Article 3267 and the Ranking of Privileges

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Art. 3267, Louisiana Civil Code of 1870. "If the movables of the debtor are subject to the vendor's privilege, or if there be a house or other work subjected to the privilege of the workmen who have constructed or repaired it, or of the individuals who furnished the materials, the vendor, workmen and furnishers of materials, shall be paid from the price of the object affected in their favor, in preference to other privileged debts of the debtor, even funeral charges, except the charges for affixing seals, making inventories, and others which may have been necessary to procure the sale of the thing." (Italics supplied.)

Error in Article 3267

A critical examination of this article, together with the other articles in the same chapter of the Civil Code,1 points to the probability of an error in the very beginning of the article, namely, that the word "movables" should be "immovables." There is no direct textual authority to identify the source of this error, but the analysis of the code provisions leads to the conclusion that it probably was a typographical mistake in the printing of the 1823 Report of the Code Commissioners.2 This article was incorporated into the Civil Code of 18253 as a result of their proposed addition, but the Projet does not contain any comment, source references, or cross references. On this point, the same text has been continued in all editions of the Civil Code without change.

Reasons in Support of Error Theory

In order to understand the Civil Code, one must try to understand the codifiers. Throughout the entire code, and in the sub-

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1. Book III, Title XXI, Chapter 6, Of the Order in which Privileged Creditors Are To Be Paid, Arts. 3254-3270, La. Civil Code of 1870.
2. Additions and Amendments to the Civil Code of the State of Louisiana (New Orleans 1823), commonly referred to as the Projet of the Civil Code of 1825.
RANKING OF PRIVILEGES

ject of privileges as well, one of the basic classifications which recurs constantly is the division of the materials into two groups, namely the provisions with reference to movables and those which refer to immovables. Thus in the title of privileges, the materials are classified and arranged according to their bearing upon movables and immovables. The code provisions which deal with the ranking of privileges among themselves are found in Articles 3254-3270, constituting a separate and distinct unit as Chapter 6 of the Title.

The absence in the French Civil Code of such a chapter of rules and instructions for the ranking of privileges among themselves was a source of some consternation to the French commentators. Without going into extensive detail, it will suffice here merely to note the fact that one of the basic issues on which the early commentators reached opposing views was the question of ranking between the general privileges and special privileges. In addition to the two views which favored either one group of privileges or the other, there was the third view that neither one group nor the other group should have a fixed rule of priority for all situations, but that special solutions should be reached in each case of conflict.

The Louisiana codifiers faced this problem directly and worked out a solution of their own. They adopted as a fundamental principle that special privileges should have priority over general privileges bearing upon the same subject matter, and then in addition they proceeded to enunciate individual solutions for the possible conflicts between each of the special privileges and those general privileges with which it might compete. As a collateral proposition, they adopted the rule that where a privilege operated on both movable and immovable property, it should be exercised first against the movables before proceeding against the immovables.

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5. 3 Aubry et Rau, Cours de Droit Civil Francais (5 ed. 1900) 797 et seq., § 289; 2 Colin et Capitant, Cours Elémentaire de Droit Civil Francais (8 ed. 1935) 919, n° 1126; 2 Planiol, Traité Elémentaire de Droit Civil (11 ed. 1936) 397, n° 2622.
6. 2 Colin et Capitant, op. cit. supra note 5, at 922, § 1129; 2 Planiol, op. cit. supra note 5, at 900, n° 2634.
7. 3 Aubry et Rau, op. cit. supra note 5, at 797, § 289, n. 2; 1 Troplong, Privilèges et Hypothèques (Paris 1838) 73 et seq., n°s 73-77. See also notes 25-30, infra.
An analysis of Articles 3254-3270 indicates the following division. Apart from the first and last articles—which open and close the chapter—the remainder break into two distinct groups: (1) Articles 3255-3265, which are focused on problems of conflict between privileges on movable property only, and (2) Articles 3266-3269, which are centered particularly upon the ranking of privileges affecting immovable property.

