Sec. 51. Subsection (2) of section 42a-2-506 of the general statutes is
1523 repealed and the following is substituted in lieu thereof (*Effective*

1524 October 1, 2004):

1525 (2) The right to reimbursement of a financing agency which has in
1526 good faith honored or purchased the draft under commitment to or
1527 authority from the buyer is not impaired by subsequent discovery of
1528 defects with reference to any relevant document which was apparently
1529 regular, [on its face.]

1530 Sec. 52. Subsection (2) of section 42a-2-509 of the general statutes is
1531 repealed and the following is substituted in lieu thereof (*Effective*
1532 *October 1, 2004*):

1533 (2) Where the goods are held by a bailee to be delivered without
1534 being moved, the risk of loss passes to the buyer (a) on his receipt of
1535 possession or control of a negotiable document of title covering the
1536 goods; or (b) on acknowledgment by the bailee of the buyer's right to
1537 possession of the goods; or (c) after his receipt of possession or control
1538 of a nonnegotiable document of title or other [written] direction to
1539 deliver in a record, as provided in subsection (4) (b) of section 42a-2-
1540 503, as amended by this act.

1541 Sec. 53. Subsection (2) of section 42a-2-605 of the general statutes is
1542 repealed and the following is substituted in lieu thereof (*Effective*
1543 *October 1, 2004*):

1544 (2) Payment against documents made without reservation of rights
1545 precludes recovery of the payment for defects apparent [on the face of]
1546 in the documents.

1547 Sec. 54. Section 42a-2-705 of the general statutes is repealed and the
1548 following is substituted in lieu thereof (*Effective October 1, 2004*):

1549 (1) The seller may stop delivery of goods in the possession of a
1550 carrier or other bailee when he discovers the buyer to be insolvent as
1551 provided in section 42a-2-702 and may stop delivery of carload,
1552 truckload, planeload or larger shipments of express or freight when
1553 the buyer repudiates or fails to make a payment due before delivery or

1554 if for any other reason the seller has a right to withhold or reclaim the
1555 goods.

1556 (2) As against such buyer the seller may stop delivery until (a)
1557 receipt of the goods by the buyer; or (b) acknowledgment to the buyer
1558 by any bailee of the goods except a carrier that the bailee holds the
1559 goods for the buyer; or (c) such acknowledgment to the buyer by a
1560 carrier by reshipment or as [warehouseman] a warehouse; or (d)
1561 negotiation to the buyer of any negotiable document of title covering
1562 the goods.

1563 (3) (a) To stop delivery the seller must so notify as to enable the
1564 bailee by reasonable diligence to prevent delivery of the goods. (b)
1565 After such notification the bailee must hold and deliver the goods
1566 according to the directions of the seller but the seller is liable to the
1567 bailee for any ensuing charges or damages. (c) If a negotiable
1568 document of title has been issued for goods the bailee is not obliged to
1569 obey a notification to stop until surrender of possession or control of
1570 the document. (d) A carrier who has issued a nonnegotiable bill of
1571 lading is not obliged to obey a notification to stop received from a
1572 person other than the consignor.

1573 Sec. 55. Subdivision (23) of subsection (a) of section 42a-2A-102 of
1574 the general statutes is repealed and the following is substituted in lieu
1575 thereof (*Effective October 1, 2004*):

1576 (23) "Lessee in ordinary course of business" means a person that, in
1577 good faith and without knowledge that the person's lease is in
1578 violation of ownership rights, a security interest or a leasehold interest
1579 of a third party in the goods, leases in the ordinary course from a
1580 person in the business of selling or leasing goods of that kind for cash
1581 or by exchange of other property or on secured or unsecured credit,
1582 including [receiving] acquiring goods or documents of title under a
1583 preexisting lease contract, but not including a transfer in bulk, or as
1584 security for or in total or partial satisfaction of a money debt. The term
1585 does not include a pawnbroker.

