

1980

c 150 Factors Act

Ontario

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CHAPTER 150

Factors Act

1.—(1) In this Act,

Interpre-
tation

- (a) “document of title” includes a bill of lading and warehouse receipt as defined by the *Mercantile Law Amendment Act*, a warrant or order for the delivery of goods, and any other document used in the ordinary course of business as proof of the possession or control of goods or authorizing or purporting to authorize, either by endorsement or delivery, the possessor of the document to transfer or receive goods thereby represented; R.S.O. 1980,
c. 265
- (b) “goods” includes wares and merchandise;
- (c) “mercantile agent” means a mercantile agent having, in the customary course of his business as such agent, authority either to sell goods or to consign goods for the purpose of sale, or to buy goods, or to raise money on the security of goods;
- (d) “pledge” includes a contract pledging or giving a lien or security on goods, whether in consideration of an original advance or of any further or continuing advance or of any pecuniary liability.

(2) A person shall be deemed to be in possession of goods or of the documents of title to goods where the goods or documents are in his actual custody or are held by any other person subject to his control or for him or on his behalf. Possession
R.S.O. 1970, c. 156, s. 1.

2.—(1) Where a mercantile agent is, with the consent of the owner, in possession of goods or of the documents of title to goods, a sale, pledge or other disposition of the goods made by him when acting in the ordinary course of business of a mercantile agent is, subject to this Act, as valid as if he were expressly authorized by the owner of the goods to make the disposition, if the person taking under it acts in good faith and has not at the time thereof notice that the person making it has not authority to make it. Powers of
agent as to
disposition
of goods

Revocation
of consent

(2) Where a mercantile agent has, with the consent of the owner, been in possession of goods or of documents of title to goods, a sale, pledge or other disposition that would have been valid if the consent had continued, is valid notwithstanding the termination of the consent if the person taking under the disposition acts in good faith and has not at the time thereof notice that the consent has been terminated.

Derivative
documents

(3) Where a mercantile agent has obtained possession of any documents of title to goods by reason of his being or having been, with the consent of the owner, in possession of the goods represented thereby, or of any other documents of title to the goods, his possession of the first mentioned documents shall, for the purposes of this Act, be deemed to be with the consent of the owner.

Presumption

(4) For the purposes of this Act, the consent of the owner shall be presumed in the absence of evidence to the contrary. R.S.O. 1970, c. 156, s. 2.

Effect of
pledge of
documents
of title

3. A pledge by a mercantile agent of the documents of title to goods shall be deemed to be a pledge of the goods. R.S.O. 1970, c. 156, s. 3.

Pledge for
an antecedent
debt

4. Where a mercantile agent pledges goods as security for a debt due from or liability incurred by the pledgor to the pledgee before the time of the pledge, the pledgee acquires no further right to the goods than could have been enforced by the pledgor at the time of the pledge. R.S.O. 1970, c. 156, s. 4.

What con-
sideration
necessary

5. The consideration necessary for the validity of a sale, pledge or other disposition of goods by a mercantile agent in pursuance of this Act may be either a payment in cash or the delivery or transfer of other goods, or of a document of title to goods, or of a negotiable security or any other valuable consideration, but, where goods are pledged by a mercantile agent in consideration of the delivery or transfer of other goods, or of a document of title to goods, or of a negotiable security or of other valuable consideration, the pledgee acquires no right or interest in the goods so pledged in excess of the value of the goods, document, security or other valuable consideration when so delivered or transferred in exchange. R.S.O. 1970, c. 156, s. 5.

Agreements
through
clerks, etc.

6. For the purposes of this Act, an agreement made with a mercantile agent through a clerk or other person authorized in the ordinary course of business to make contracts of sale or pledge on his behalf shall be deemed to be an agreement with the agent. R.S.O. 1970, c. 156, s. 6.

7.—(1) Where the owner of goods has given possession of the goods to another person for the purpose of consignment or sale, or has shipped the goods in the name of another person, and the consignee of the goods has not had notice that such person is not the owner of the goods, the consignee has, in respect of advances made in good faith to or for the use of such person, the same lien on the goods as if such person were the owner of the goods, and may transfer any such lien to another person. Rights of consignee making advances in good faith

(2) Nothing in this section limits or affects the validity of a sale, pledge or disposition by a mercantile agent. Sale, etc., by mercantile agent
 R.S.O. 1970, c. 156, s. 7.

8. Subject to the *Warehouse Receipts Act*, for the purposes of this Act the transfer of a document of title may be by endorsement or, where the document is by custom or by its express terms transferable by delivery or makes the goods deliverable to the bearer, then by delivery. Mode of transferring documents R.S.O. 1980, c. 528
 R.S.O. 1970, c. 156, s. 8.

9.—(1) Nothing in this Act authorizes an agent to exceed or depart from his authority as between himself and his principal or exempts him from any liability for so doing. Liability of agent

(2) Nothing in this Act prevents the owner of goods from recovering them from his agent at any time before their sale or pledge, or prevents the owner of goods pledged by an agent from having the right to redeem them at any time before their sale on satisfying the claim for which the goods were pledged and paying to the agent, if by him required, any money in respect of which the agent would by law be entitled to retain the goods or the documents of title thereto, or any of them, by way of lien as against the owner, or from recovering from any person with whom the goods have been pledged any balance of money remaining in his hands as the produce of the sale of the goods after deducting the amount of his lien. Rights of owner to recover possession, etc.

(3) Nothing in this Act prevents the owner of goods sold by an agent from recovering from the buyer the price agreed to be paid for them, or any part of that price, subject to any right of set-off on the part of the buyer against the agent. Price from buyer
 R.S.O. 1970, c. 156, s. 9.

10. This Act shall be construed in amplification and not in derogation of the powers exercisable by an agent independently of this Act. Amplification of powers of agents
 R.S.O. 1970, c. 156, s. 10.