In Article 3254, the codifiers indicated their basic preference for special privileges on movables over the general privileges, but then they proceeded in Article 3255 to anticipate and provide solutions for the certain specific conflicts likely to occur between the special and general privileges, as well as conflicts among the special privileges themselves.

Thus, in Article 3256-3265 the codifiers carried out this pur-

11. "Art. 3254. If the movable property, not subject to any special privilege, is sufficient to pay the debts which have a general privilege on the movables, those debts are paid in the following order:
   "Funeral charges are the first paid.
   "Law charges, the second.
   "Expenses of the last illness, the third.
   "The wages of servants, the fourth.
   "Supplies of provisions, the fifth.
   "The salaries of clerks, secretaries, and others of that nature, the sixth.
   "And, finally, the wife's dower, the seventh.
   "The thousand dollars secured by law to the widow or minor children, as set forth in article 3252, shall be paid in preference to all other debts, except those for the vendor's privileges and expenses incurred in selling the property."

12. "Art. 3255. But when part of the movables are subject to special privileges, and the remainder of the movables are not sufficient to discharge the debts having a privilege on the whole mass of movables, or if there be equality between the special privileges, the following rules shall direct the determination."

13. "Art. 3256. Whatever may be the privilege of the lessor, charges for selling the movables subjected to it are paid before that which is due for the rent, because it is these charges which procure the payment of the rent.
   "Art. 3257. The case is the same with respect to the funeral expenses of the debtor and his family; when there is no other source from which they can be paid, they have a preference over the debt for rent or hire, on the price of the movables contained in the house or on the farm.
   "Art. 3258. But the lessor has a preference on the price of these movables, over all the other privileged debts of the deceased, such as expenses of the last illness, and others which have a general privilege on the movables.
   "Art. 3259. With regard to the crops which are subject to the lessor's privilege, the expenses for seed and labor, the wages of overseers and managers are to be paid out of the product of the year, in preference to the lessor's debt.
   "So, also, he who supplied the farming utensils, and who has not been paid, is paid in preference to the lessor out of the price of their sale.
   "Art. 3260. If, among the movables with which the house or farm, or any other thing subject to the lessor's privilege, is provided, there should be some which were deposited by a third person in the hands of the lessor or farmer, the lessor shall have a preference over the depositary on the things deposited for the payment of his rent, if there are no other movables subject to his privilege, or if they are not sufficient; unless it be proved that the lessor knew that the things deposited did not belong to his tenant or farmer.
pose in relation to movables, and they followed closely the list of special privileges on movables which they set out in Article 3217. The first few articles deal with the privilege of the lessor and other privileges on crops and provide the solution for conflicts between these privileges and certain general privileges. Articles 3260 and 3261 deal with the conflict between the privilege of the depositor and other privileges. Article 3262 provides for the conflicts involving the privilege for the expenses of preservation. Article 3263 then deals with the vendor's lien; Article 3264 with the privilege of the innkeeper; Article 3265 with the privilege of carriers.

This pattern follows very markedly the list of privileges which are enumerated in Article 3217. In each instance, the

"Art. 3261. With the exception stated in the foregoing article, the privilege of the depositor on the thing deposited is not preceded by any other privileged debt, even funeral expenses, unless it be that the depositor must contribute to the expense of sealing and making inventory, because this expense is necessary to the preservation of the deposit.

"Art. 3262. The privilege of him who has taken care of the property of another, has a preference over that property, for the necessary expenses which he incurred, above all the other claims for expenses, even funeral charges; his privilege yields only to that for the charges on the sale of the thing preserved.

"Art. 3263. The privilege of the vendor on movables sold by him, which are still in the possession of the vendee, yields to that of the owner of the house or farm which they serve to furnish or supply, for his rents. It yields also to the charges for affixing seals and making inventories, but not to the funeral or other expenses of the debtor.

"Art. 3264. The privilege of innkeepers on the effects of travelers deceased in their house, is postponed to funeral and law charges, but is preferred to all the other privileged debts of the deceased.