1586 Sec. 56. Subsection (c) of section 42a-2A-719 of the general statutes is
1587 repealed and the following is substituted in lieu thereof (*Effective*
1588 *October 1, 2004*):

1589 (c) As against a lessee under subsection (b) of this section, the lessor
1590 may stop delivery until:

1591 (1) Receipt of the goods by the lessee;

1592 (2) Acknowledgment to the lessee by any bailee of the goods, other
1593 than a carrier, or a carrier by reshipment or as a [warehouseman]
1594 warehouse, that the bailee holds the goods for the lessee; or

1595 (3) Acknowledgment to the lessee by a carrier by reshipment or as
1596 [warehouseman] a warehouse that the carrier holds the goods for the
1597 lessee.

1598 Sec. 57. Subsection (c) of section 42a-4-104 of the general statutes is
1599 repealed and the following is substituted in lieu thereof (*Effective*
1600 *October 1, 2004*):

1601 (c) [The] "Control" as provided in section 6 of this act and the
1602 following definitions in other articles apply to this article:

- T12 "Acceptance". Section 42a-3-409.
- T13 "Alteration". Section 42a-3-407.
- T14 "Cashier's check". Section 42a-3-104.
- T15 "Certificate of deposit". Section 42a-3-104.
- T16 "Certified check". Section 42a-3-409.
- T17 "Check". Section 42a-3-104.
- T18 "Good faith". Section 42a-3-103.
- T19 "Holder in due course". Section 42a-3-302.
- T20 "Instrument". Section 42a-3-104.
- T21 "Notice of dishonor". Section 42a-3-503.
- T22 "Order". Section 42a-3-103.

- T23 "Ordinary care". Section 42a-3-103.
T24 "Person entitled to enforce". Section 42a-3-301.
T25 "Presentment". Section 42a-3-501.
T26 "Promise". Section 42a-3-103.
T27 "Prove". Section 42a-3-103.
T28 "Teller's check". Section 42a-3-104.
T29 "Unauthorized signature". Section 42a-3-403.

1603 Sec. 58. Subsection (c) of section 42a-4-210 of the general statutes is
1604 repealed and the following is substituted in lieu thereof (*Effective*
1605 *October 1, 2004*):

1606 (c) Receipt by a collecting bank of a final settlement for an item is a
1607 realization on its security interest in the item, accompanying
1608 documents, and proceeds. So long as the bank does not receive final
1609 settlement for the item or give up possession of the item or possession
1610 or control of the accompanying documents for purposes other than
1611 collection, the security interest continues to that extent and is subject to
1612 article 9, but: (1) No security agreement is necessary to make the
1613 security interest enforceable, as provided in subsection (b)(3)(A) of
1614 section 42a-9-203, as amended by this act; (2) no filing is required to
1615 perfect the security interest; and (3) the security interest has priority
1616 over conflicting perfected security interests in the item, accompanying
1617 documents or proceeds.

1618 Sec. 59. Section 42a-8-103 of the general statutes is amended by
1619 adding subsection (g) as follows (*Effective October 1, 2004*):

1620 (NEW) (g) A document of title is not a financial asset unless
1621 subdivision (10)(iii) of subsection (a) of section 42a-8-102 applies.

1622 Sec. 60. Subdivision (30) of subsection (a) of section 42a-9-102 of the
1623 general statutes is repealed and the following is substituted in lieu
1624 thereof (*Effective October 1, 2004*):

1625 (30) "Document" means a document of title or a receipt of the type

1626 described in subsection [(2)] (b) of section 42a-7-201, as amended by
1627 this act.

1628 Sec. 61. Subsection (b) of section 42a-9-102 of the general statutes is
1629 repealed and the following is substituted in lieu thereof (*Effective*
1630 *October 1, 2004*):

1631 (b) [The] "Control" as provided in section 6 of this act and the
1632 following definitions in other articles apply to this article:

T30 "Applicant". Section 42a-5-102.

