

# *The Effectiveness of Delivery and Registration in the Changes of Property Rights of Motor Vehicles*

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**Abstract:** Article 225 of the Civil Code of the People's Republic of China (hereinafter referred to as the "Civil Code") stipulates the rule of "registration antagonism" for changes in the right of special movables such as motor vehicles. Due to the incompleteness of the article, provisions on effective documents for changes in motor vehicle property right, manifestation of registration resistance, the question of the non-antagonistic "third party in good faith" and other issues are not clearly mentioned in the law. Scholars also have different interpretations of this article, to be specific, scholars hold different understandings on the effectiveness of delivery and registration. The author believes that: Real right of motor vehicle should take "delivery" as the effective element for changes in property rights. Meanwhile, the antagonistic effect of registration plays an important role in clarifying the ownership of right of motor vehicle and maintaining the security of transactions. In addition, the scope of the "third party in good faith" should be reasonably limited, and at the same time, the recognition of "goodwill" should adhere to objective standards.

## 1. Introduction

The main legislative purpose of contemporary property law is to address the following issues: first, determining the ownership of property; second, resolving dynamic property relationships, establishing rules for the transfer of property rights, and providing a set of legally recognized and accepted technical norms for resolving property disputes; third, providing legal safeguards for the identification and determination of property rights for bona fide third parties to avoid losses caused by misjudgment. Both delivery and registration play important roles in publicizing property rights changes in motor vehicles, and exploring their effectiveness helps clarify the rules for transferring property rights of motor vehicles and accurately determine ownership. To delve deeper into the concept of "registration against third parties," it is necessary to further discuss the logical connection between registration opposition and bona fide acquisition, and thus clarify the criteria for determining the "good faith" of acquiring motor vehicles. This also lays the foundation for addressing the third issue.<sup>[1]</sup>

## 2. Effect of Possession (Delivery) of Motor Vehicles

Referring to the legal definition of "movable property," motor vehicles are considered as

movable property that is "capable of being moved without damaging their own use and value." Possession is a factual element, which enables it to serve as a method of publicizing movable property. However, considering the unique nature of motor vehicles and the common occurrence of separation between possession and ownership, registration was introduced into the field of property law by legislators to better safeguard transaction security. Nonetheless, the legal effectiveness of possession (delivery) should not be overlooked.

## 2.1. Delivery of Motor Vehicles and Changes in Property Rights

Articles 224 and 225 of the Civil Code do not provide clear provisions regarding the effectiveness of "delivery" in the changes of motor vehicle property rights.<sup>[2]</sup> In order to explore the prerequisites for the effectiveness of motor vehicle property rights, the author will analyze it using methods such as textual interpretation and systematic interpretation. From the textual interpretation of Article 225, it can be inferred that, in the view of the legislators, whether a motor vehicle is registered is solely the choice of the owner and has no relation to the changes in property rights. When considering systematic interpretation, Article 225 is located in Chapter 2, Section 2 of the property rights part, specifically in the section on "delivery of movable property." Additionally, Article 225 is not the "exceptional circumstance" mentioned in Article 224 (because exceptional circumstances are explicitly regulated by specific provisions). Furthermore, referring to the current legal provisions in our country regarding changes in property rights for other special types of movable property, none of them explicitly deny the effectiveness requirement of delivery for these special types of movable property.<sup>[3]</sup> Based on the above, the author believes that changes in motor vehicle property rights should adhere to the principle of "delivery-based effectiveness." This not only aligns with the intention of the legislators but also helps prevent confusion in the legal logical system. In fact, the majority of scholars in our country also support this viewpoint. For example, Professor Sun Xianzhong suggests that in the sale of motor vehicles, the determination of when property rights over motor vehicles and other special types of movable property are acquired should be based on a valid sales contract and the transfer of possession through delivery. Contractual acts, as burden acts, cannot cause changes in property rights. Therefore, the true effectiveness of property rights changes lies in the delivery of the motor vehicle. Professor Wang Zejian also points out that the agreement to transfer ownership and delivery are sufficient to effectuate the transfer of automobile ownership, while the transfer of registration is merely an administrative matter.<sup>[4-5]</sup> In the author's view, there are several other reasons for adhering to the "delivery doctrine":

First, as movable property, motor vehicles can effectively transfer ownership through the transfer of possession, which also facilitates efficient and convenient transactions.

