SUPREME COURT OF MISSISSIPPI

WEST IMPLEMENT COMPANY, INC. v. FIRST SOUTH PRODUCTION CREDIT ASSOCIATION

815 So. 2d 1164 (Miss. 2002) · No. No. 2001-CA-00442-SCT · Decided April 25, 2002

SUMMARY

The Supreme Court of Mississippi affirmed summary judgment in favor of First South Production Credit Association in an action concerning conversion of a John Deere combine subject to a perfected security interest. The court held that describing the collateral as "equipment and machinery" sufficiently identified it and that identifying the debtor as "Mouton Farms Partnership" complied with Mississippi's version of Article 9. The court concluded that the financing statement contained no material error and affirmed the $60,000 judgment against West Implement Company.

CASE DETAILS

COURT	Supreme Court of Mississippi
WRITING FOR THE COURT	Diaz, Justice; Smith, P.J.; Diaz, J.; Easley, J.
JURISDICTION	Mississippi
DECIDED	April 25, 2002
DOCKET	No. 2001-CA-00442-SCT
DISPOSITION	affirmed
PROCEDURAL POSTURE	West Implement appealed from a circuit court order granting First South Production Credit Association's motion for summary judgment and entering a $60,000 judgment against West for conversion of a John Deere combine subject to FSPCA's perfected security interest.
STANDARD OF REVIEW	The court reviewed the grant of summary judgment de novo. Whether a financing statement contains an error is a question of law; whether an error is seriously misleading is a question of fact.
PRECEDENTIAL VALUE	published Mississippi Supreme Court opinion
PARTIES	West Implement Company, Inc. v. First South Production Credit Association

TOPICS

secured transactions · uniform commercial code · summary judgment · standard of review · appellate procedure

PRACTICE AREAS

secured transactions · uniform commercial code · commercial litigation · civil procedure · appellate procedure

QUESTIONS PRESENTED

1. Whether the financing statement sufficiently described the John Deere combine as collateral under Mississippi's version of Article 9.
2. Whether the financing statement sufficiently identified Mouton Farms Partnership as the debtor.
3. Whether the trial court properly resolved the legal sufficiency of the financing statement on summary judgment.

HOLDINGS

1. The description of the collateral as equipment and machinery was sufficient to identify the collateral and put a searcher on notice that the John Deere combine might be subject to a security interest.
2. The financing statement sufficiently identified the debtor by using the debtor's partnership name, Mouton Farms Partnership.
3. The trial court properly treated the existence of an error in the financing statement as a question of law and properly granted summary judgment because no material factual dispute remained.

KEY QUOTATIONS

> *"The purpose of the filing system under Article 9 of the Uniform Commercial Code is to provide notice to potential creditors of preexisting liens."* (1166)

> *"The terms "equipment and machinery" should put a searcher on notice that a 9600 model John Deere combine may be included in the secured interest property."* (1167)

> *"A financing statement sufficiently shows the name of the debtor if it gives the individual, partnership or corporate name of the debtor, whether or not it adds other trade names or the names of partners."* (1167)

FACTUAL BACKGROUND

FSPCA loaned $750,000 to Mouton Farms Partnership and obtained a security interest in its equipment, including a model 9600 John Deere combine. FSPCA filed financing statements with the Bolivar County Chancery Clerk and the Mississippi Secretary of State describing the collateral as equipment and machinery and identifying the debtor as Mouton Farms Partnership. West accepted the combine as a trade-in based on an oral representation that no liens existed, without conducting further research despite receiving Mouton Farms' address and tax identification number.

PROCEDURAL HISTORY

FSPCA filed suit in the Circuit Court of the Second Judicial District of Bolivar County alleging that West converted a John Deere combine in which FSPCA held a perfected security interest. The circuit court granted FSPCA summary judgment on February 14, 2001, finding that the financing statement adequately described the collateral and identified the debtor. West appealed to the Supreme Court of Mississippi, which affirmed.

DISPOSITION

affirmed

CASES CITED

- In re Strickland, 94 B.R. 898, 900, 902 (Bankr. N.D. Miss. 1988)
- In re Turnage, 493 F.2d 505, 506 (5th Cir. 1974)
- In re King-Porter Co., 446 F.2d 722, 729 (5th Cir. 1971)
- In re Tebbs Constr. Co., 39 B.R. 742, 747 (Bankr. E.D. Va. 1984)
- Elf Atochem N. Am., Inc. v. Celco, Inc., 187 Ariz. 89, 927 P.2d 355 (1996)
- In re Sarex Corp., 509 F.2d 689, 691 (2d Cir. 1975)
- Drysdale v. Cornerstone Bank, 562 S.W.2d 182 (Mo. Ct. App. 1978)
- Bankers Trust Co. v. Zecher, 103 Misc. 2d 777, 426 N.Y.S.2d 960 (N.Y. Sup. Ct. 1980)
- Gulf Forge Co. v. Ellwood Quality Steels Co., 202 B.R. 238, 241 (S.D. Tex. 1996)
- In re Hammons, 438 F. Supp. 1143 (S.D. Miss. 1977), rev'd on other grounds, 614 F.2d 399 (5th Cir. 1980)