T31 "Beneficiary". Section 42a-5-102.

T32 "Broker". Section 42a-8-102.

T33 "Certificated security". Section 42a-8-102.

T34 "Check". Section 42a-3-104.

T35 "Clearing corporation". Section 42a-8-102.

T36 "Contract for sale". Section 42a-2-106.

T37 "Customer". Section 42a-4-104, as amended by this act.

T38 "Entitlement holder". Section 42a-8-102.

T39 "Financial asset". Section 42a-8-102.

T40 "Holder in due course". Section 42a-3-302.

T41 "Issuer" (with respect to a letter of credit or letter-of-credit right).

T42 Section 42a-5-102.

T43 "Issuer" (with respect to a security). Section 42a-8-201.

T44 "Issuer" (with respect to documents of title). Section 42a-7-102,

T45 as amended by this act.

T46 "Lease". Section 42a-2A-102, as amended by this act.

T47 "Lease agreement". Section 42a-2A-102, as amended by this act.

T48 "Lease contract". Section 42a-2A-102, as amended by this act.

T49 "Leasehold interest". Section 42a-2A-102, as amended by this

T50 act.

T51 "Lessee". Section 42a-2A-102, as amended by this act.

T52 "Lessee in ordinary course of business". Section 42a-2A-102, as

T53 amended by this act.

- T54 "Lessor". Section 42a-2A-102, as amended by this act.
T55 "Lessor's residual interest". Section 42a-2A-102, as amended by
T56 this act.
T57 "Letter of credit". Section 42a-5-102.
T58 "Merchant". Section 42a-2-104, as amended by this act.
T59 "Negotiable instrument". Section 42a-3-104.
T60 "Nominated person". Section 42a-5-102.
T61 "Note". Section 42a-3-104.
T62 "Proceeds of a letter of credit". Section 42a-5-114.
T63 "Prove". Section 42a-3-103.
T64 "Sale". Section 42a-2-106.
T65 "Securities account". Section 42a-8-501.
T66 "Securities intermediary". Section 42a-8-102.
T67 "Security". Section 42a-8-102.
T68 "Security certificate". Section 42a-8-102.
T69 "Security entitlement". Section 42a-8-102.
T70 "Uncertificated security". Section 42a-8-102.

1633 Sec. 62. Subsection (b) of section 42a-9-203 of the general statutes is
1634 repealed and the following is substituted in lieu thereof (*Effective*
1635 *October 1, 2004*):

1636 (b) Except as otherwise provided in subsections (c) to (i), inclusive,
1637 of this section, a security interest is enforceable against the debtor and
1638 third parties with respect to the collateral only if:

1639 (1) Value has been given;

1640 (2) The debtor has rights in the collateral or the power to transfer
1641 rights in the collateral to a secured party; and

1642 (3) One of the following conditions is met:

1643 (A) The debtor has authenticated a security agreement that provides
1644 a description of the collateral and, if the security interest covers timber
1645 to be cut, a description of the land concerned;

1646 (B) The collateral is not a certificated security and is in the
1647 possession of the secured party under section 42a-9-313, as amended
1648 by this act, pursuant to the debtor's security agreement;

1649 (C) The collateral is a certificated security in registered form and the
1650 security certificate has been delivered to the secured party under
1651 section 42a-8-301 pursuant to the debtor's security agreement; or

1652 (D) The collateral is deposit accounts, electronic chattel paper,
1653 investment property, [or] letter-of-credit rights or electronic
1654 documents, and the secured party has control under section 6 of this
1655 act or section 42a-9-104, 42a-9-105, 42a-9-106 or 42a-9-107 pursuant to
1656 the debtor's security agreement.

