

CODE OF VIRGINIA



Title 8.7

Commercial Code - Warehouse Receipts,
Bills of Lading and Other Documents of Title

Title 8.7 - COMMERCIAL CODE -- WAREHOUSE RECEIPTS, BILLS OF LADING AND OTHER DOCUMENTS OF TITLE

Part 1 - GENERAL

§ 8.7-101. Short title

This title shall be known and may be cited as Uniform Commercial Code -- Documents of Title. 1964, c. 219.

§ 8.7-102. Definitions and index of definitions

(1) In this title, unless the context otherwise requires:

(a) "Bailee" means the person who by a warehouse receipt, bill of lading or other document acknowledges possession of goods and contracts to deliver them.

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

(c) "Consignee" means the person named in a bill to whom or to whose order the bill promises delivery.

(d) "Consignor" means the person named in a bill as the person from whom the goods have been received for shipment.

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

(f) "Document" means document of title as defined in the general definitions in Title 8.1A (§ [8.1A-201](#)).

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

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

(i) "Issuer" means a bailee who issues a document except that in relation to an unaccepted delivery order it means the person who orders the possessor of goods to deliver. Issuer includes any person for whom an agent or employee purports to act in issuing a document if the agent or employee has real or apparent authority to issue documents, even if the issuer received no goods, the goods were misdescribed, or in any other respect the agent or employee violated the issuer's instructions.

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

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

(l) "Sign" means, with present intent to authenticate or adopt a record (1) to execute or adopt a tangible symbol or (2) to attach to or logically associate with the record an electronic sound, symbol, or process.

(m) "Warehouseman" is a person engaged in the business of storing goods for hire.

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

"Duly negotiate." § [8.7-501](#).

"Person entitled under the document." § [8.7-403](#)(4).

(3) Definitions in other titles applying to this title and the sections in which they appear are:

"Contract for sale." § [8.2-106](#).

"Lessee in ordinary course." § [8.2A-103](#).

"Overseas." § [8.2-323](#).

"Receipt" of goods. § [8.2-103](#).

(4) In addition Title 8.1A contains general definitions and principles of construction and interpretation applicable throughout this title.

Code 1950, § 61-1; 1964, c. 219; 2003, c. [353](#); 2004, c. [200](#).

§ 8.7-103. Relation of title to treaty or statute

(1) To the extent that any treaty or statute of the United States or regulatory statute of this State is applicable, the provisions of this title are subject thereto.

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

(3) This Title modifies, limits, and supersedes the federal Electronic Signatures in Global and National Commerce Act (15 U.S.C. § 7001, et seq.) but does not modify, limit, or supersede Section 101(c) of that act (15 U.S.C. § 7001(c)) or authorize electronic delivery of any of the notices described in Section 103 (b) of that act (15 U.S.C. § 7003 (b)).

(4) To the extent there is a conflict between the Uniform Electronic Transactions Act (§ [59.1-479](#) et seq.) and this article this article governs.

1964, c. 219; 2004, c. [200](#).

§ 8.7-104. Negotiable and nonnegotiable documents

(1) Except as otherwise provided in subsection 3, a document is negotiable:

(a) if by its terms the goods are to be delivered to bearer or to the order of a named person; or

(b) where recognized in overseas trade, if it runs to a named person or assigns.

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

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

Code 1950, §§ 61-7, 61-8; 1964, c. 219; 2004, c. [200](#).

§ 8.7-105. Repealed

Repealed by Acts 2004, c. [200](#).

§ 8.7-105.1. Reissuance in alternative medium

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

(a) the person entitled under the electronic document surrenders control of the document to the issuer; and

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

(2) Upon issuance of a tangible document in substitution for an electronic document in accordance with subsection (1):

(a) the electronic document ceases to have any effect or validity; and

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

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

(a) the person entitled under the tangible document surrenders possession of the document to the issuer; and

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

(4) Upon issuance of an electronic document in substitution for a tangible document in accordance with subsection (3):

(a) the tangible document ceases to have any effect or validity; and

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

2004, c. [200](#).

§ 8.7-106. Control of electronic document

(1) A person has control of an electronic document if a system employed for evidencing the transfer of interests in the electronic document reliably establishes that person as the person to which the electronic document was issued or transferred.

