

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962

440.2705 Stoppage of delivery in transit or otherwise; conditions; notice to bailee.

Sec. 2705. (1) A seller may stop delivery of goods in the possession of a carrier or other bailee if the seller discovers the buyer to be insolvent under section 2702 and may stop delivery of carload, truckload, planeload, or larger shipments of express or freight if the buyer repudiates or fails to make a payment due before delivery or if for any other reason the seller has a right to withhold or reclaim the goods.

(2) As against a buyer described in subsection (1), the seller may stop delivery until 1 of the following occurs:

(a) Receipt of the goods by the buyer.

(b) Acknowledgment to the buyer by a bailee of the goods except a carrier that the bailee holds the goods for the buyer.

(c) An acknowledgment to the buyer by a carrier by reshipment or as a warehouse that the carrier holds the goods for the buyer.

(d) Negotiation to the buyer of a negotiable document of title covering the goods.

(3) All of the following must be met to stop delivery under this section:

(a) The seller must notify the bailee so as to enable the bailee by reasonable diligence to prevent delivery of the goods.

(b) After notification under subdivision (a), the bailee must hold and deliver the goods according to the directions of the seller but the seller is liable to the bailee for any ensuing charges or damages.

(c) If a negotiable document of title has been issued for goods, the bailee is not obliged to obey a notification to stop until surrender of possession or control of the document.

(d) A carrier that has issued a nonnegotiable bill of lading is not obliged to obey a notification to stop received from a person other than the consignor.

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