

# Documentary Credit

# WORLD

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### ■ SIGNIFICANT LC ISSUES IN 2020

In the annual survey of major letter of credit topics emerging from court cases, James G. Barnes and Carter Klein first consider pre-honor cases in which a dispute arises before a demand for payment under an LC has been honored. These cases involve discrepancy defenses, nondocumentary conditions, and preclusion as well as matters pertaining to fraud defenses, injunctions, and repudiation due to issuer insolvency. In 2020, the noteworthy post-honor cases dealt with whether the applicant or beneficiary were entitled to recovery. Barnes and Klein then examined other cases of interest, including decisions related to LCs backing tenant lease obligations, LC scams, jurisdiction and appeal costs, and LCs in bankruptcy. Barnes and Klein conclude by noting the dearth of reported bank defenses of LC dishonor based on a COVID-19 related force majeure excuse.