(2) A system satisfies subsection (1), and a person is deemed to have control of an electronic document, if the document is created, stored, and assigned in such a manner that:

(a) a single authoritative copy of the document exists that is unique, identifiable, and, except as otherwise provided in subdivisions (c), (d), and (e), unalterable;

(b) the authoritative copy identifies the person asserting control as:

(i) the person to whom the document was issued; or

(ii) if the authoritative copy indicates that the document has been transferred, the person to whom the document was most recently transferred;

(c) the authoritative copy is communicated to and maintained by the person asserting control or his designated custodian;

(d) copies or amendments that add or change an identified assignee of the authoritative copy can be made only with the consent of the person asserting control;

(e) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and

(f) any amendment of the authoritative copy is readily identifiable as authorized or unauthorized.

2004, c. [200](#).

Part 2 - WAREHOUSE RECEIPTS: SPECIAL PROVISIONS

§ 8.7-201. Who may issue a warehouse receipt; storage under government bond

(1) A warehouse receipt may be issued by any warehouseman.

(2) Where goods including distilled spirits and agricultural commodities are stored under a statute requiring a bond against withdrawal or a license for the issuance of receipts in the nature of warehouse receipts, a receipt issued for the goods has like effect as a warehouse receipt even though issued by a person who is the owner of the goods and is not a warehouseman.

Code 1950, § 61-4; 1964, c. 219.

§ 8.7-202. Form of warehouse receipt; essential terms; optional terms

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

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

(a) the location of the warehouse where the goods are stored;

(b) the date of issue of the receipt;

(c) the consecutive number of the receipt;

(d) a statement whether the goods received will be delivered to the bearer, to a specified person, or to a specified person or his order;

(e) the rate of storage and handling charges, except that where goods are stored under a field warehousing arrangement a statement of that fact is sufficient on a nonnegotiable receipt;

(f) a description of the goods or of the packages containing them;

(g) the signature of the warehouseman, which may be made by his authorized agent;

(h) if the receipt is issued for goods of which the warehouseman is owner, either solely or jointly or in common with others, the fact of such ownership; and

(i) a statement of the amount of advances made and of liabilities incurred for which the warehouseman claims a lien or security interest (§ [8.7-209](#)). If the precise amount of such advances made or of such liabilities incurred is, at the time of the issue of the receipt, unknown to the warehouseman or to his agent who issued the receipt, a statement of the fact that advances have been made or liabilities incurred and the purpose thereof is sufficient.

(3) A warehouseman may insert in his receipt any other terms that are not contrary to the provisions of this act and do not impair his obligation of delivery (§ [8.7-403](#)) or his duty of care (§ [8.7-204](#)). Any contrary provisions shall be ineffective.

Code 1950, § 61-5; 1964, c. 219; 2004, c. [200](#).

§ 8.7-203. Liability for nonreceipt or misdescription

A party to or purchaser for value in good faith of a document other than a bill of lading relying in either case upon the description therein of the goods may recover from the issuer damages caused by the nonreceipt or misdescription of the goods, except to the extent that the document conspicuously indicates that the issuer does not know whether any part or all of the goods in fact were received or conform to the description, as where the description is in terms of marks or labels or kind, quantity or condition, or the receipt or description is qualified by "contents, condition and quality unknown," "said to contain" or the like, if such indication be true, or the party or purchaser otherwise has notice.

Code 1950, § 61-23; 1964, c. 219; 2004, c. [200](#).

§ 8.7-204. Duty of care; contractual limitation of warehouseman's liability

(1) A warehouseman is liable for damages for loss of or injury to the goods caused by his failure to exercise such care in regard to them as a reasonably careful man would exercise under like circumstances but unless otherwise agreed he is not liable for damages that could not have been avoided by the exercise of such care.

(2) Damages may be limited by a term in the warehouse receipt or storage agreement limiting the amount of liability in case of loss or damage, beyond which the warehouseman shall not be liable. On request of the bailor in a record at the time of signing such storage agreement or within a reasonable time after receipt of the warehouse receipt, the warehouseman's liability may be increased on part or all of the goods thereunder. In this event, increased rates may be charged based on such increased valuation. No such limitation is effective with respect to the warehouseman's liability for conversion to his own use.

