THE FUNCTIONS OF A BILL OF LADING

Rille	of I	Lading	are	RED	11
DIII3	UI I	Laume	aic		- 4 4

Receipt for cargo

Evidence of a contract of carriage

Document of title

Jeffrey Blum

The three main functions of a Bill of Lading are:

- 1) as a receipt for the goods placed on board the carrying vessel;
- 2) as evidence of a contract of carriage (although it becomes the contract of carriage upon endorsement);
- 3) as a document of title to the goods, so that the holder of an original Bill of Lading has the right of access to the goods described therein.

The Hamburg Rules (1978) have a "proper" modern definition of a bill of lading:

"Bill of Lading means a document which evidences a contract of carriage by sea and the taking over or loading of the goods by the carrier and by which the carrier undertakes to deliver the goods against surrender of the document. A provision in the document that the goods are to be delivered to the order of a named person, or 'to order', or 'to bearer', constitutes such an undertaking."

Jeffrey Blun

Mate's Receipts & Bills of Lading



Their Role in International Trade

Jeffrey Blum

MATE'S RECEIPTS

<u>A Receipt</u> - given and signed by the Mate (= the Chief Officer of the ship) for goods which are actually Received on Board the ship.

Jeffrey Blun

MATE'S RECEIPTS

Details Taken From 'Tally Clerks Notes' and 'Tally Books'

The 'Bill of Lading' is Drawn up From This Information By Agent

(Port Agent or Forwarding Agent)

Jeffrey Blun

- An Official Document
- Description of Merchandise
- Alleged Weight / Number of Pieces
- Issued on Behalf of the Carrier by
 - Shipowner

or

- (Time) Charterer

Jeffrey Blum

BILL OF LADING

- The ship's Master should verify the following BEFORE the Bills of Lading are signed:
- A) Goods are Actually 'On Board'
- B) Any Mates Receipts' Clauses are Included

Jeffrey Blum

BILL OF LADING

- C) Date of Bill of Lading is correct
- D) Freight, if Prepaid, is collected before Bill of Lading is signed
- E) If Freight is payable upon / after shipment, Bill of Lading is to be marked 'Freight Collect'

Jeffrey Blun

•			
•			
•			
•			

 F) A Statement that a number of the "Original Bills Of Lading" are 'Signed and Equally Valid' (one of which being 'accomplished', the others become 'null and void')

Jeffrey Blum

BILL OF LADING

- G) A number of 'Copies' of B/L will also be issued for 'Commercial Uses'
- Overprinted with the words "Copy Non-Negotiable"

Jeffrey Blun

BILL OF LADING

- Clean Bills Of Lading
- The Master should only issue 'Unclaused' ('Clean') Bills Of Lading if the cargo is in fact 'Clean' or 'Undamaged'

Jeffrey Blun

- If Cargo <u>Is Damaged</u>, Then Do Not Load This Cargo
- Do Not Accept 'Letter Of Indemnity' to clause the bills of lading as 'Clean' when cargo is in fact loaded in a damaged condition.

Jeffrey Blum

14

BILL OF LADING

- Such a 'Letter of Indemnity' is worthless in law
- Shipowner will be sued by everybody!

Jeffrey Blun

15

BILL OF LADING

- "In Apparent Good Order & Condition" is a phrase worth incorporating
- "Said To Be...... Quantity"
- "Said To Be...... Tonnes"

Jeffrey Blun

- Bills of Lading missing when vessel arrives at discharge port
- Master may refuse to discharge cargo
- Charterer / Receiver Must Then Give A Duly Authorized 'Form of Undertaking For Delivery of Cargo Without Production of B/L'

Jeffrey Blum

17

BILL OF LADING

- 'Form of Undertaking For Delivery of Cargo Without Production of B/L'
- Negotiated with P&I Club (usually with the Club's standardised wording)
- Countersigned by the cargo receiver's bank or another first class bank
- · Without This No Discharge

Jeffrey Blur

18

BILL OF LADING

- Shipowners / ship operators have various responsibilities to owners of the cargo, in the event of damage to the cargo :
 - * Hague Rules 1924
 - * Hague-Visby Rules 1968
 - * Hamburg Rules 1978

Jeffrey Blum

Bills of Lading are issued by (or on behalf of) the carrier.

The 'carrier' is either a shipowner or a ship operator (on a long term or short term charter basis)

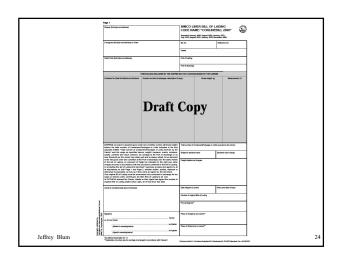
There is an absolute responsibility for the carrier (or the person signing the Bills of Lading on behalf of the carrier) to ensure the truth of all descriptions and statements and dates on the Bill of Lading

