

BILL OF LADING

A **Bill of Lading** is a transport document used for sea journeys, issued by the carrier to the shipper upon the loading of goods onto the vessel. It typically serves three main functions:

1. **Proof of Shipment:** It serves as evidence that the goods have been shipped, indicating the vessel name, voyage number, port of loading, port of discharge, and date of shipment. It also includes other details, such as a general description of the goods, their packaging, shipping marks, quantity, measurements, etc.
2. **Contract of Carriage:** The Bill of Lading typically contains the terms and conditions of the contract of carriage and serves as the contract of carriage between the merchant and the carrier.
3. **Document of Title:** It acts as a document of title and can be used as a negotiable document to transfer ownership of the goods through endorsement and delivery of the document.

Features of a Bill of Lading:

In general, shipping companies use a multimodal or combined transport document format, even when issuing a Bill of Lading, for consistency in their stationery. Relevant fields appropriate for the sea journey are completed, while other fields are left blank.

However, when the shipper engages the same shipping company for the pre-carriage of goods from their warehouse to the seaport, the shipping company may issue a combined transport document covering both the road and sea journey. This situation typically arises when the Incoterms specified in the LC are CFR or CIF, but the shipper opts to use the same carrier to move the goods from the warehouse to the seaport.

Although the goods are typically delivered at the warehouse by the shipper, it remains the shipper's responsibility to ensure that the goods are loaded onto the vessel and to provide the necessary documentary evidence to the bank, confirming that the goods have been delivered onboard within the date/period permitted by the credit. In such circumstances, the combined transport document must satisfy the requirements of a Bill of Lading, specifically for determining the loading of goods onto the named vessel at the named port of loading, and within the time permitted by the credit.

Title: The title of the document is not important for the examination of documents under UCP 600. However, it must not contain any reference to **CHARTER PARTY** either in the title or content.

Carrier Information: The name of the carrier must be clearly identified as the "carrier" either in this field or in the signature box.

Shipper: The shipper need not be the beneficiary of the LC.

Consignee: Details of the party in whose favour the BL must be made out as per the terms and conditions of the LC. Possibilities in the field include the following:

a. **To order:** It must be endorsed by the shipper. An endorsement may be made by a named entity on behalf of the shipper.

b. **To order of the shipper:** It must be endorsed by the shipper. An endorsement may be made by a named entity on behalf of the shipper.

c. **To order of a named party:** Usually the issuing bank. There is no need to show the address of the issuing bank here, but the words "**To order**" must be included. The issuing bank must endorse the BL before releasing documents to the applicant.

d. **To a named party:** Straight consignment. The BL must **NOT** include the words "**To order**" even in the pre-printed form. When the party mentioned in the LC is the applicant and when the address and contact details are provided in the BL, they must not conflict with the LC.

Notify Party: The party to whom notification of the arrival of goods is to be provided by the carrier, as indicated in the LC. If the LC does not specify notify party details, this field may be left blank or completed with any notify party. If the address and contact details of the applicant are provided, they must not conflict with the LC. This field may include additional notify party details not covered by the credit, unless expressly prohibited by the LC.

Pre-Carriage: This field is typically left blank in a Bill of Lading unless the carrier is involved in the pre-carriage of goods before they are loaded on board the vessel. In such cases, it may indicate the mode of pre-carriage, such as "**By Road,**" "**By Truck,**" or another appropriate mode of transport.

Place of Receipt: This field is typically left blank in a Bill of Lading unless the carrier is involved in the pre-carriage of goods before they are loaded on board the vessel. In such cases, it should indicate the place where the carrier takes possession of the goods.

Vessel and Voyage Number: This field **must** indicate the name of the vessel and, if applicable, the voyage number.

Port of Loading: The port of loading **must** be specified in line with field 44E of SWIFT - MT 700. There is no need mention the name of the country or any geographical area provided in this field. For example, if the LC states "Any Indian port" and the actual port of loading is Mumbai, it is sufficient for the Bill of Lading to show "Mumbai" without including the country name.

Port of Discharge: The port of discharge **must** be specified in line with Field 44F of SWIFT MT 700. There is no need to mention the name of the country or any geographical area provided in this field. For example, if the LC states "Any European port" and the actual port of discharge is Hamburg, it is sufficient for the Bill of Lading to show "Hamburg" without including the reference to "European port."