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

Code 1950, §§ 61-6, 61-24; 1964, c. 219; 2004, c. [200](#).

§ 8.7-205. Title under warehouse receipt defeated in certain cases

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

1964, c. 219; 2004, c. [200](#).

§ 8.7-206. Termination of storage at warehouseman's option

(1) A warehouseman may on notifying the person on whose account the goods are held and any other person known to claim an interest in the goods require payment of any charges and removal of the goods from the warehouse at the termination of the period of storage fixed by the document, or, if no period is fixed, within a stated period not less than 30 days after the notification. If the goods are not removed before the date specified in the notification, the warehouseman may sell them in accordance with the provisions of the section on enforcement of a warehouseman's lien (§ [8.7-210](#)).

(2) If a warehouseman in good faith believes that the goods are about to deteriorate or decline in value to less than the amount of his lien within the time prescribed in subsection (1), the warehouseman may specify in the notification any reasonable shorter time for removal of the goods and in case the goods are not removed, may sell them at public sale held not less than one week after a single advertisement or posting.

(3) If as a result of a quality or condition of the goods of which the warehouseman had no notice at the time of deposit the goods are a hazard to other property or to the warehouse or to persons, the warehouseman may sell the goods at public or private sale without advertisement or posting on reasonable notification to all persons known to claim an interest in the goods. If the

warehouseman after a reasonable effort is unable to sell the goods he may dispose of them in any lawful manner and shall incur no liability by reason of such disposition.

(4) The warehouseman must deliver the goods to any person entitled to them under this title upon due demand made at any time prior to sale or other disposition under this section.

(5) The warehouseman may satisfy his lien from the proceeds of any sale or disposition under this section but must hold the balance for delivery on the demand of any person to whom he would have been bound to deliver the goods.

Code 1950, § 61-37; 1964, c. 219; 2004, c. [200](#).

§ 8.7-207. Goods must be kept separate; fungible goods

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

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

Code 1950, §§ 61-25, 61-26; 1964, c. 219.

§ 8.7-208. Altered warehouse receipts

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

Code 1950, § 61-16; 1964, c. 219; 2004, c. [200](#).

§ 8.7-209. Lien of warehouseman

(1) A warehouseman has a lien against the bailor on the goods covered by a warehouse receipt or storage agreement or on the proceeds thereof in his possession for charges for storage or transportation (including demurrage and terminal charges), insurance, labor, or other charges, present or future, in relation to the goods, and for expenses necessary for preservation of the goods or reasonably incurred in their sale pursuant to law. If the person on whose account the goods are held is liable for like charges or expenses in relation to other goods whenever deposited and it is stated in the warehouse receipt or storage agreement that a lien is claimed for charges and expenses in relation to other goods, the warehouseman also has a lien against the goods covered by the warehouse receipt or storage agreement or on the proceeds thereof in his possession for such charges and expenses whether or not the other goods have been delivered by the warehouseman. But against a person to whom a negotiable warehouse receipt is duly negotiated a warehouseman's lien is

limited to charges in an amount or at a rate specified on the receipt or if no charges are so specified then to a reasonable charge for storage of the goods covered by the receipt subsequent to the date of the receipt.

(2) The warehouseman may also reserve a security interest against the bailor for a maximum amount specified on the receipt for charges other than those specified in subsection (1), such as for money advanced and interest. Such a security interest is governed by the title on secured transactions (Title 8.9A).

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

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

(i) actual or apparent authority to ship, store, or sell;

(ii) power to obtain delivery under § [8.7-403](#); or

(iii) power of disposition under §§ [8.2-403](#), [8.2A-304\(2\)](#), [8.2A-305\(2\)](#), [8.9A-320](#), or § [8.9A-321\(c\)](#) or other statute or rule of law; or

(b) acquiesce in the procurement by the bailor or its nominee of any document.

(4) A warehouseman's lien under subsection (1) on household goods for charges and expenses in relation to the goods is also effective against all persons if the depositor was the legal possessor of the goods at the time of deposit. The term "household goods" means furniture, furnishings, or personal effects used by the depositor in a dwelling. Such lien shall be effective against a prior security interest that has been otherwise perfected as required by law only to the extent of \$150.