"Art. 3265. The privilege of carriers, for the cost of transportation and incidental expenses, yields only to the charges which would arise on the sale of the goods.

"The case is the same respecting the freight of goods carried on board a ship or other vessels [vessel]."

14. "Art. 3217. The debts which are privileged on certain movables, are the following:

"1. The appointments or salaries of the overseer for the current year, on the crops of the year and the proceeds thereof; debts due for necessary supplies furnished to any farm or plantation, and debts due for money actually advanced and used for the purchase of necessary supplies and the payment of necessary expenses for any farm or plantation, on the crops of the year and the proceeds thereof.

"2. The debt of a workman or artisan for the price of his labor, on the movable which he has repaired or made, if the thing continues still in his possession.

"3. The rents of immovables and the wages of laborers employed in working the same, on the crops of the year, and on the furniture, which is found in the house let, or on the farm, and on every thing which serves to the working of the farm.

"4. The debt, on the pledge which is in the creditor's possession.

"5. That of a depositor, on the price of the sale of the thing by him deposited.

"6. The debt due for money laid out in preserving the thing.

"7. The price due on movable effects, if they are yet in the possession of the purchaser."
rule of the code is predicated on the general policy determination that special privileges prime all the general privileges except the ones expressly selected for priority in specific instances of conflict.

Then, in Articles 3267-3269 the codifiers continue the same kind of pattern for the privileges against immovable property—with one single discordant note in the first phrase of Article 3267 which begins as follows: “If the movables of the debtor are subject to the vendor's privilege, or. . . .” The article goes on to discuss the privileges of laborers and materialmen who have contributed to the construction of a building or other work. Furthermore, the latter part of the article which contains the ranking provision groups together in one phrase the three privileges of vendor, laborer and supplier. This can only be with reference to immovable property, and is the clear sequence of the first part of the same article.

Article 3268 again mentions the vendor, but this time refers to the vendor of land. This article also refers to the workmen and to the suppliers. In Article 3269 there reappears this same group

8. The things which have been furnished by an innkeeper, on the property of the traveler which has been carried to his inn.

9. The carrier's charges and the accessory expenses, on the thing carried, including necessary charges and expenses paid by carriers; such as taxes, storage and privileged claims required to be paid before moving the thing; and in case the thing carried be lost or destroyed without the fault of the carrier, this privilege for money paid by the carrier shall attach to insurance effected on the thing for the benefit of the owner, provided written notice of the amount so paid by the carrier and for whose account, with a description of the property lost or destroyed, be given to the insurer or his agent within thirty days after the loss, or if it be impracticable to give the notice in that time, it shall be sufficient to give the notice at any time before the money is paid over.

“Then, the privilege hereinafore granted to the overseer, the laborers, the furnishers of supplies and the party advancing money necessary to carry on any farm or plantation, shall be concurrent and shall not be divested by any prior mortgage, whether conventional, legal or judicial, or by any seizure and sale of the land while the crop is on it.

“The privileges granted by this article, on the growing crop, in favor of the classes of persons mentioned shall be concurrent, except the privilege in favor of the laborer, which shall be ranked as the first privilege on the crop.”

15. “Art. 3268. When the vendor of lands finds himself opposed by workmen seeking payment for a house or other work erected on the land, a separate appraisement is made of the ground and of the house, the vendor is paid to the amount of the appraisement on the land, and the other to the amount of the appraisement of the building.”

16. “Art. 3269. With the exception of special privileges, which exist on immovables in favor of the vendor, of workmen and furnishers of materials, as declared above, the debts privileged on the movables and immovables generally, ought to be paid, if the movables are insufficient, out of the product of the immovables belonging to the debtor, in preference to all other privileged and mortgage creditors.

“The loss which may then result from their payment must be borne by
of three privileges, namely, the vendor, the workmen, and the furnishers of materials.

It is not a mere coincidence but rather the adherence to a fundamental pattern that these are the three categories of claims which are listed in Article 3249 enumerating the privileges on particular immovables. Except for the discrepancy at the beginning of Article 3267, each of these three Articles (3267, 3268, 3269) refers to the same group of the three privileges which are listed in Article 3249.