Second, based on textual interpretation, Article 225 generally covers various types of property rights changes, including chattel mortgages on motor vehicles. According to the current laws and regulations in our country, a chattel mortgage is established upon the delivery of the mortgaged property. Therefore, only by interpreting Article 225 as "delivery-based effectiveness" can we avoid the awkward situation of contradiction between different provisions.<sup>[6]</sup>

Finally, Article 19 of the "Interpretation of the Supreme People's Court on the Application of the Civil Code of the People's Republic of China, Property Rights Part (I)" (referred to as "Interpretation (I) of the Property Rights Part") also reflects the legislator's adherence to the principle of "delivery-based effectiveness" by considering "delivery" as a constitutive element for the bona fide acquisition of special types of movable property.

## 2.2. The publicity function of possession (delivery) in rem

The notion that "possession (delivery) can publicize property rights over movable assets" has

long been widely recognized in society. In fact, even in the era of prior rights, possession already existed. Scholars have pointed out that possession at that time already possessed inherent characteristics of dominance and exclusivity, which are inherent in property rights. Therefore, there is an inseparable connection between possession and the publicization and alteration of property rights. Moreover, possession not only includes direct (physical) possession, but delivery is not limited to physical delivery. Hence, it is necessary to explore the publicizing function of different types of possession (delivery) in relation to property rights.

Physical possession (delivery), of course, can publicize property rights over movable assets. "Possession" denotes the static aspect of property rights and serves the function of "presumption of ownership," reflecting the factual state of one's control over the property. The rightful possessor is legally protected based on their possession. On the other hand, "delivery" (i.e., the transfer of possession) publicizes the dynamic aspect of property rights. However, for special types of movable property like motor vehicles, given their substantial value and the rapid development of transactions today, a phenomenon of separation between possession and legal ownership of the vehicle is quite common. Therefore, the presumption of "possession equals ownership" that applies to ordinary movable property may not necessarily apply to special types of movable property like motor vehicles. In light of this, some scholars have pointed out that Article 225 establishes registration as the sole means of publicizing property rights over motor vehicles.

I disagree with this. I believe that, firstly, as movable property, motor vehicles still possess a characteristic of high liquidity, which sets them apart from immovable property. Possession is not only a relatively simple and practical means of publicization but also has a more tangible effect in terms of public awareness and "identifiability." Secondly, precisely because the delivery aspect of possession has become increasingly abstract and limited to the parties involved, the registration of motor vehicle property rights has emerged. Registration and possession (delivery) both serve as means of publicizing changes in motor vehicle property rights, collectively playing a dual role in maintaining social transaction order and ensuring transaction security. The introduction of motor vehicle registration does not imply the negation of the publicization function of possession (delivery). Professor Sun Xianzhong also supports the aforementioned viewpoint. However, it is important to note that while possession does carry some effectiveness in publicizing property rights, as mentioned later in the text, the publicization effectiveness of possession (delivery) is weaker than that of registration. Therefore, complete effectiveness in publicizing property rights can only be realized when the content publicized through registration aligns with the possession. If there is a discrepancy between the possessor and the registered owner of the motor vehicle, the registered owner listed in the register should be considered as the rightful owner. Therefore, I believe that the reliance of a third party on their visual perception of possession alone cannot be used as the sole standard for determining whether their acquisition meets the "good faith" criteria. It is only when combined with registration that it can serve as the basis for a third party's acquisition in good faith. This is also a topic that I will discuss in detail in the section of "Registration Adversity and Good Faith Acquisition" in this article.