1657 Sec. 63. Subsection (c) of section 42a-9-207 of the general statutes is
1658 repealed and the following is substituted in lieu thereof (*Effective*
1659 *October 1, 2004*):

1660 (c) Except as otherwise agreed by a debtor other than a consumer
1661 debtor or as otherwise provided in subsection (d) of this section, a
1662 secured party having possession of collateral or control of collateral
1663 under section 6 of this act or section 42a-9-104, 42a-9-105, 42a-9-106 or
1664 42a-9-107:

1665 (1) May hold as additional security any proceeds, except money or
1666 funds, received from the collateral;

1667 (2) Shall apply money or funds received from the collateral to
1668 reduce the secured obligation, unless remitted to the debtor; and

1669 (3) May create a security interest in the collateral.

1670 Sec. 64. Subsection (b) of section 42a-9-208 of the general statutes is
1671 repealed and the following is substituted in lieu thereof (*Effective*
1672 *October 1, 2004*):

1673 (b) Within ten days after receiving an authenticated demand by the
1674 debtor:

1675 (1) A secured party having control of a deposit account under
1676 subdivision (2) of subsection (a) of section 42a-9-104 shall send to the
1677 bank with which the deposit account is maintained an authenticated
1678 statement that releases the bank from any further obligation to comply
1679 with instructions originated by the secured party;

1680 (2) A secured party having control of a deposit account under
1681 subdivision (3) of subsection (a) of section 42a-9-104 shall:

1682 (A) Pay the debtor the balance on deposit in the deposit account; or

1683 (B) Transfer the balance on deposit into a deposit account in the
1684 debtor's name;

1685 (3) A secured party, other than a buyer, having control of electronic
1686 chattel paper under section 42a-9-105 shall:

1687 (A) Communicate the authoritative copy of the electronic chattel
1688 paper to the debtor or its designated custodian;

1689 (B) If the debtor designates a custodian that is the designated
1690 custodian with which the authoritative copy of the electronic chattel
1691 paper is maintained for the secured party, communicate to the
1692 custodian an authenticated record releasing the designated custodian
1693 from any further obligation to comply with instructions originated by
1694 the secured party and instructing the custodian to comply with
1695 instructions originated by the debtor; and

1696 (C) Take appropriate action to enable the debtor or its designated
1697 custodian to make copies of or revisions to the authoritative copy
1698 which add or change an identified assignee of the authoritative copy
1699 without the consent of the secured party;

1700 (4) A secured party having control of investment property under
1701 subdivision (2) of subsection (d) of section 42a-8-106 or subsection (b)
1702 of section 42a-9-106 shall send to the securities intermediary or
1703 commodity intermediary with which the security entitlement or
1704 commodity contract is maintained an authenticated record that

1705 releases the securities intermediary or commodity intermediary from
1706 any further obligation to comply with entitlement orders or directions
1707 originated by the secured party; [and]

1708 (5) A secured party having control of a letter-of-credit right under
1709 section 42a-9-107 shall send to each person having an unfulfilled
1710 obligation to pay or deliver proceeds of the letter of credit to the
1711 secured party an authenticated release from any further obligation to
1712 pay or deliver proceeds of the letter of credit to the secured party; and

1713 (6) A secured party having control of an electronic document shall:

1714 (A) Give control of the electronic document to the debtor or its
1715 designated custodian;

1716 (B) If the debtor designates a custodian that is the designated
1717 custodian with which the authoritative copy of the electronic
1718 document is maintained for the secured party, communicate to the
1719 custodian an authenticated record releasing the designated custodian
1720 from any further obligation to comply with instructions originated by
1721 the secured party and instructing the custodian to comply with
1722 instructions originated by the debtor; and

1723 (C) Take appropriate action to enable the debtor or its designated
1724 custodian to make copies of or revisions to the authoritative copy
1725 which add or change an identified assignee of the authoritative copy
1726 without the consent of the secured party.