In view of the fact that this chapter of the code divides itself very distinctly into two main groups of articles, one group dealing with conflicting privileges on movable property, and the other dealing with the conflicting privileges which affect immovable property, and in view of the basic general patterns analyzed in this discussion, it would seem that the Louisiana codifiers must have written the original provision of Article 3267 for immovables exclusively.

Another reason for believing that there is an error in the beginning of Article 3267 is the fact that the codifiers had just finished providing solutions for the probable conflicts between the vendor's privilege on movables and other general or special privileges on movables. If the first part of Article 3267 is taken as written with reference to movables, it would be useless and confusing repetition of a treatment already completed in Article

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17. "Art. 3249. Creditors who have a privilege on Immovables, are:

"1. The vendor on the estate by him sold, for the payment of the price or so much of it as is unpaid, whether it was sold on or without a credit.

"2. Architects, undertakers, bricklayers, painters, master builders, contractors, subcontractors, journeymen, laborers, cartmen and other workmen employed in constructing, rebuilding or repairing houses, buildings, or making other works.

"3. Those who have supplied the owner or other person employed by the owner, his agent or subcontractor, with materials of any kind for the construction or repair of an edifice or other work, when such materials have been used in the erection or repair of such houses or other works.

"The above named parties shall have a lien and privilege upon the building, improvement or other work erected, and upon the lot of ground not exceeding one acre, upon which the building, improvement or other work shall be erected; provided, that such lot of ground belongs to the person having such building, improvement or other work erected; and if such building, improvement or other work is caused to be erected by a lessee of the lot of ground, in that case the privilege shall exist only against the lease and shall not affect the owner.

"4. Those who have worked by the job in the manner directed by the law, or by the regulations of the police, in making or repairing the levees, bridges, ditches and roads of a proprietor, on the land over which levees, bridges and roads have been made or repaired."
Furthermore, there is no area of common ground between the vendor's privilege on movables and the privileges on particular immovables in favor of the laborers and suppliers mentioned on Article 3267. Thus, it is only by correcting the error in the beginning of Article 3267 that it and Article 3263 both have their full and respective meaning.

An additional reason in support of the conclusion that there is an error in the word "movables" appears in the history of the earlier texts of what is now Article 3267.

In the 1823 Report of the Commissioners, and in the 1825 Civil Code, the present subject of privileges on "immovables" was privileges on "immovables and slaves." In the Projet, Chapter 4 of the Title on Privileges is entitled "Of Privileges on Immovables and Slaves." In the Civil Code of 1825, the chapter which begins at Article 3216 is likewise entitled "Of Privileges on Immovables and Slaves."

In the Projet the commissioners proposed the addition of a whole new chapter entitled "Of the Order in Which Privileged Creditors Are to Be Paid" and in this material are the proposed additions which were incorporated in the Civil Code of 1825 as Articles 3233 and 3234; these in turn became Articles 3266 and 3267 of the Civil Code of 1870.

Article 3233 of the Civil Code of 1825 reads as follows:

"If the movables of the debtor, by reason of the special privileges affecting them, or for any other cause, are not sufficient to discharge the debts having a privilege on the whole movable property, the balance must be raised on the immovables and slaves of the debtor, as hereafter provided." (Italics supplied.)

The conclusion of this article uses the phrase "immovables and slaves." It is frequently found in the style of the codifiers that the specific thought or phrase with which they concluded one article is the thought or phrase with which they commenced the next article—in order to continue the treatment further. The

18. "Art. 3263. The privilege of the vendor on movables sold by him, which are still in the possession of the vendee, yields to that of the owner of the house or farm which they serve to furnish or supply, for his rents. It yields also to the charges for affixing seals and making inventories, but not to the funeral or other expenses of the debtor."


