

- D. +Effect of cancellation or rescission on claims for antecedent breach (§ [2-720](#))**
Under the UCC, a cancellation or rescission of a contract or the like is not construed as a renunciation or discharge of any claim in damages for an antecedent breach, unless the contrary intention clearly appears. This is to prevent an unintentional loss of rights through the use of such terms as “cancellation” or “rescission.” Therefore, unless the cancellation of a contract expressly declares that it is “without reservation of rights,” it is not considered a renunciation under the UCC.
- E. +Statute of limitations (§ [2-725](#))**
Under the UCC, an action for breach of any contract for sale must be commenced within four years after the cause of action has accrued. The parties can reduce the period of limitation in the original agreement to a period not less than one year, but cannot extend the period. A cause of action accrues when the breach occurs, regardless of the aggrieved party's lack of knowledge of the breach. A breach of warranty occurs when tender of delivery is made. If a warranty explicitly extends to future performance of the goods, the discovery of the breach must await the time of such performance, and the cause of action accrues when the breach is or should have been discovered.

Article 3 (Parts 1 – 4) - Commercial Paper (Negotiable Instruments)

I. General Provisions and Definitions

- A. +Definitions (§ [3-102](#))**
A negotiable instrument is a written instrument that: (1) is signed by the maker or drawer; (2) includes an unconditional promise or order to pay a specified sum of money; (3) is payable on demand or at a definite time; and (4) is payable to order or to bearer. Negotiable instruments consist of bills of exchange, promissory notes, bank checks, certificates of deposit, and other negotiable securities. An “order” is a direction to pay and must be more than an authorization or request. It must identify the person to pay with reasonable certainty. A “promise” is an undertaking to pay and must be more than an acknowledgment of an obligation.
- A negotiable instrument is a “draft” (“bill of exchange”) if it is an order; A negotiable instrument is a “check” if it is a draft drawn on a bank and payable on demand; A negotiable instrument is a “certificate of deposit” if it is an acknowledgment by a bank of receipt of money with an engagement to repay it; A negotiable instrument is a “note” if it is a promise other than a certificate of deposit.
- B. +Limitations on scope of Article (§ [3-103](#))**
Article 3 of the UCC is restricted to commercial paper, namely drafts, checks, certificates of deposit and notes. Article 3 does not apply to money, documents of title or investment securities. In addition, instruments which fall within the scope of Article 3 may also be subject to Article 4 (Bank Deposits and Collections and Article 9 (Secured Transactions).

II. Negotiability

- A. +Form and requirements (§§ [3-104](#) -[3-111](#))**
Under the UCC, a negotiable instrument is a written promise or order signed by the maker to transfer a specified sum of money on demand or at a fixed future time to the person named on the instrument or to the bearer. The negotiable instrument cannot contain any other promises or orders – this is the one promise/one order rule. The promise or order must be unconditional – language such as “subject to,” “governed by,”