

Western Australia

Factors (1842) (Imp)

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An Act to amend the Law relating to Advances *bonâ fide* made to Agents intrusted with Goods.

Preamble

Whereas by an Act passed in the sixth year of the reign of his late Majesty King George the Fourth, intituled '*An Act to alter and amend an Act for the better Protection of the Property of Merchants and others who may hereafter enter into Contracts or Agreements in relation to Goods, Wares, and Merchandise intrusted to Factors or Agents,*'³ validity is given, under certain circumstances, to contracts or agreements made with persons intrusted with and in possession of the documents of title to goods and merchandise, and consignees making advances to persons abroad who are intrusted with any goods and merchandise are entitled, under circumstances, to a lien thereon, but under the said Act and the present state of the law advances cannot safely be made upon goods or documents to persons known to have possession thereof as agents only;

And whereas by the said Act it is amongst other things further enacted, 'that it shall be lawful to and for any person to contract with any agent intrusted with any goods, or to whom the same may be consigned, for the purchase of any such goods, and to receive the same of and to pay for the same to such agent, and such contract and payment shall be binding upon and good against the owner of such goods, notwithstanding such person shall have notice that the person making such contract, or on whose behalf such contract is made, is an agent; provided such contract or payment be made in the usual and ordinary course of business, and that such person shall not, when such contract is entered into or payment made, have notice that such agent is not authorised to sell the same, or to receive the said purchase money:'

s. 1

And whereas advances on the security of goods and merchandise have become an usual and ordinary course of business, and it is expedient and necessary that reasonable and safe facilities should be afforded thereto, and that the same protection and validity should be extended to *bonâ fide* advances upon goods and merchandise as by the said recited Act is given to sales, and that owners intrusting agents with the possession of goods and merchandise, or of documents of title thereto, should in all cases where such owners by the said recited Act or otherwise would be bound by a contract or agreement of sale be in like manner bound by any contract or agreement of pledge or lien for any advances *bonâ fide* made on the security thereof:

And whereas much litigation has arisen on the construction of the said recited Act, and the same does not extend to protect exchanges of securities *bonâ fide* made, and so much uncertainty exists in respect thereof that it is expedient to alter and amend the same, and to extend the provisions thereof, and to put the law on a clear and certain basis:

Be it therefore enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same,

[1.] Bonâ fide advances to persons intrusted with the possession of goods or documents of title, though known to be agents, protected

[T]hat from and after the passing of this Act any agent who shall thereafter be intrusted with the possession of goods, or of the documents of title to goods, shall be deemed and taken to be owner of such goods and documents, so far as to give validity to any contract or agreement by way of pledge, lien, or security *bonâ fide* made by any person with such agent so intrusted as aforesaid, as well for any original loan, advance, or payment made upon the security of such goods or documents, as also for any further or continuing advance in respect thereof, and such contract or agreement shall be binding upon and good against

the owner of such goods, and all other persons interested therein, notwithstanding the person claiming such pledge or lien may have had notice that the person with whom such contract or agreement is made is only an agent.

2. *Bonâ fide* deposits in exchange protected; but no lien beyond the value of the goods given up

And be it enacted, that where any such contract or agreement for pledge, lien, or security shall be made in consideration of the delivery or transfer to such agent of any other goods or merchandise, or document of title, or negotiable security, upon which the person so delivering up the same had at the time a valid and available lien and security for or in respect of a previous advance by virtue of some contract or agreement made with such agent, such contract and agreement, if *bonâ fide* on the part of the person with whom the same may be made, shall be deemed to be a contract made in consideration of an advance within the true intent and meaning of this Act, and shall be as valid and effectual, to all intents and purposes, and to the same extent, as if the consideration for the same had been a *bonâ fide* present advance of money:

Provided always, that the lien acquired under such last-mentioned contract or agreement upon the goods or documents deposited in exchange shall not exceed the value at the time of the goods and merchandise which, or the documents of title to which, or the negotiable security which shall be delivered up and exchanged.

3. *But the statute to be construed to protect only transactions bonâ fide, without notice that the agent pledging is acting without authority, or malâ fide against the owner*

Provided always, and be it enacted, that this Act, and every matter and thing herein contained, shall be deemed and construed to give validity to such contracts and agreements only, and to protect only such loans, advances, and exchanges, as shall be made *bonâ fide*, and without notice that the agent

making such contracts or agreements as aforesaid has not authority to make the same, or is acting *malâ fide* in respect thereof against the owner of such goods and merchandise;

and nothing herein contained shall be construed to extend to or protect any lien or pledge for or in respect of any antecedent debt, owing from any agent to any person with or to whom such lien or pledge shall be given, nor to authorise any agent intrusted as aforesaid in deviating from any express orders or authority received from the owner; but that, for the purpose and to the intent of protecting all such *bonâ fide* loans, advances, and exchanges as aforesaid (though made with notice of such agent not being the owner, but without any notice of the agent's acting without authority), and to no further or other intent or purpose, such contract or agreement as aforesaid shall be binding on the owner and all other persons interested in such goods.

