

TITLE 5: UNIFORM COMMERCIAL CODE
DIVISION 2: SALES

§ 2403. Power to Transfer; Good Faith Purchase of Goods; “Entrusting.”

(1) A purchaser of goods acquires all title which his transferor had or had power to transfer except that a purchaser of a limited interest acquires rights only to the extent of the interest purchased. A person with voidable title has power to transfer a good title to a good faith purchaser for value. When goods have been delivered under a transaction of purchase the purchaser has such power even though:

(a) The transferor was deceived as to the identity of the purchaser, or

(b) The delivery was in exchange for a check which is later dishonored,

or

(c) It was agreed that the transaction was to be a “cash sale,” or

(d) The delivery was procured through fraud punishable as larcenous under the criminal law.

(2) Any entrusting of possession of goods to a merchant who deals in goods of that kind gives him power to transfer all rights of the entruster to a buyer in ordinary course of business.

(3) “Entrusting” includes any delivery and any acquiescence in retention of possession regardless of any condition expressed between the parties to the delivery or acquiescence and regardless of whether the procurement of the entrusting or the possessor’s disposition of the goods have been such as to be larcenous under the criminal law.

(4) The rights of other purchasers of goods and of lien creditors are governed by the divisions on secured transactions (division 9 of this title [5 CMC § 9101 et seq.]), bulk transfers (division 6 of this title [5 CMC § 6101 et seq.]) and documents of title (division 7 of this title [5 CMC § 7101 et seq.]).

Source: PL 3-56, § 1 (§ 2403).