

The Rights of a Holder in Due Course of a Negotiable Document of Title to Goods

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The Article examines the rights of a holder in due course of documents of title to good under the Civil Code, the Warehouse Receipt Law, and the Code of Commerce. It will be based on the applicable provisions of Philippine Law, commercial necessity, convenience, equity, and historical developments in the more advanced legal system in the United States. In the Philippines, a holder in due course of a negotiable document of title to goods, in the same respect, takes the negotiable document of title to goods free from all personal defenses available against the original owner or prior party similar to that of a holder in due course of a negotiable instrument, under Section 52 of the Negotiable Instruments Law.

The Article also examines the valuable distinctions worth noting between negotiation and assignment of negotiable instruments. It also discusses the idea that negotiation of a negotiable document of title has substantially the same legal signification of negotiation of a negotiable instrument, which finds support in the Civil Code. Furthermore, the Article presents the varying views and the development of negotiability. Moreover, it provides a look into the laws applicable to negotiable documents of title to goods and the defenses available. The laws governing negotiable documents of title, which include the Civil Code, Warehouse Receipts Law, Law on Sales, and Carriage of Goods by Sea Act, were also discussed and their applicability analyzed in the Article.

The Author concludes with the idea that one of the more compelling reasons why documents of title were taken out of the ambit of the Negotiable Instruments Law is because it does not fall squarely under the requisites provided for in Section 1. Negotiable instruments and the negotiable documents of title to goods have the same functions and the same concept and significance. A harmonious construction towards more equitable rights for holders of documents of title to goods deserve prime consideration.