In fact, the three concept-based delivery methods and indirect possession stipulated in our country's laws are intricately connected. "Change of possession" directly establishes indirect possession, while "instruction to deliver" involves the transfer of indirect possession, and "simple delivery" entails the loss of indirect possession. Since "indirect possession" cannot publicize property rights, a reasonable logical conclusion would be that "instruction to deliver," "change of possession," and "simple delivery" all fail to publicize changes in motor vehicle property rights. Both instruction to deliver and change of possession are completed only between the parties involved, thus their publicization effects to the outside are not optimal. In fact, the intention behind the establishment of the concept-based delivery system in the law is to improve transaction

efficiency and reduce transaction and time costs. However, I believe that for special types of movable property like motor vehicles, which have relatively high value, the insufficient publicization through concept-based delivery is not conducive to ensuring transaction security and protecting the interests of third parties in good faith. This also indicates that there may be a certain contradiction between transaction efficiency and transaction security in a certain sense.

### **3. Effectiveness of Registration of Property Rights in Motor Vehicles**

To explore the effectiveness of registration in the changes of motor vehicle property rights, it is necessary to understand the historical origins of motor vehicle registration in China. Before the enactment of the Property Rights Law, China had established relevant laws, regulations, and rules to comprehensively define the system of motor vehicle registration and its specific operational norms.

The enactment of the Property Rights Law was the first time that the system of motor vehicle registration was introduced into the field of property rights law, endowing registration with property rights effectiveness. However, a comparison reveals significant differences between the two. Firstly, according to the relevant provisions of the Road Traffic Safety Law, the scope of motor vehicle registration is limited to vehicles that are "driven on the road," whereas the Civil Code (Property Law) does not impose specific restrictive regulations on the scope of motor vehicle registration for property rights. It is evident that the scope of application for property rights registration is broader than administrative management registration. Secondly, administrative management registration aims to ensure public transportation safety and facilitate the management of motor vehicles by relevant departments. On the other hand, the property rights registration of a motor vehicle serves the purposes of publicizing property rights and resolving disputes, with the aim of safeguarding transaction security. Therefore, the objectives and functions of the two systems are fundamentally different. Finally, from the perspective of the legal nature of these two systems, administrative management registration is primarily an act of administrative law, while property rights registration possesses a stronger attribute of private law.

In this article, the motor vehicle registration being discussed specifically refers to the registration of motor vehicle property rights.

#### **3.1. Registration of Motor Vehicles and Changes in Property Rights**

Regarding the effectiveness of motor vehicle property rights registration, there is an argument that special movable property like motor vehicles, in comparison to general movable property, possesses greater identifiability, which provides the necessary conditions for registering and confirming ownership of special movable property. To maximize the prevention of unauthorized disposal of motor vehicles by non-owners and promote transaction security, it is suggested to consider both registration and delivery as prerequisites for effective changes in property rights. This is because the concept of "registration against others" inherently includes the notion of "registration becoming effective." Scholars advocating this view also argue that since delivery can result in changes in property rights, and if we adhere to the perspective that "the effectiveness of registration is superior to delivery," then registration should, of course, be able to independently cause changes in property rights. However, I do not agree with the aforementioned viewpoints.

First of all, based on the following reasons, registration cannot be considered as a prerequisite for effectiveness.

Firstly, the scholars mentioned above interpret Article 225 of the Civil Code as registration serving both as an element for against others and as a prerequisite for effectiveness. However, considering the interpretation based on the literal meaning of the law and legislative intent, I believe

this interpretation deviates from the intended meaning of the law. Additionally, this viewpoint overlooks the inherent differences between the prerequisites for effectiveness and against others: the concept of registration against others essentially compensates for the limitations of possession in fully publicizing property rights. It is fundamentally different from the concept of "registration becoming effective."

Secondly, as Professor Wo Rong also pointed out, the concept of registration against others is premised on valid changes in property rights.