(5) A warehouseman loses his lien on any goods that he voluntarily delivers or unjustifiably refuses to deliver.

Code 1950, §§ 61-30 to 61-35; 1964, c. 219; 1974, c. 435; 2004, c. [200](#).

§ 8.7-210. Enforcement of warehouseman's lien

(1) Except as provided in subsection (2), a warehouseman's lien may be enforced by public or private sale of the goods in bloc or in parcels, at any time or place and on any terms which are commercially reasonable, after notifying all persons known to claim an interest in the goods. Such notification must include a statement of the amount due, the nature of the proposed sale and the time and place of any public sale. The fact that a better price could have been obtained by a sale at a different time or in a different method from that selected by the warehouseman is not of itself sufficient to establish that the sale was not made in a commercially reasonable manner. If the

warehouseman either sells the goods in the usual manner in any recognized market therefor, or sells at the price current in such market at the time of his sale, or has otherwise sold in conformity with commercially reasonable practices among dealers in the type of goods sold, he has sold in a commercially reasonable manner. A sale of more goods than apparently necessary to be offered to insure satisfaction of the obligation is not commercially reasonable except in cases covered by the preceding sentence.

(2) A warehouseman's lien on goods other than goods stored by a merchant in the course of his business may be enforced only as follows:

(a) All persons known to claim an interest in the goods must be notified.

(b) The notification must include an itemized statement of the claim, a description of the goods subject to the lien, a demand for payment within a specified time not less than 10 days after receipt of the notification, and a conspicuous statement that unless the claim is paid within that time the goods will be advertised for sale and sold by auction at a specified time and place.

(c) The sale must conform to the terms of the notification.

(d) The sale must be held at the nearest suitable place to that where the goods are held or stored.

(e) After the expiration of the time given in the notification, an advertisement of the sale must be published once a week for two weeks consecutively in a newspaper of general circulation where the sale is to be held. The advertisement must include a description of the goods, the name of the person on whose account they are being held, and the time and place of the sale. The sale must take place at least 15 days after the first publication. If there is no newspaper of general circulation where the sale is to be held, the advertisement must be posted at least 10 days before the sale in not less than six conspicuous places in the neighborhood of the proposed sale.

(3) Before any sale pursuant to this section, any person claiming a right in the goods may pay the amount necessary to satisfy the lien and the reasonable expenses incurred under this section. In that event, the goods must not be sold, but must be retained by the warehouseman subject to the terms of the receipt and this title.

(4) The warehouseman may buy at any public sale pursuant to this section.

(5) A purchaser in good faith of goods sold to enforce a warehouseman's lien takes the goods free of any rights of persons against whom the lien was valid, despite the warehouseman's non-compliance with the requirements of this section.

(6) The warehouseman may satisfy his lien from the proceeds of any sale pursuant to this section but must hold the balance, if any, for delivery on demand to any person to whom he would have been bound to deliver the goods.

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

(8) Where a lien is on goods stored by a merchant in the course of his business, the lien may be enforced in accordance with either subsection (1) or (2).

(9) The warehouseman is liable for damages caused by failure to comply with the requirements for sale under this section and, in case of willful violation, is liable for conversion.

Code 1950, § 61-36; 1964, c. 219; 2004, c. [200](#).

Part 3 - BILLS OF LADING: SPECIAL PROVISIONS

§ 8.7-301. Liability for nonreceipt or misdescription; "said to contain"; "shipper's load and count"; improper handling

(1) A consignee of a nonnegotiable bill of lading who has given value in good faith, or a holder to whom a negotiable bill has been duly negotiated, relying upon the description therein of the goods, or upon the date therein shown, may recover from the issuer damages caused by the misdating of the bill or the nonreceipt or misdescription of the goods, except to the extent that the bill indicates that the issuer does not know whether any part or all of the goods in fact were received or conform to the description, as where the description is in terms of marks or labels or kind, quantity, or condition or the receipt or description is qualified by "contents or condition of contents of packages unknown," "said to contain," "shipper's weight, load and count" or the like, if such indication be true.