20. Id. at 377.

21. Id. at 378.
provision which immediately follows is Article 3234 of the Civil Code of 1825:

“If the movables or slaves of the debtor are subject to the vendor’s privilege, or if there be a house or other work subjected to the privilege of the workmen who have constructed or repaired it, or of the individual [individuals] who furnished the materials, the vendor, workmen and furnishers of materials, shall be paid from the price of the object affected in their favour, in preference to other privileged debts of the debtor, even funeral charges, except the charges for affixing seals, making inventories, and others which may have been necessary to procure the sale of the thing.” (Italics supplied.)

In the text of Article 3216 of the Civil Code of 1825 and in the heading of that section, the phrase is “privileges on immovables and slaves.” In view of the reasons already set forth and the presence in the 1825 Civil Code of the same basic general pattern and analysis, it becomes even more convincing that a typographical mistake was made in the printing of the 1823 Projet.

In John Ray’s Report of 186922 and in the duly accepted official version of the Civil Code of 1870,23 the original texts were simply retained with the change of dropping the reference to slaves. While the present discussion is not centered on the history of the provision regarding slaves, the fact that the word “slaves”24 was associated with the word “immovables,” and the fact that the combined phrase was apparently intended to form the original text of what is the present Article 3267, confirm the conclusion that it should read “immovables” instead of “movables.”

Unfortunately there were no notes or indications of any kind left by the commissioners in 1823 when this provision was originally proposed for inclusion in the Civil Code of Louisiana. Likewise no other direct sources of information were found as to the origin of this provision. The whole thing might very easily have been a typographical error in the printing of the 1823 Report of the Commissioners, and anybody who has had much association with printing can readily understand the likelihood of such an error not being caught by the proofreader.

24. Slaves were classified as immovables by disposition of law in Art. 461, La. Civil Code of 1825.
Search for Sources of Article 3267

When the Louisiana codifiers expanded the Civil Code of 1825 to 3522 articles, they incorporated not only a great many articles from the French Civil Code but they also took from the French commentators a substantial amount of doctrinal material which does not appear in the French code itself. Accordingly, a search was made, particularly among the French writings which were available to the Louisiana Code Commissioners in 1823. Although there were found discussions of varying lengths on the subject of privileges, under more or less organized patterns of the subject, no direct source for the text in question could be identified in the works of Domat, Pothier, Toullier, Duranton, Marcadé, or Troplong.

Among quite a number of foreign civil codes consulted, the only one which contains a unit of articles and also a specific article the same as the Louisiana Civil Code and its Article 3267, is the Civil Code of Argentina and its Article 3916. The Argentine provision is the same—just about verbatim as the Louisiana text, with the term “movables” at the beginning while the remainder of the article is focused on immovables. The only actual difference is in the ranking provision by which the Argentine

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26. 9 Pothier, Oeuvres (Bugnet ed. Paris 1861) 458 et seq.; 10 id. at 225 et seq., 291 et seq.
27. Toullier, Le Droit Civil Francais (Brussels 1837).
28. 19 Duranton, Cours de Droit Francais (Paris 1835) 34, no 30; 272, no 203.
29. 10 Marcadé et Pont, Explication Théorique et Pratique du Code Civil (3 ed. Paris 1878) 157 et seq., 228 et seq.
30. 1 Troplong, Privilèges et Hypothèques (Paris 1838) 25 et seq.
31. Argentina, Bolivia, Brazil, Chile, China, Costa Rica, Cuba, Ecuador, France, Germany, Haiti, Honduras, Italy, Japan, Nicaragua, Panama, Peru, Puerto Rico, Quebec, Spain, Uruguay.
32. Art. 3916, Código Civil de la República Argentina (1869). "Si los muebles del deudor están afectos al privilegio del vendedor, o si se trata de una casa o de otra obra, que esté afecta al privilegio de los obreros que la han construido, o repara; o de los individuos que han suministrado los materiales, el vendedor, los obreros y los que han suministrado los materiales, serán pagados sobre el precio del objeto que les está afecto con preferencia a los otros acreedores privilegiados; con excepción de los acreedores hipotecarios en el inmueble, que serán pagados primero, y de los gastos funerarios y de justicia que han sido necesarios para la venta de ese objeto."