Now I will present an argument from the opposite perspective. Firstly, as the popularity of motor vehicles continues to increase, the transfer and transactions of motor vehicles have become more frequent. If we adopt the "registration-based effectiveness" approach, it would significantly reduce transaction efficiency and lack practicality in real life. Secondly, if we apply the "registration-based effectiveness" approach to motor vehicles, let's consider a scenario where Seller A transfers a motor vehicle to Buyer B, delivering the vehicle to B without completing the ownership registration transfer. If B gets into a traffic accident while driving, and the ownership transfer has not been registered, should A be held responsible for the accident? Therefore, in practice, it is unreasonable for our legislation to designate the registered owner of the motor vehicle as the party responsible for compensation in case of a traffic accident. This clearly places unfair burden on the seller who has not transferred the ownership registration. It would be more rational to hold the person who has actual control and ownership interests in the motor vehicle accountable for compensation. In fact, even without completing the ownership registration transfer, A can still prove that they have transferred the vehicle to B and thus be exempt from liability. Thirdly, if we believe that signing a sales contract and completing registration can generate changes in property rights, it is common in practice that the registered owner and the actual rights holder may not be the same. This would lead to third parties relying on the registered appearance and making mistaken judgments about the true rights holder.

Then, I do not agree with the viewpoint that both registration and delivery should be prerequisites for effectiveness.

In this regard, I believe it is necessary to refer to the theory of "registration against others" in Japan. Under the registration against others rule, there are different doctrines in the Japanese academic community regarding the nature of ownership of unregistered property. The doctrine that aligns the most with our current Chinese legal provisions is the "doctrine of protection of reliance." According to this doctrine, in a case of multiple sales of the same property, even though the first buyer obtains ownership based on the contract (the "consensual" model of property rights transfer), when the subsequent buyer enters into a sales contract with the seller and completes the registration based on reasonable reliance on the registration, the claim of ownership by the first buyer is not recognized. Under the "doctrine of protection of reliance," there are also the "doctrine of limited protection of reliance" and the "doctrine of appearance of rights." The fundamental difference between them lies in whether they acknowledge the existence of two non-opposable property rights in the case where neither has been registered. It is evident that the majority supports the "doctrine of appearance of rights" that does not recognize the existence of two property rights.

Similarly, under the "formalistic" model of property rights transfer in China, if we directly acknowledge that both the first and subsequent buyers can obtain ownership based on the contract, delivery, or registration, it would contradict the fundamental principle of "one property, one right." Therefore, such a conclusion is not acceptable.

In conclusion, I believe that the law should not grant property rights transfer effectiveness to registration. From my perspective, delivery is the only prerequisite for effectiveness.

### 3.2. Understanding of "Registration Against Effectiveness"

As mentioned earlier, the key aspect of the effectiveness of motor vehicle registration lies in the "registration against others" principle. Since the registration against others rule is particularly relevant in cases of multiple sales of motor vehicles, a deep understanding of the registration against others principle is crucial for determining the ownership attribution of motor vehicles in such transactions. In order to better comprehend the registration against others principle, it is important to clarify the strength of the publicity effects of "delivery" and "registration" in the transfer of motor vehicle property rights. In this regard, Article 10 of the Judicial Interpretation on Sales Contracts issued and implemented by the Supreme People's Court establishes the rule that in the case of "one property, multiple sales" of motor vehicles and other specific movable property, "delivery" takes precedence over "registration". However, this rule has been questioned by scholars and has become a mainstream viewpoint in the academic community. According to this viewpoint, the establishment of the "registration against others" principle in China indicates that the effectiveness of property rights after registration is stronger than that of property rights before registration (but after delivery). It suggests that property rights have fully exclusive effect conditional upon completion of registration. Therefore, in cases where conflicts arise between delivery and registration, it is reasonable to adhere to the principle of "priority for the registered rights holder." According to the aforementioned viewpoint, in cases where registration and delivery are separated in multiple sales, the "incomplete" property rights obtained by the first buyer based on delivery cannot prevail against the good faith ownership of the second buyer.