1727 Sec. 65. Subdivision (3) of section 42a-9-301 of the general statutes is
1728 repealed and the following is substituted in lieu thereof (*Effective*
1729 *October 1, 2004*):

1730 (3) Except as otherwise provided in subdivision (4) of this section,
1731 while tangible negotiable documents, goods, instruments, money or
1732 tangible chattel paper is located in a jurisdiction, the local law of that
1733 jurisdiction governs:

1734 (A) Perfection of a security interest in the goods by filing a fixture

1735 filing;

1736 (B) Perfection of a security interest in timber to be cut; and

1737 (C) The effect of perfection or nonperfection and the priority of a
1738 nonpossessory security interest in the collateral.

1739 Sec. 66. Subsection (b) of section 42a-9-310 of the general statutes is
1740 repealed and the following is substituted in lieu thereof (*Effective*
1741 *October 1, 2004*):

1742 (b) The filing of a financing statement is not necessary to perfect a
1743 security interest:

1744 (1) That is perfected under subsection (d), (e), (f) or (g) of section
1745 42a-9-308;

1746 (2) That is perfected under section 42a-9-309 when it attaches;

1747 (3) In property subject to a statute, regulation or treaty described in
1748 subsection (a) of section 42a-9-311, as amended;

1749 (4) In goods in possession of a bailee which is perfected under
1750 subdivision (1) or (2) of subsection (d) of section 42a-9-312;

1751 (5) In certificated securities, documents, goods or instruments which
1752 is perfected without filing, control or possession under subsection (e),
1753 (f) or (g) of section 42a-9-312, as amended by this act;

1754 (6) In collateral in the secured party's possession under section 42a-
1755 9-313, as amended by this act;

1756 (7) In a certificated security which is perfected by delivery of the
1757 security certificate to the secured party under section 42a-9-313, as
1758 amended by this act;

1759 (8) In deposit accounts, electronic chattel paper, electronic
1760 documents, investment property or letter-of-credit rights which is
1761 perfected by control under section 42a-9-314, as amended by this act;

1762 (9) In proceeds which is perfected under section 42a-9-315; or

1763 (10) That is perfected under section 42a-9-316.

1764 Sec. 67. Subsection (e) of section 42a-9-312 of the general statutes is
1765 repealed and the following is substituted in lieu thereof (*Effective*
1766 *October 1, 2004*):

1767 (e) A security interest in certificated securities, negotiable
1768 documents or instruments is perfected without filing or the taking of
1769 possession or control for a period of twenty days from the time it
1770 attaches to the extent that it arises for new value given under an
1771 authenticated security agreement.

1772 Sec. 68. Subsection (a) of section 42a-9-313 of the general statutes is
1773 repealed and the following is substituted in lieu thereof (*Effective*
1774 *October 1, 2004*):

1775 (a) Except as otherwise provided in subsection (b) of this section, a
1776 secured party may perfect a security interest in tangible negotiable
1777 documents, goods, instruments, money or tangible chattel paper by
1778 taking possession of the collateral. A secured party may perfect a
1779 security interest in certificated securities by taking delivery of the
1780 certificated securities under section 42a-8-301.

1781 Sec. 69. Section 42a-9-314 of the general statutes is repealed and the
1782 following is substituted in lieu thereof (*Effective October 1, 2004*):

1783 (a) A security interest in investment property, deposit accounts,
1784 letter-of-credit rights, [or] electronic chattel paper or electronic
1785 documents may be perfected by control of the collateral under section
1786 6 of this act or section 42a-9-104, 42a-9-105, 42a-9-106 or 42a-9-107.

1787 (b) A security interest in deposit accounts, electronic chattel paper,
1788 [or] letter-of-credit rights or electronic documents is perfected by
1789 control under section 6 of this act or section 42a-9-104, 42a-9-105 or
1790 42a-9-107 when the secured party obtains control and remains
1791 perfected by control only while the secured party retains control.

