UNIFORM COMMERCIAL CODE ANNOTATIONS

This section contains a digest of all decisions of courts of record interpreting provisions of the Uniform Commercial Code since the previous issue of the REVIEW, encompassing the published reports of the National Reporter System from February 25, 1961 through August 14, 1961 and Volumes 23 and 24 of the Pennsylvania District and County Reports, 2nd series. While the Code has been adopted in thirteen states,[1] no decisions have been found interpreting other than the Pennsylvania and Kentucky statutes.

For the first time, in this issue, Annotator's Comments are added to significant annotations, analyzing, criticizing, commenting upon and extending a court's treatment of an issue or a section of the Code. These will be continued in subsequent issues of the REVIEW in the hope that the annotations will be even more helpful to all who use them and especially to practitioners in states having adopted the Code.

Where a decision interprets only a portion of a Code section, that portion is cited prior to the reported case. Appropriate notation is made concerning those decisions which are based upon language contained in the 1953 version of the Code to the extent that such language differs from the 1958 Official Text.

WALTER F. WELDON, JR.
RICHARD L. FISHMAN

ARTICLE 3: COMMERCIAL PAPER

SECTION 3-401. Signature

(1) No person is liable on an instrument unless his signature appears thereon.

IN re Eton Furniture Co., 286 F.2d 93 (3d Cir. 1961).

Where the general manager of a corporation borrowed money as agent of the corporation, but gave his own personal note as collateral security for the loan, the corporation was not liable on the manager's note because it was not signed by anyone on behalf of the corporation. However, it remained liable on the original obligation for which the note was collateral security. Thus, the bankruptcy trustee of the corporation had no right to recover funds taken by the lending bank from the corporation's account to pay the loans even though they also served to discharge the agent's collateral notes.

[1] Arkansas, Connecticut, Illinois, Kentucky, Massachusetts, New Hampshire, New Mexico, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, and Wyoming.

(Where a cited case interprets only a portion of a Code section only that portion is set out)

ARTICLE 8: INVESTMENT SECURITIES

SECTION 8-101. Investment Securities

Le Savoy Industries v. Pennsylvania General Paper Corp., 404 Pa. 161, 171 A.2d 148 (1961).

Under a Pennsylvania statute permitting extraterritorial service of process if the subject matter is within the jurisdiction of the court, stock of the corporation has its situs where the stock certificate is situated. Although there is no express Code provision as to the situs of stock, the court reaches its decision by reference to the Uniform Stock Transfer Act, which was law in Pennsylvania prior to the Code and which was repealed by the Code. It declares that the Uniform Stock Transfer Act and its policy in making the stock certificate represent the shares of stock (a change from the common law rule) are embodied in the Code. Hence, there was no Pennsylvania jurisdiction over a New York shareholder served in New York when the stock certificates representing his shares were also in that state.

[Annotator's Comment: The decision is borne out by language in the Code itself which seems to regard the stock certificate as representing the shares of stock. The Code's definition of a security in Section 8-102 is "an instrument which evidences a share, participation or other interest in property or in an enterprise or evidences an obligation of the issuer." Under Section 8-301, upon delivery of a security, the transferee acquires the rights of the transferor in the security. Furthermore, in a situation which is analogous to the service of process issue in the instant case, the Code requires, under Section 8-317, actual seizure of the security for a valid levy or attachment.]

ARTICLE 9: SECURED TRANSACTIONS; SALES OF ACCOUNTS, CONTRACT RIGHTS AND CHATTEL PAPER

SECTION 9-103. Accounts, Contract Rights, General Intangibles and Equipment Relating to Another Jurisdiction; and Incoming Goods Already Subject to a Security Interest

(3) If the security interest was already perfected under the law of the jurisdiction where the property was when the security interest attached and before being brought into this state, the security interest continues perfected in this state for four months . . .

Casterline v. General Motors Acceptance Company, 171 A.2d 813 (Pa. 1961).

Where the assignee of a conditional sales contract in New York protects his security interest by filing within the ten-day period allowed

(Where a cited case interprets only a portion of a Code section only that portion is set out)