4. Construction of this Act

And be it enacted, that any bill of lading, India warrant, dock warrant, warehouse keeper's certificate, warrant, or order for the delivery of goods, or any other document used in the ordinary course of business as proof of the possession or control of goods, or authorising or purporting to authorise, either by indorsement or by delivery, the possessor of such document to transfer or receive goods thereby represented, shall be deemed and taken to be a document of title within the meaning of this Act;

and any agent intrusted as aforesaid, and possessed of any such document of title, whether derived immediately from the owner of such goods, or obtained by reason of such agent's having been intrusted with the possession of the goods, or of any other document of title thereto, shall be deemed and taken to have been intrusted with the possession of the goods represented by such document of title as aforesaid, and all contracts pledging or giving a lien upon such document of title as aforesaid shall be

deemed and taken to be respectively pledges of and liens upon the goods to which the same relates;

and such agent shall be deemed to be possessed of such goods or documents, whether the same shall be in his actual custody, or shall be held by any other person subject to his control or for him or on his behalf;

and where any loan or advance shall be *bonâ fide* made to any agent intrusted with and in possession of any such goods or documents of title as aforesaid, on the faith of any contract or agreement in writing to consign, deposit, transfer, or deliver such goods or documents of title as aforesaid, and such goods or documents of title shall actually be received by the person making such loan or advance, without notice that such agent was not authorised to make such pledge or security, every such loan or advance shall be deemed and taken to be a loan or advance on the security of such goods or documents of title within the meaning of this Act, though such goods or documents of title shall not actually be received by the person making such loan or advance till the period subsequent thereto;

and any contract or agreement whether made direct with such agent as aforesaid, or with any clerk or other person on his behalf, shall be deemed a contract or agreement with such agent; and any payment made, whether by money or bills of exchange, or other negotiable security, shall be deemed and taken to be an advance within the meaning of this Act;

and an agent in possession as aforesaid of such goods or documents shall be taken, for the purposes of this Act, to have been intrusted therewith by the owner thereof, unless the contrary can be shown in evidence.

5. Agent's civil responsibility not to be diminished

Provided always, and be it enacted, that nothing herein contained shall lessen, vary, alter, or affect the civil responsibility of an agent for any breach of duty or contract, or

non-fulfilment of his orders or authority in respect of any such contact, agreement, lien, or pledge as aforesaid.

[6. Deleted in WA by 29 Vict. No. 5, s. 5.]⁴

**7. Right of owner to redeem; or to recover balance of proceeds
In case of bankruptcy, owner to prove for amount paid to
redeem, or for value of goods, if unredeemed**

Provided also, and be it enacted, that nothing herein contained shall prevent such owner as aforesaid from having the right to redeem such goods or documents of title pledged as aforesaid, at any time before such goods shall have been sold, upon repayment of the amount of the lien thereon, or restoration of the securities in respect of which such lien may exist, and upon payment or satisfaction to such agent, if by him required, of any sum of money for or in respect of which such agent would by law be entitled to retain the same goods or documents, or any of them, by way of lien as against such owner, or to prevent the said owner from recovering of and from such person with whom any such goods or documents may have been pledged, or who shall have any such lien thereon as aforesaid, any balance or sum of money remaining in his hands as the produce of the sale of such goods, after deducting the amount of the lien of such person under such contract or agreement as aforesaid:

Provided always, that in case of the bankruptcy of any such agent the owner of the goods which shall have been so redeemed by such owner as aforesaid shall, in respect of the sum paid by him on account of such agent for such redemption, be held to have paid such sum for the use of such agent before his bankruptcy, or in case the goods shall not be so redeemed the owner shall be deemed a creditor of such agent for the value of the goods so pledged at the time of the pledge, and shall, if he shall think fit, be entitled in either of such cases to prove for or set off the sum so paid, or the value of such goods, as the case may be.

8. Interpretation of Act

And be it enacted, that in construing this Act the word ‘person’ shall be taken to designate a body corporate or company as well as an individual;

and that words in the singular number shall, when necessary to give effect to the intention of the said Act, import also the plural, and *vice versa*; and words used in the masculine gender shall, when required, be taken to apply to a female as well as a male.

9. Not to affect any contract made before the passing of this Act

Provided also, and be it enacted, that nothing herein contained shall be construed to give validity to or in anywise to affect any contract, agreement, lien, pledge, or other act, matter, or thing made or done before the passing of this Act.

Notes

- ¹ This is a compilation of the *Factors (1842) (Imp)*. The following table contains information about that Act and any previous reprints.

Compilation table

Short title	Number and year	Assent	Commencement
<i>Factors (1842) (Imp)</i>	1842 (5 & 6 Vict. c. 39)	30 Jun 1842	30 May 1844 (adopted by Imperial Acts Adopting Act 1844)
<i>Criminal Law Consolidation Ordinance 1865</i>	1865 (29 Vict. No. 5)	7 Jul 1865	7 Jul 1865
<i>Untitled Act</i>	1878 (42 Vict. No. 3)	3 Jul 1878	30 May 1844

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- ² Adopted in WA by *Imperial Acts Adopting Act 1844*. (7 Vict. No. 13) [Assent 30 May 1844]
Affected in WA by the *Factors Acts Amendment Act 1878* (42 Vict. No. 3) [Assent 3 July 1878] which also affects the Imperial Acts 4 Geo. IV c. 83 (1823) and 6 Geo. IV c. 94 (1825).
- ³ I.e. 6 Geo. IV c. 94 (1825).
- ⁴ I.e. s 6 repealed in so far as it was part of the law of WA by the *Criminal Law Consolidation Ordinance 1865*, s 5.