In my opinion, it can be inferred from relevant legal provisions that the intention of the legislator is to encourage registration. However, if we emphasize the logic of "priority for delivery" as stated in the original judicial interpretation, it will inevitably lead to a lack of motivation for parties to actively process registration changes in motor vehicle transactions. This contradicts the legislative intent of Article 225. Furthermore, I agree that the "stronger effectiveness of registration over delivery" is based on the following reasons:

(1) The state has established designated registration authorities and strict registration procedures, and has also promulgated corresponding laws, regulations, and rules to continuously regulate the registration process and establish a comprehensive registration system. On the other hand, the transfer of property rights through delivery (especially conceptual delivery) is relatively arbitrary, and its external publicity effect is clearly insufficient compared to registration.

(2) Registration authorities, as designated public authorities, have more authority and credibility in handling registrations.

(3) Delivery is a transaction that takes place only between the two parties involved, while registration serves as a record and public notice of the rights of both parties by a neutral third-party registration authority. Therefore, registration is more credible than delivery.

(4) Upholding the principle of "registration takes precedence over delivery" is more conducive to fully utilizing the function of property rights publicity to ensure the security of transactions. In particular, when the seller transfers ownership to the first buyer through conceptual delivery, the second buyer is unlikely or unable to be aware of the change in ownership. Emphasizing "delivery takes precedence over registration" would significantly disadvantage bona fide third parties and greatly increase transaction risks.

Moreover, as some scholars have pointed out, it can be seen from the provision in the original judicial interpretation that "the recipient of delivery can request the original rights holder to make changes in registration" that the legislator does not deny the strong publicity and credibility effects of motor vehicle registration. This seems to contradict the provision of "priority for delivery".

By adhering to the principle of "registration takes precedence over delivery," the issue of

ownership attribution in the "one property, multiple sales" of motor vehicles can be resolved. At the same time, a more specific definition can be provided for the "bona fide third party" that cannot be counteracted in Article 225.<sup>[7]</sup>

### 3.3. Countervailing Power of Registration and "Bona Fide Third Parties"

There are different opinions among scholars regarding the definition of "bona fide third party" in Article 225. In my view, the term "counteraction" requires the existence of another property rights holder. However, when ownership of a motor vehicle is transferred through delivery, the seller's subsequent transfer of the motor vehicle to another buyer after losing possession will be an unauthorized disposition, and at this point, they only have a debtor-creditor relationship, not a property rights relationship. Some have questioned whether a "bona fide third party" who cannot be counteracted actually exists in this scenario.

In my opinion, under the "effectiveness of delivery" doctrine, a "bona fide third party" may still exist.

Firstly, in the field of property rights law, "bona fide" refers to the unawareness or lack of obligation to be aware of the fact of the property rights change.<sup>[8]</sup> Therefore, a "bona fide third party" refers to a person who is unaware of or shouldn't be aware of the property rights change of the motor vehicle and possesses property rights over it. However, the scope of "bona fide third party" in Article 225 should not be defined in such an abstract and broad manner, but should be narrowly interpreted. For example, in cases of double sales where the vehicle has already been delivered, the original seller is not considered a "bona fide third party" against the second buyer (e.g., if the seller only delivers the vehicle to the first buyer, and the first buyer subsequently transfers the vehicle to the second buyer without the seller's knowledge). Additionally, in cases where the motor vehicle has been delivered and registration changes have been processed between the buyer and seller, but the sales contract is later declared invalid or revoked by the court. At this point, the ownership of the motor vehicle reverts back to the seller. Even though the registration changes have not been carried out, the original buyer cannot counteract the new owner when the ownership of the vehicle is transferred through instruction.

In comparison to defining the scope of "third party" from a negative perspective, it may be easier to define it from a positive standpoint. Since this article explores the effectiveness of "delivery" and "registration" in the transfer of motor vehicle property rights, I will focus on scenarios where the "delivery" and "registration" of the motor vehicle are separated to examine the scope of a "bona fide third party". It is not possible for me to list all possible scenarios where a "bona fide third party" may exist, but by analyzing examples, we can demonstrate the effectiveness of "delivery" and the counteractive force of "registration".