(2) When goods are loaded by an issuer of a bill of lading, the issuer must count the packages of goods, if shipped in packages, and ascertain the kind and quantity if shipped in bulk. In such cases "shipper's weight, load and count" or other words indicating that the description was made by the shipper are ineffective except as to goods concealed by packages.

(3) When bulk goods are loaded by a shipper who makes available to the issuer of a bill of lading adequate facilities for weighing such goods, the issuer must ascertain the kind and quantity within a reasonable time after receiving, in a record, the shipper's request to do so. In such cases "shipper's weight" or other words of like purport are ineffective.

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

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

1964, c. 219; 2004, c. [200](#).

§ 8.7-302. Through bills of lading and similar documents

(1) The issuer of a through bill of lading or other document embodying an undertaking to be performed in part by persons acting as its agents or by a performing carrier is liable to anyone entitled to recover on the document for any breach by such other persons or by a performing carrier of its obligation under the document. However, to the extent that the document covers an undertaking to be performed overseas or in territory not contiguous to the continental United States or an undertaking including matters other than transportation, this liability may be varied by agreement of the parties.

(2) Where goods covered by a through bill of lading or other document embodying an undertaking to be performed in part by persons other than the issuer are received by any such person, he is subject, with respect to his own performance while the goods are in his possession, to the obligation of the issuer. His obligation is discharged by delivery of the goods to another such person pursuant to the document, and does not include liability for breach by any other such persons or by the issuer.

(3) The issuer of such through bill of lading or other document shall be entitled to recover from the performing carrier, or such other person in possession of the goods when the breach of the obligation under the document occurred, (a) the amount it may be required to pay to anyone entitled to recover on the document therefor, as may be evidenced by any receipt, judgment, or transcript thereof, and (b) the amount of any expense reasonably incurred by it in defending any action brought by anyone entitled to recover on the document therefor.

Code 1950, §§ 56-120, 56-121; 1964, c. 219; 2004, c. [200](#).

§ 8.7-303. Diversion; reconsignment; change of instructions

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

(a) the holder of a negotiable bill; or

(b) the consignor on a nonnegotiable bill notwithstanding contrary instructions from the consignee; or

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

(d) the consignee on a nonnegotiable bill if he is entitled as against the consignor to dispose of them.

(2) Unless such instructions are noted on a negotiable bill of lading, a person to whom the bill is duly negotiated can hold the bailee according to the original terms.

1964, c. 219; 2004, c. [200](#).

§ 8.7-304. Bills of lading in a set

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

(2) Where a bill of lading is lawfully drawn in a set of parts, each of which is numbered and expressed to be valid only if the goods have not been delivered against any other part, the whole of the parts constitute one bill.

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

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

(5) The bailee is obliged to deliver in accordance with part 4 of this title against the first presented part of a bill of lading lawfully drawn in a set. Such delivery discharges the bailee's obligation on the whole bill.

1964, c. 219.

§ 8.7-305. Destination bills

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

(2) Upon request of anyone entitled as against the carrier to control the goods while in transit and on surrender of any outstanding bill of lading or other receipt covering such goods, the issuer, subject to [§ 8.7-105.1](#), may procure a substitute bill to be issued at any place designated in the request.

1964, c. 219; 2004, c. [200](#).

§ 8.7-306. Altered bills of lading

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

1964, c. 219.

§ 8.7-307. Lien of carrier

(1) A carrier has a lien on the goods covered by a bill of lading or on the proceeds thereof in his possession for charges subsequent to the date of its receipt of the goods for storage or transportation (including demurrage and terminal charges) and for expenses necessary for preservation of the goods incident to their transportation or reasonably incurred in their sale pursuant to law. However, against a purchaser for value of a negotiable bill of lading, a carrier's lien is limited to charges stated in the bill, or, if no charges are stated, a reasonable charge.

(2) A lien for charges and expenses under subsection (1) on goods that the carrier was required by law to receive for transportation is effective against the consignor or any person entitled to the goods unless the carrier had notice that the consignor lacked authority to subject the goods to such charges and expenses. Any other lien under subsection (1) is effective against the consignor and any person who permitted the bailor to have control or possession of the goods unless the carrier had notice that the bailor lacked such authority.