Place of Delivery: This field is typically left blank in a Bill of Lading.

Description of Goods, Marks & Numbers, Number & kind of packages, Weight & measurement :

Goods Description: Goods may be described in general terms, provided the description does not conflict with the goods description in the credit.

There should be no indication explicitly declaring a defective condition of the goods or packaging, as banks only accept a clean transport document. For example, a statement such as “packaging is not sufficient for sea journey” would be considered an explicit declaration of defective condition, whereas a statement like “packaging may not be sufficient for sea journey” would not be considered a declaration of defective condition.

If the credit requires the transport document to be marked as "clean on board," it is not necessary to include this, as long as there is no mention of defective condition of the goods or packaging.

Quantity, Weight, or Measurement: The quantity, weight, or measurement shown on the Bill of Lading must not conflict with the details provided in the invoice. Clauses such as “shipper’s load and count” and “said by shipper to contain” are acceptable.

Shipping Marks: The shipping marks indicated on the Bill of Lading do not need to follow the exact sequence shown in the credit or other documents. Additional information, such as warnings for handling fragile goods or the weight of goods, may be included as part of the shipping mark, even if not stated in the credit, and is considered acceptable. If one document shows additional information while another does not, it is not regarded as a data conflict among the documents. In the case of containerized goods, the transport document may show container numbers under shipping marks, with or without seal numbers, while other documents show shipping marks; this is also not considered a data conflict.

Freight Charges: It is not common practice to indicate the actual ocean freight charges incurred directly on the Bill of Lading; these are typically shown in a separate freight invoice. The Bill of Lading, however, generally indicates whether the freight is "Freight Prepaid" or "Freight Collect," depending on the terms of the credit. The wording regarding freight need not be identical to the credit, e.g., if the credit requires a BL to state “freight payable at destination,” it may instead state “freight collect.”

The BL may also indicate charges additional to freight, such as Terminal Handling Charges (THC) or documentation charges.

If the credit specifies that costs additional to freight are not acceptable, the BL must not indicate any additional costs, even if they are prepaid. This restriction applies to trade terms related to loading or unloading, such as Free In (FI), Free Out (FO), Free In and Out (FIO), or Free In and Out Stowed (FIOS). However, charges like demurrage (costs for delays in unloading) or detention (late return of containers) can still be indicated, as they are not considered additional freight costs.

Number of Originals: It is mandatory to indicate the number of originals issued, as the Bill of Lading serves as a document of title with negotiable character. Unless otherwise stated in the credit, all originals must be presented to the bank. In practice, a Bill of Lading is often issued in three originals, typically marked as “First Original,” “Second

Original,” and “Third Original,” or alternatively as “Original,” “Duplicate,” and “Triplicate,” or “1/3,” “2/3,” and “3/3.”

Bill of Lading Number: Unique reference number for identification purpose.

Place & Date of Issue: If no separate onboard notation with a date is provided, the date of issuance of the Bill of Lading is treated as the date of shipment.

Signatures: The Bill of Lading may be signed by the named carrier, the master, or a named agent on their behalf. If an agent signs the Bill of Lading, it must clearly indicate on whose behalf the agent is signing. The capacity of the signatory must be identified as either the carrier, the master, or the agent. If the master signs the Bill of Lading or if a named agent signs it on behalf of the master, the name of the master does not need to be included.

When a Bill of Lading is signed by a named branch of the carrier, the signature is considered to have been made by the carrier

However, when a credit specifies that a "freight forwarder's bill of lading" or a "house bill of lading" is acceptable, the Bill of Lading may be signed by the issuing entity without needing to indicate the capacity in which it has been signed or the name of the carrier.

Additional considerations:

Requirement for a Separate Notation:

Bill of Lading must include a separate onboard notation with the following details when issued in combined or multimodal form:

- **When issued in "RECEIVED" form:**
 - Onboard
 - Date: _____

- **When mode of pre-carriage is indicated in the "Pre-carriage" or "Place of receipt" field:**
 - Onboard
 - Vessel
 - Port of loading
 - Date: _____

- **When "Intended Vessel" is indicated in pre-printed format:**
 - Onboard
 - Vessel
 - Date: _____

