

THE FUNCTIONS OF A BILL OF LADING

Bills of Lading are **RED** !!

Receipt for cargo

Evidence of a contract of carriage

Document of title

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The three main functions of a Bill of Lading are:

- 1) as a **r**eceipt for the goods *placed on board the carrying vessel*;
- 2) as **e**vidence of a contract of carriage (*although it becomes the contract of carriage upon endorsement*);
- 3) as a **d**ocument 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.*

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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."

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**Mate's Receipts
&
Bills of Lading**



Their Role in International Trade

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MATE'S RECEIPTS

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

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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)

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BILL OF LADING

- An Official Document
- Description of Merchandise
- Alleged Weight / Number of Pieces
- Issued on Behalf of the Carrier by
 - Shipowneror
 - (Time) Charterer

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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

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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'

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BILL OF LADING

- 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’)

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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”

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BILL OF LADING

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

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BILL OF LADING

- If Cargo Is Damaged,
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.

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BILL OF LADING

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

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BILL OF LADING

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

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BILL OF LADING

- 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'

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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

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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

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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

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BIMCO		CONGENBILL, 2007	
Revised July 2007 (2-07)		Bills of Lading	
To be used with charter parties		Page 1	
Shipper	Bill of Lading No.	Reference No.	
Consignee	Vessel		
Notify address	Port of loading		
	Port of discharge		
Shipper's description of goods			
(if which) on deck at shipper's risk, the Carrier not being responsible for loss or damage howsoever arising			
Freight payable as per CHARTER PARTY dated	SHIPPED at the Port of Loading in apparent good order and condition on the Vessel for carriage to the Port of Discharge or to other ports as the Vessel may safely get to, subject to the following conditions:		
FREIGHT ADVANCE Received on advance of freight	Weight, measure, quality, quantity, condition, contents and value unknown. IN WITNESS whereof the Master or Agent of the said vessel has signed the number of Bills of Lading indicated below all of this tenor and date, any one of which being accomplished the others shall be void. FOR CONDITIONS OF CARRIAGE SEE OVERLEAF		
Date shipped on board	Place and date of issue	Number of original Bills of Lading	
Signature:			
(i) Master's name and signature Master			
Or (ii) Agent's name and signature as Agent for the Master			
Or (iii) Agent's name and signature as Agent for the Owner			
If option (ii) filed in, state Owner's name above Owner			

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Signature:			
(i) Master's name and signature Master			
Or (ii) Agent's name and signature as Agent for the Master			
Or (iii) Agent's name and signature as Agent for the Owner			
If option (ii) filed in, state Owner's name above Owner			

“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

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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

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Originals and Copies

- Where an original **would not be accepted** in lieu of a copy, **the credit must prohibit** an original, e.g. “photocopy of invoice – **original document not acceptable** in lieu of photocopy”

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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.**

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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.

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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

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UCP 600 Article 22

Charterers may sign Bills of Lading !!

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