(3) A carrier loses his lien on any goods that he voluntarily delivers or unjustifiably refuses to deliver.

Code 1950, §§ 61-30 to 61-35; 1964, c. 219; 2004, c. [200](#).

§ 8.7-308. Enforcement of carrier's lien

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

(2) Before any sale pursuant to this section any person claiming a right in the goods may pay the amount necessary to satisfy the lien and the reasonable expenses incurred under this section. In that event the goods must not be sold, but must be retained by the carrier subject to the terms of the bill and this title.

(3) The carrier may buy at any public sale pursuant to this section.

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

(5) The carrier may satisfy his lien from the proceeds of any sale pursuant to this section but must hold the balance, if any, for delivery on demand to any person to whom he would have been bound to deliver the goods.

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

(7) A carrier's lien may be enforced in accordance with either subsection (1) or the procedure set forth in subsection (2) of § [8.7-210](#).

(8) The carrier is liable for damages caused by failure to comply with the requirements for sale under this section and in case of willful violation is liable for conversion.

Code 1950, §§ 56-126, 56-127, 61-36; 1964, c. 219.

§ 8.7-309. Duty of care; contractual limitation of carrier's liability

(1) A carrier who issues a bill of lading, whether negotiable or nonnegotiable, must exercise the degree of care in relation to the goods that a reasonably careful man would exercise under like circumstances. This subsection does not repeal or change any law or rule of law that imposes liability upon a common carrier for damages not caused by its negligence.

(2) Damages may be limited by a provision that the carrier's liability shall not exceed a value stated in the document if the carrier's rates are dependent upon value and the consignor is afforded an opportunity to declare a higher value and he is otherwise advised of such opportunity. However, no such limitation is effective with respect to the carrier's liability for conversion to his own use.

(3) Reasonable provisions as to the time and manner of presenting claims and instituting actions based on the shipment may be included in a bill of lading or a transportation agreement.

1964, c. 219; 2004, c. [200](#).

Part 4 - WAREHOUSE RECEIPTS AND BILLS OF LADING: GENERAL OBLIGATIONS

§ 8.7-401. Irregularities in issue of receipt or bill or conduct of issuer

The obligations imposed by this title on an issuer apply to a document even if:

(a) the document may not comply with the requirements of this title or of any other law or regulation regarding its issue, form or content; or

(b) the issuer may have violated laws regulating the conduct of his business; or

(c) the goods covered by the document were owned by the bailee at the time the document was issued; or

(d) the person issuing the document does not come within the definition of warehouseman if it purports to be a warehouse receipt.

Code 1950, § 61-23; 1964, c. 219; 2004, c. [200](#).

§ 8.7-402. Duplicate receipt or bill; overissue

Neither a duplicate nor any other document purporting to cover goods already represented by an outstanding document of the same issuer confers any right in the goods, except as provided in the case of tangible bills in a set of parts, overissue of documents for fungible goods, substitutes for

lost, stolen or destroyed documents, or substitute documents issued pursuant to § [8.7-105.1](#). The issuer is liable for damages caused by his overissue or failure to identify a duplicate document as such by conspicuous notation.

Code 1950, § 61-9; 1964, c. 219; 2004, c. [200](#).

§ 8.7-403. Obligation of bailee to deliver; excuse

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

- (a) delivery of the goods to a person whose receipt was rightful as against the claimant;
- (b) damage to or delay, loss or destruction of the goods for which the bailee is not liable;
- (c) previous sale or other disposition of the goods in lawful enforcement of a lien or on warehouseman's lawful termination of storage;
- (d) the exercise by a seller of his right to stop delivery pursuant to § [8.2-705](#) or by a lessor of his right to stop delivery pursuant to § [8.2A-526](#);
- (e) a diversion, reconsignment or other disposition pursuant to § [8.7-303](#);
- (f) release, satisfaction or any other fact affording a personal defense against the claimant; or
- (g) any other lawful excuse.

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

(3) Unless the person claiming the goods is one against whom the document confers no right under § [8.7-503](#) (1), he must surrender possession or control, for cancellation or notation of partial deliveries, any outstanding negotiable document covering the goods, and the bailee must cancel the document or conspicuously note the partial delivery thereon or be liable to any person to whom the document is duly negotiated.