(Translation) Art. 3916. If the movables of the debtor are subject to the vendor's privilege, or if there be a house or other work subject to the privilege of the workmen who constructed or repaired it, or of the individuals who furnished the materials, the vendor, the workmen, and the furnishers of materials, shall be paid from the price of the object affected in their favor with preference to the other privileged creditors; with the exception of hypothecary creditors on the immovable, who shall be paid first, and of the funeral charges and law costs which have been necessary to procure the sale of that object.
Ranking of Privileges

The Argentine Civil Code establishes a priority in favor of mortgages and funeral charges as well as for the necessary costs of sale.

One of the commentators on the Argentine Civil Code expresses the opinion that the first part of their Article 3916 (where mention is made of movables) would better have been left out altogether. Another commentator has compiled a rather lengthy and strained effort to figure out a group of different possible situations in order to work out some meaning for the first part of the article. This latter discussion carries no conviction, and appears very weak especially in view of the fact that the Argentine provision also includes a priority for the mortgage which has exclusive reference to immovables.

It does not appear from the references cited by the Argentine commentators whether this article was copied from the Louisiana Civil Code. Of the two commentators consulted, one did not and the other did cite Article 3234 of the Louisiana Civil Code of 1825 in connection with their Article 3916. The bulk of their source citations are to French commentators which do not reveal any direct borrowing; but their most prominent reference is to a Belgian commentator whose work has not been available for examination.

Louisiana Jurisprudence

In the case of Monrose v. His Creditors, decided in 1842, the court cited Article 3234 of the 1825 Civil Code in a matter which involved the claim of a vendor's lien on immovable property and the priority in favor of the costs of sale of the property. The same problem recurred in the case of Lauve v. His Creditors, also decided in 1842; the court referred to the Monrose case again and again cited Article 3234 with reference to the vendor's lien on immovable property and the contribution which this creditor must make to the law charges for the disposition and sale of the property. A third case was Marsh v. His Creditors, decided in 1856; Article 3234 was cited again as the basis for giving a priority to the charges which were necessary in procuring the sale of the property and for determining the amount of contribution which must be made at the expense of the vendor's lien. In 1869, Mar-
celin v. His Creditors\textsuperscript{39} likewise held that the rank of the vendor's privilege on an immovable property is superior to all other privileges on the proceeds except those in favor of the necessary expenses of sale, citing the Marsh and Lauve cases and Article 3234 of the Civil Code of 1825. More recently, Succession of Blanco,\textsuperscript{40} decided in 1907, cited the corresponding provision in Article 3267 of the Civil Code of 1870 as well as the earlier Monrose and Marsh cases, with reference to the ranking between the vendor of an immovable and the costs of selling the property.

In all these cases, the only real issue of dispute was the scope of the privileged costs which primed the vendor's lien under this code article. The decisions followed the code text in limiting these costs to those items which were necessary for the sale of the property, thereby excluding such items as counsel fees and other general costs of administration to the extent that these were not strictly necessary for effecting the actual sale of the property. In every instance, the vendor's lien was one on immovable property. Other cases,\textsuperscript{41} in which there is reference to Article 3267 (or its 1825 equivalent), deal with a variety of situations, the descriptions of which would serve no useful purpose here. Suffice it to say that not a single decision is predicated upon the first phrase of the article with the word "movables."

Conclusion

In the present law of Louisiana, the liens and privileges of laborers and materialmen are now provided for in the building contract laws\textsuperscript{42} which supersede the provisions of the Civil Code. To that extent the issue in this comment may be considered purely historical and academic. Even so, it would be curious

\textsuperscript{39} 21 La. Ann. 423 (1869).
\textsuperscript{40} 4 Orl. App. 229 (La. 1907).
that such an error in the Civil Code went unnoticed for 125 years. Nevertheless, the code provision has not been superseded insofar as the vendor's lien is concerned, and to that extent it represents the current law in Louisiana for matters pertaining to the ranking of the vendor's lien on immovable property—provided the text is read with the word "immovables" at the beginning of the article.