Jeffrey Blum





LOF LADING used with charter parties at Z Conditions of Carriage All terms and conditions, liberties and exception of the Charter Party, dated as overleaf, including the Law and Arbitration Classes/Chauter Resolution Clause, are between temperature.
e 2 Conditions of Carriage All terms and conditions, liberties and exceptions of the Charter Pany, dated as overleat, including the Law and Arbitration
Conditions of Carriage All terms and conditions, liberties and exceptions of the Charter Party, dated as overleaf, including the Law and Arbitration
All terms and conditions, liberties and exceptions of the Charter Party, dated as overleaf, including the Law and Arbitration
General Paramount Clause. The International Commercion for the Unification of Certain Rules of Law relating to Bills of Lading signed at Brussel's on 25 August 1924 (the Hague-Note) as amended by the Protocol signed at Brussels on 23 February 1980 (the Hague-Note) Rules') and as exacted in the country of alsopment, all apply to this Contract. When the Hague-Note Police are or exacted in the country of alsopment, the corresponding legislation of the country of alsopment, the corresponding legislation of the country of alsopment, the corresponding legislation of the country of alsopment of the Police Rules (the Rules R
When there is no enactment of the Hague-Vistoy Rules in either the country of shipment or in the country of distination, the Hague-Vistoy Rules shall apply to this Contract save where the Hague Rules as enacted in the country of ship or it no such enactment is in place, the Hague Rules as enacted in the country of destination apply compulsion to this Contract.
The Protocol signed at Brussels on 21 December 1979 ("the SDR Protocol 1979") shall apply where the Nague-Visby Rules apply, whether mandatorily or by this Contract.
The Carrier shall in no case be responsible for loss of or damage to cargo arising priop to loading after discharging, or while the cargo is in the charge of another carrier, or with respect to deck cargo and live animals.
General Average General Average shall be adjusted, stated and settled according to York-Antwerp Rules 1994-in London unless another place is agreed in the Charter Party.
Cargo's contribution to General Average shall be paid to the Carrier even when such average is the result of a fault, neglect or error of the Master, Pilot or Crew.
New Jason Classe Annual Classes of the Company of mostable working by the Major Annual Classes of the Virging resulting from any variety whatever whatever writer one in neighbors on rich of perform problems of the performance of the performa
Both-to-Blame Collision Odula If the Vessal comes into goilize with the high-levels as a result of the negligence of the other vessal and any act, neglect or default of the Massay-Marries. Plot of the services as the collision of the the management of the Vessal, the office of the Massay Administration of the Commistration of the Commistration of the Commistration of the Massay-Marries and the Vessal that of the Commistration of the Massay-Marries and Commistration of the Commistration of the Massay-Marries and Commistration of the Commission of the C



	0			
INSPECTION to locar's in appeared appear and condition unless otherwise stated, meters) the total number of containers/larguages or Units incident in the lost appears entitled "fidal number of Containers/larguages or Units incident in the lost appears of the containers of Units received by the containers of the containers of Units received by the containers of the containers of Units received by the containers of the containers of Units received by the containers of Units received by the charges recurred in accordance with the provisions container in this Bill of Lading, on according this Bill of Lading to the Merchaid as tolkated to the refiger bills without charges recurred in accordance with the provisions container in this Bill of Lading in according this Bill of Lading to the Merchaid as tolkated to the refiger bills without charges in composition, as they as "they were all signed by the Merchaid. One copyral Bill of Lading mounts as commended by decided an extrample for the lost of the signed by the signed by the signed by the charges of the containers of the charge of the charge of the long that the charge of the charge of the charge of the propriet Bill of Lading shall be contained to of the form and the graphs Bill of Lading shall be lower sign. In of the form and due for the long and the charge of the Charge. (Lading or the Charge of the		Total number of Containers/Peckages or Units received by the Carrier		
		ed value	Declared value charge	
		Principle details and charges		
Cereira's namelyterio(e) place of Bootheses Bigurdum of, fur tha Cereira (All section camelographics) (Appetit parametriopatales) es Agents		board	Place and date of issue	
		Number of original Bills of Leding		
		Pre-carriage by**		
Signature	Place of receipt	by pre-carrier**		
or, for the Centrier Centrier (Master's narme-Signature) as Master				
		Place of delivery by on-carrier**		
(Agent's names/oneture) as Agents				

"Clean on board" (apparently)

"Athel Viscount" case

- · Cargoes of fuel oil and kerosene
- Spec of kerosene to be "waterwhite"
- · Discoloured by fuel oil
- Master signed clean bills of lading
- Claimants argued that Master fixed statement and liable
- Judge said Master not a chemist
- What was "apparent" to a reasonable man with reasonable eyesight at time of loading

Jeffrey Blum

26

The "Galatia" case

- •Sale of sugar C&F Bandar Shahpur (now B Khomeini)
- •Payment cash against docs, shipped, lost or not lost
- •"Clean on board" bills required showing freight prepaid
- •Fire on board after shipment (= after loading)

"cargo covered by this bill has been discharged Kandla view damaged by fire..."

•Bill was "clean" in sense that it proved that the goods were shipped clean

Jeffrev Blun

27

Originals and Copies

 Where an original <u>would not be accepted</u> in lieu of a copy, <u>the credit must prohibit</u> an original, e.g. "photocopy of invoice – <u>original</u> <u>document not acceptable</u> in lieu of photocopy"

Jeffrey Blum

Originals and copies

- "One copy of Invoice", it will be satisfied by presentation of a copy of an invoice.
- However, it is standard banking practice to accept an original instead of a copy.

Jeffrey Blum

29

Originals and copies

- It can sometimes be difficult to determine from the wording of a credit whether it requires an original or a copy, and to determine whether that requirement is satisfied by an original or a copy.
- "Invoice", "One Invoice" or "Invoice in 1 copy", will be understood to be a requirement for an original invoice.
- "Invoice in 4 copies", it will be satisfied by the presentation of at least one original and the remaining number as copies of an invoice.

Jeffrey Blum

30

One Copy

UCP600 Article 17:

- d. If a credit requires presentation of copies of documents, presentation of either originals or copies is permitted.
- e. If a credit requires presentation of multiple documents by using terms such as "in duplicate", "in two fold" or "in two copies", this will be satisfied by the presentation of at least one original and the remaining number in copies, except when the document itself indicates otherwise.

In the current ISBP, "one copy of" means a copy whereas "in one copy" means an original

Jeffrey Blum

1	•	\neg
	•	
	•	

UCP 600 Article 22	
Charterers may sign Bills of Lading!!	
Jeffrey Blum 32	