(4) "Person entitled under the document" means holder, in the case of a negotiable document, or the person to whom delivery of the goods is to be made by the terms of, or pursuant to instructions in a record under, a nonnegotiable document.

Code 1950, §§ 61-11 to 61-15, 61-19, 61-22; 1964, c. 219; 2004, c. [200](#).

§ 8.7-404. No liability for good faith delivery pursuant to receipt or bill

A bailee who in good faith has received goods and delivered or otherwise disposed of them according to the terms of the document or pursuant to this title is not liable therefor. This rule applies even though (a) the person from whom he received the goods had no authority to procure the document or to dispose of the goods or (b) the person to whom he delivered the goods had no authority to receive them.

Code 1950, § 61-13; 1964, c. 219; 2004, c. [200](#).

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

§ 8.7-501. Form of negotiation and requirements of "due negotiation"

(1) The following rules apply to a negotiable tangible document:

(a) If the document's original terms run to the order of a named person, the document is negotiated by his endorsement and delivery. After his endorsement in blank or to bearer any person can negotiate the document by delivery alone.

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

(c) If a document's original terms run to the order of a named person and it is delivered to him, the effect is the same as if the document had been negotiated.

(d) Negotiation of the document after it has been endorsed to a named person requires endorsement by the named person as well as delivery.

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

(2) The following rules apply to a negotiable electronic document:

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

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

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

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

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

Code 1950, §§ 61-40 to 61-43, 61-50; 1964, c. 219; 2004, c. [200](#).

§ 8.7-502. Rights acquired by due negotiation

(1) Subject to §§ [8.7-205](#) and [8.7-503](#), a holder to whom a negotiable document has been duly negotiated acquires thereby:

(a) title to the document;

(b) title to the goods;

(c) all rights accruing under the law of agency or estoppel, including rights to goods delivered to the bailee after the document was issued; and

(d) the direct obligation of the issuer to hold or deliver the goods according to the terms of the document free of any defense or claim by him except those arising under the terms of the document or under this title. In the case of a delivery order the bailee's obligation accrues only upon acceptance and the obligation acquired by the holder is that the issuer and any endorser will procure the acceptance of the bailee.

(2) Subject to § [8.7-503](#), title and rights so acquired are not defeated by any stoppage of the goods represented by the document or by surrender of such goods by the bailee, and are not impaired even though (a) the negotiation or any prior negotiation constituted a breach of duty, (b) any person has been deprived of possession of a negotiable tangible document or control of a negotiable electronic document by misrepresentation, fraud, accident, mistake, duress, loss, theft or conversion, or (c) a previous sale or other transfer of the goods or document has been made to a third person.

Code 1950, §§ 61-44, 61-50 to 61-52; 1964, c. 219; 2004, c. [200](#).

§ 8.7-503. Document to goods defeated in certain cases

(1) A document confers no right in goods against a person who before issuance of the document had a legal interest or a perfected security interest in them and who neither:

(a) delivered or entrusted them or any document covering them to the bailor or his nominee with (i) actual or apparent authority to ship, store or sell, (ii) power to obtain delivery under § [8.7-403](#), or (iii) power of disposition under §§ [8.2-403](#), [8.2A-304](#)(2), [8.2A-305](#)(2), [8.9A-320](#), or § [8.9A-321](#)

(c) or other statute or rule of law; nor

(b) acquiesced in the procurement by the bailor or his nominee of any document.

(2) Title to goods based upon an unaccepted delivery order is subject to the rights of anyone to whom a negotiable warehouse receipt or bill of lading covering the goods has been duly negotiated. Such a title may be defeated under § [8.7-504](#) to the same extent as the rights of the issuer or a transferee from the issuer.

(3) Title to goods based upon a bill of lading issued to a freight forwarder is subject to the rights of anyone to whom a bill issued by the freight forwarder is duly negotiated. However, delivery by the carrier in accordance with Part 4 of this title pursuant to its own bill of lading discharges the carrier's obligation to deliver.

Code 1950, § 61-44; 1964, c. 219; 2000, c. [1007](#); 2004, c. [200](#).