1792 (c) A security interest in investment property is perfected by control
1793 under section 42a-9-106 from the time the secured party obtains
1794 control and remains perfected by control until:

1795 (1) The secured party does not have control; and

1796 (2) One of the following occurs:

1797 (A) If the collateral is a certificated security, the debtor has or
1798 acquires possession of the security certificate;

1799 (B) If the collateral is an uncertificated security, the issuer has
1800 registered or registers the debtor as the registered owner; or

1801 (C) If the collateral is a security entitlement, the debtor is or becomes
1802 the entitlement holder.

1803 Sec. 70. Section 42a-9-317 of the general statutes is repealed and the
1804 following is substituted in lieu thereof (*Effective October 1, 2004*):

1805 (a) A security interest or agricultural lien is subordinate to the rights
1806 of:

1807 (1) A person entitled to priority under section 42a-9-322; and

1808 (2) Except as otherwise provided in subsection (e) of this section, a
1809 person that becomes a lien creditor before the earlier of the time:

1810 (A) The security interest or agricultural lien is perfected; or

1811 (B) One of the conditions specified in subdivision (3) of subsection
1812 (b) of section 42a-9-203, as amended by this act, is met and a financing
1813 statement covering the collateral is filed.

1814 (b) Except as otherwise provided in subsection (e) of this section, a
1815 buyer, other than a secured party, of tangible chattel paper, tangible
1816 documents, goods, instruments or a security certificate takes free of a
1817 security interest or agricultural lien if the buyer gives value and
1818 receives delivery of the collateral without knowledge of the security

1819 interest or agricultural lien and before it is perfected.

1820 (c) Except as otherwise provided in subsection (e) of this section, a
1821 lessee of goods takes free of a security interest or agricultural lien if the
1822 lessee gives value and receives delivery of the collateral without
1823 knowledge of the security interest or agricultural lien and before it is
1824 perfected.

1825 (d) A licensee of a general intangible or a buyer, other than a
1826 secured party, of accounts, electronic chattel paper, electronic
1827 documents, general intangibles or investment property other than a
1828 certificated security takes free of a security interest if the licensee or
1829 buyer gives value without knowledge of the security interest and
1830 before it is perfected.

1831 (e) Except as otherwise provided in sections 42a-9-320 and 42a-9-
1832 321, if a person files a financing statement with respect to a purchase-
1833 money security interest before or within twenty days after the debtor
1834 receives delivery of the collateral, the security interest takes priority
1835 over the rights of a buyer, lessee or lien creditor which arise between
1836 the time the security interest attaches and the time of filing.

1837 Sec. 71. Section 42a-9-338 of the general statutes is repealed and the
1838 following is substituted in lieu thereof (*Effective October 1, 2004*):

1839 If a security interest or agricultural lien is perfected by a filed
1840 financing statement providing information described in subdivision (5)
1841 of subsection (b) of section 42a-9-516 which is incorrect at the time the
1842 financing statement is filed:

1843 (1) The security interest or agricultural lien is subordinate to a
1844 conflicting perfected security interest in the collateral to the extent that
1845 the holder of the conflicting security interest gives value in reasonable
1846 reliance upon the incorrect information; and

1847 (2) A purchaser, other than a secured party, of the collateral takes
1848 free of the security interest or agricultural lien to the extent that, in

1849 reasonable reliance upon the incorrect information, the purchaser gives
1850 value and, in the case of tangible chattel paper, tangible documents,
1851 goods, instruments or a security certificate, receives delivery of the
1852 collateral.

1853 Sec. 72. Subsection (b) of section 42a-9-601 of the general statutes is
1854 repealed and the following is substituted in lieu thereof (*Effective*
1855 *October 1, 2004*):

1856 (b) A secured party in possession of collateral or control of collateral
1857 under section 6 of this act or section 42a-9-104, 42a-9-105, 42a-9-106 or
1858 42a-9-107 has the rights and duties provided in section 42a-9-207, as
1859 amended by this act.