For example, in cases where registration changes are made first and then the vehicle is delivered to another buyer, although this scenario is not common in practice, it is still possible. There is also controversy in academia regarding whether the registered owner is a "bona fide third party" in this case. Some scholars hold an affirmative stance on this matter. Some scholars further argue that in such cases, the transfer should have full effectiveness, meaning that the registered owner has obtained complete ownership based on the contract and registration changes.<sup>[9]</sup> However, there are opposing views as well, suggesting that the registered owner and the seller still maintain a contractual relationship and have not entered the realm of property rights. It is argued that there can be no counteraction between creditor's rights and property rights, even if the property rights lack counteractive force. I adhere to the viewpoint that motor vehicle property rights can only be established through delivery, and therefore, I agree that a prior registered owner cannot obtain property rights. Therefore, this article takes the standpoint of the "negative theory."

When the seller physically delivers the motor vehicle to the subsequent buyer, and the subsequent buyer, completely unaware of the fact that the vehicle has already been transferred, enters into a contract with the seller and completes the registration change based on reasonable reliance on the appearance of the motor vehicle's registration, as mentioned earlier, the subsequent buyer in this situation is an "unopposable bona fide third party."

When the seller transfers ownership of a motor vehicle to the buyer through an actual change of possession, the seller has no authority to dispose of the motor vehicle by transferring it to another buyer. Due to the lack of complete exclusive effectiveness resulting from non-registration, when the subsequent buyer is completely unaware that the ownership of the motor vehicle has been transferred through conceptual delivery, and enters into a transaction with the seller to obtain actual possession of the motor vehicle and completes the registration change based on reasonable reliance on the seller's possession and registration appearance rights, the subsequent buyer at this point is considered an "unopposable bona fide third party".

As for the question of whether the prior registered owner, who registered the vehicle before the conceptual delivery, can counteract the subsequent buyer who receives the vehicle through delivery, I believe the answer is affirmative. Since the seller has transferred the property rights through conceptual delivery, the seller has no legal authority to transfer the motor vehicle again. Therefore, the registered owner who has obtained complete property rights is an "unopposable bona fide third party".

It is important to note that Article 19 of the Interpretation of the Property Rights Code (I) explicitly states that the good faith acquisition system also applies to special chattels such as motor vehicles. Therefore, in the last three scenarios, the subsequent buyer can also acquire ownership of the motor vehicle based on the good faith acquisition system. This raises the next topic for discussion: is there any functional overlap between registration counteraction and the good faith acquisition system in the transfer of motor vehicle property rights? How should the relationship between the two be handled? How to determine the criteria for judging the "good faith" of a third party?

### **3.4. Registration against and good faith acquisition**

The system of good faith acquisition originates from the "hand protects hand" principle in Germanic law. However, it also represents the development of that principle. Mr. Xie Zaiquan believes that in the system of good faith acquisition, the basis for a third party to acquire ownership lies in the limitation on the effectiveness of rights in rem emphasized by the "hand protects hand" principle, as well as the presumption of the effectiveness of possession. Although both aim to protect transaction security and are closely related to the credibility of possession, the mechanism of the good faith acquisition system protects the reliance of a third party based on visible possession, while registration counteraction is a system designed to compensate for the weaker publicity effect of possession.<sup>[10]</sup>

Based on the above, it can be concluded that there are differences in the theoretical basis for their application, and they also have differences in terms of scope. I will explain these differences in more detail in the following section.

Judicial interpretations have clearly stipulated that the system of good faith acquisition also applies to special chattels such as motor vehicles. In my previous discussion, I also highlighted the differences between the two to explain that registration counteraction cannot completely replace the system of good faith acquisition. So how can we clarify the roles of both in protecting third parties in motor vehicle property rights?