§ 8.7-504. Rights acquired in the absence of due negotiation; effect of diversion; seller's stoppage of delivery

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

(2) In the case of a nonnegotiable document, until but not after the bailee receives notification of the transfer, the rights of the transferee may be defeated:

(a) by those creditors of the transferor who could treat the sale as void under § [8.2-402](#) or § [8.2A-308](#); or

(b) by a buyer from the transferor in ordinary course of business if the bailee has delivered the goods to the buyer or received notification of his rights; or

(c) by a lessee from the transferor in ordinary course of business if the bailee has delivered the goods to the lessee or received notification of the lessee's rights; or

(d) as against the bailee by good faith dealings of the bailee with the transferor.

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

(4) Delivery pursuant to a nonnegotiable document may be stopped by a seller under § [8.2-705](#) or a lessor under § [8.2A-526](#), subject to the requirement of due notification there provided. A bailee honoring the seller's or lessor's instructions is entitled to be indemnified by the seller or lessor against any resulting loss or expense.

Code 1950, §§ 61-44, 61-45; 1964, c. 219; 2004, c. [200](#).

§ 8.7-505. Endorser not a guarantor for other parties

The endorsement of a tangible document issued by a bailee does not make the endorser liable for any default by the bailee or by previous endorsers.

Code 1950, § 61-48; 1964, c. 219; 2004, c. [200](#).

§ 8.7-506. Delivery without endorsement; right to compel endorsement

The transferee of a negotiable document has a specifically enforceable right to have his transferor supply any necessary endorsement but the transfer becomes a negotiation only as of the time the endorsement is supplied.

Code 1950, § 61-46; 1964, c. 219; 2004, c. [200](#).

§ 8.7-507. Warranties on negotiation or delivery of receipt or bill

Where a person negotiates or delivers a document for value otherwise than as a mere intermediary under § [8.7-508](#), then, unless otherwise agreed, he warrants to his immediate purchaser, in addition to any warranty made in selling or leasing the goods, that:

- (a) the document is genuine; and
- (b) he has no knowledge of any fact that would impair the document's validity or worth; and
- (c) his negotiation or delivery is rightful and fully effective with respect to the title to the document and the goods it represents.

Code 1950, § 61-47; 1964, c. 219; 2004, c. [200](#).

§ 8.7-508. Warranties of collecting bank as to documents

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

1964, c. 219.

§ 8.7-509. Receipt or bill; when adequate compliance with commercial contract

Whether a document is adequate to fulfill the obligations of a contract for sale, a contract for lease, or the conditions of a letter of credit is governed by the titles on sales (Title 8.2), leases (Title 8.2A), or letters of credit (Title 8.5A).

1964, c. 219; 2004, c. [200](#).

Part 6 - WAREHOUSE RECEIPTS AND BILLS OF LADING: MISCELLANEOUS PROVISIONS

§ 8.7-601. Lost, stolen or destroyed documents

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

(2) A bailee who, without court order, delivers goods to a person claiming under a missing negotiable document is liable to any person injured thereby. If the delivery is not in good faith, the bailee becomes liable for conversion. Delivery in good faith is not conversion if the claimant posts security with the bailee in an amount at least double the value of the goods at the time of posting

to indemnify any person injured by the delivery who files a notice of claim within one year after the delivery.

Code 1950, § 61-17; 1964, c. 219; 2004, c. [200](#).

§ 8.7-602. Attachment of goods covered by a negotiable document

Except where the document was originally issued upon delivery of the goods by a person who had no power to dispose of them, no lien attaches by virtue of any judicial process to goods in the possession of a bailee for which a negotiable document is outstanding unless possession or control of the document is first surrendered to the bailee or its negotiation is enjoined. The bailee shall not be compelled to deliver the goods pursuant to process until possession or control of the document is surrendered to him or the court. One who purchases the document for value without notice of the process or injunction takes free of the lien imposed by judicial process.

Code 1950, § 61-28; 1964, c. 219; 2004, c. [200](#).

§ 8.7-603. Conflicting claims; interpleader

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

Code 1950, §§ 61-19, 61-20; 1964, c. 219; 2004, c. [200](#).