1860 Sec. 73. Section 40-53 of the general statutes is repealed and the
1861 following is substituted in lieu thereof (*Effective October 1, 2004*):

1862 A warehouseman, or any officer, agent or servant of a
1863 warehouseman, who issues or aids in issuing a duplicate or additional
1864 negotiable receipt for goods knowing that a former negotiable receipt
1865 for the same goods or any part of them is outstanding and uncanceled,
1866 without plainly placing upon the face thereof the word "Duplicate",
1867 except in the case of a lost, stolen or destroyed receipt after
1868 proceedings as provided for in subsection [(1)] (a) of section 42a-7-601,
1869 as amended by this act, shall, for each offense, be fined not more than
1870 five thousand dollars or imprisoned not more than five years or both.

1871 Sec. 74. Section 40-55 of the general statutes is repealed and the
1872 following is substituted in lieu thereof (*Effective October 1, 2004*):

1873 A warehouseman, or any officer, agent or servant of a
1874 warehouseman, who delivers goods out of the possession of such
1875 warehouseman, knowing that a negotiable receipt the negotiation of
1876 which would transfer the right to the possession of such goods is
1877 outstanding and uncanceled, without obtaining the possession of such
1878 receipt at or before the time of such delivery, shall, except in the cases
1879 provided for in subsection [(1)] (a) of section 42a-7-601, as amended by

1880 this act, or in case of good faith delivery upon the posting of security
 1881 as provided in subsection [(2)] (b) of said section, or after compliance
 1882 with section 42a-7-210, as amended by this act, be fined not more than
 1883 one thousand dollars or imprisoned not more than one year or both.

1884 Sec. 75. Subdivision (1) of section 42-159 of the general statutes is
 1885 repealed and the following is substituted in lieu thereof (*Effective*
 1886 *October 1, 2004*):

1887 (1) "Self-service storage facility" means any real property designed
 1888 and used for the renting or leasing of individual self-contained units of
 1889 storage space to occupants who are to have access to such units for
 1890 storing and removing personal property only, and not for residential
 1891 purposes. A self-service storage facility [is not a warehouse] and an
 1892 owner [is not a warehouseman] are not a warehouse, as defined in
 1893 section 42a-7-102, as amended by this act, except that if an owner
 1894 issues a document of title, as defined in section 42a-1-201, as amended
 1895 by this act, for the personal property stored, the owner and the
 1896 occupant are subject to the provisions of article 7 of the Uniform
 1897 Commercial Code and the provisions of this chapter do not apply.

1898 Sec. 76. (*Effective October 1, 2004*) Section 42a-10-104 of the general
 1899 statutes is repealed.

This act shall take effect as follows:	
Section 1	<i>October 1, 2004</i>
Sec. 2	<i>October 1, 2004</i>
Sec. 3	<i>October 1, 2004</i>
Sec. 4	<i>October 1, 2004</i>
Sec. 5	<i>October 1, 2004</i>
Sec. 6	<i>October 1, 2004</i>
Sec. 7	<i>October 1, 2004</i>
Sec. 8	<i>October 1, 2004</i>
Sec. 9	<i>October 1, 2004</i>
Sec. 10	<i>October 1, 2004</i>
Sec. 11	<i>October 1, 2004</i>
Sec. 12	<i>October 1, 2004</i>

Sec. 13	<i>October 1, 2004</i>
Sec. 14	<i>October 1, 2004</i>
Sec. 15	<i>October 1, 2004</i>
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Sec. 19	<i>October 1, 2004</i>
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Sec. 37	<i>October 1, 2004</i>
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Sec. 40	<i>October 1, 2004</i>
Sec. 41	<i>October 1, 2004</i>
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Sec. 74	<i>October 1, 2004</i>
Sec. 75	<i>October 1, 2004</i>
Sec. 76	<i>October 1, 2004</i>

JUD *Joint Favorable Subst.*