The normative effectiveness of motor vehicle registration counteraction is reflected in cases



where a motor vehicle is not yet registered (including cases where it has been delivered but not registered, or cases where it has been conceptually delivered but neither physically delivered nor registered). According to current laws, at this stage, the recipient of the delivered vehicle cannot counteract the bona fide registered owner. Since I do not agree that a "sale contract and registration change" can bring about a change in property rights, the concept of an "unopposable right in rem" can be understood as the bona fide registered owner "bona fide acquiring" ownership of the motor vehicle, and the "incomplete" right in rem that is not registered cannot counteract that ownership. Therefore, the introduction of the system of good faith acquisition helps to better understand and interpret Article 225 of China's Civil Code, which advocates registration counteraction, and also helps to more fully guarantee transaction security.

Although they have functional similarities, the differences in their applicable situations and scope should not be ignored. For example, in cases of multiple sales of motor vehicles, when the seller, who has already changed the registration but not delivered the vehicle, or the buyer, who has received the vehicle but not registered it, dispose of the vehicle, the system of good faith acquisition cannot be applied regardless of whether the third party meets the requirements of good faith.<sup>[11]</sup> At the same time, I believe that the registrants and third parties involved in these two situations are not bona fide third parties as described in Article 225. However, when a non-owner disposes of a motor vehicle and the third party meets the other statutory requirements for good faith acquisition, the system of good faith acquisition is applicable.

The "good faith" of a bona fide third party refers to the reliance based on the objective publicity appearance (i.e., "objective good faith"). So, which of possession (delivery) and the rights appearance as demonstrated by registration can be used as criteria for determining good faith? This also involves the issue of their publicity effect. Although Article 19 of the Interpretation of Property Law (I) confirms that "delivery" is an essential element of good faith acquisition, it is important to note that this does not mean the "good faith" of a bona fide third party should be solely based on the rights appearance demonstrated by possession.

Certainly, motor vehicles are chattels in essence, and "possession" has the publicity effect of credibility. Considering that good faith acquisition should be based on the reasonable reliance of a third party on the rights appearance through publicity, from this perspective, "possession" as a statutory method of publicity for chattels should be one of the criteria for determining the "good faith" of a third party regarding motor vehicles. However, unlike ordinary chattels where the "presumption of possession rights" is fully applicable, motor vehicles have higher value, and the separation of possession from ownership is more common. In order to better safeguard transaction security, the state has established and improved the motor vehicle registration system, enacted relevant laws and regulations, and incorporated motor vehicle registration into property rights law. As mentioned earlier, registration serves as a means of publicity with better effectiveness, and its credibility corresponds to the superiority of registration over delivery. Therefore, registration should be considered as sufficient proof for the presumption of good faith. In other words, when determining whether a third party constitutes "good faith," we should not only focus on "possession" but also on "registration," and we should adhere to the principle of prioritizing registration. In other words, if a third party enters into a purchase contract and delivers the vehicle to the actual possessor without checking the registration, thus infringing upon the rights of the registered owner, the third party cannot fully meet the criteria for determining "good faith." Conversely, if an unknowing third party infringes on the real owner's property rights due to registration errors, the victim cannot exercise the right to request the return of the property from the third party, but can only demand that the person without authority to dispose of the property bear liability for damages.<sup>[12]</sup>

## 4. Conclusion

Due to the incompleteness of Article 225 of the Civil Code and the establishment of the "priority of delivery" rule in judicial interpretations, there has been a lack of consensus in the theoretical field regarding the understanding of the effectiveness of delivery and registration, as well as the understanding of the antagonistic effect of registration. This has led to confusion in the application of the law in practice. In my opinion, only by adhering to the "effectiveness of delivery" principle, understanding the antagonistic registration rule from the perspective of protecting the interests of bona fide third parties, and combining the rights appearance demonstrated by registration and delivery publicity, while applying the principle of "registration priority" as the criteria for determining the good faith of third parties, can we achieve the maximum unification of improving transaction efficiency and ensuring transaction security.

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