- **When "Intended Port of Loading" is indicated in pre-printed format:**

- Onboard
 - Vessel
 - Port of loading
 - Date: _____
- **When the actual port of loading is shown under the field headed "Place of receipt" (in the absence of a relevant field in the format):**
 - Onboard
 - Vessel
 - Port of loading
 - Date: _____
 - **When the pre-printed format includes wording such as:**
 - “When the place of receipt box has been completed, any notation on this Bill of Lading of ‘on board,’ ‘Loaded on board,’ or words of similar effect shall be deemed to be on board the means of transportation performing the carriage from the place of receipt to the port of loading” or similar language.
 - If the "Place of receipt" box is completed:
 - Onboard
 - Vessel
 - Port of loading
 - Date: _____
 - **When the actual port of discharge is shown under the field headed "Place of final destination" (in the absence of a relevant field in the format):**
 - "Port of discharge: _____”
 - If no separate onboard notation is required, the date of issuance of the Bill of Lading will be considered the date of shipment.
 - If an onboard notation with a specific date is provided, even though not required, that date will be treated as the actual date of shipment.
 - The Bill of Lading must not indicate that goods are or will be loaded on deck. However, it may state that “goods may be loaded on deck.”

Transshipment: Transshipment involves unloading goods from one vessel and reloading them onto another vessel during the carriage from the port of loading to the port of discharge. It occurs between ports, not within the same port. A Bill of Lading may state that goods will or may be transhipped, provided that the entire carriage is covered by a single Bill of Lading. Even if the credit explicitly prohibits transshipment, a Bill of Lading indicating that transshipment will occur is acceptable if the goods are shipped in a container, trailer, or LASH barge, **as confirmed by the Bill of Lading**. Clauses in the Bill of Lading that state the carrier reserves the right to tranship will be disregarded.

Determination of Partial Shipment: Shipment on more than one vessel is considered a partial shipment, even if each vessel departs on the same day and is bound for the same destination. When a credit prohibits partial shipments, and more than one set of original bills of lading are presented covering shipments from one or more ports of loading as permitted by the credit, each set must indicate that it covers goods shipped on the same

vessel and journey (voyage), destined for the same port of discharge. The latest shipment date indicated on any of these bills of lading will be regarded as the date of shipment. If a Bill of Lading indicates more than one port of loading as allowed by the credit, on-board notations with dates are required for all ports separately. The latest of these dates will be considered the date of shipment.

Partial Shipments and Period for Presentation: When a credit permits partial shipments and more than one set of Bills of Lading are presented together, indicating shipments on different vessels, journeys, or destinations, the latest date on any of these Bills of Lading is used to determine the shipment date for calculating the maturity date. However, the earliest date on any Bill of Lading is used to calculate the period for presentation, as this period applies to each shipment individually. Even if multiple Bills of Lading for different shipments are presented together, the period for presentation must be calculated separately for each Bill of Lading. If the earliest Bill of Lading meets the period for presentation requirement, all other Bills of Lading in the presentation are considered compliant.

Delivery Agent at Port of Discharge: When a credit requires the Bill of Lading to include the name, address, and contact details of a delivery agent at the port of discharge, the address provided does not need to be located at the port of discharge itself or within the same country as the port of discharge.

Release of Goods with Multiple Bills of Lading: A Bill of Lading should not explicitly state that the goods covered by it will only be released upon the surrender of this Bill of Lading along with one or more other Bills of Lading, unless all referenced Bills of Lading are part of the same presentation under the same credit.

For instance, a statement such as "Container 12345 is covered by BL No. 1 and BL No. 2 and can only be released to a single merchant upon presentation of both BL No. 1 and BL No. 2" is not acceptable unless both BLs are forming part of same presentation under the same credit.

Terms and Conditions of the Contract of Carriage: A Bill of Lading usually includes the terms and conditions of the contract of carriage. If these are not included in the Bill of Lading itself, the document may refer to a source for these terms, such as the official website of the shipping company. This type of Bill of Lading is referred to as a short form or blank back Bill of Lading. If the credit prohibits the use of short form or blank back Bills of Lading, the Bill of Lading must include all terms and conditions of the contract of carriage directly on the document. Banks do not examine the terms and conditions of the contract of carriage.

Expressions equivalent to "shipped on board": Terms such as "Shipped in apparent good order," "Laden on board," "Clean on board," "Shipped," or simply "On board" are considered to have the same effect as the phrase "Shipped on board."

Corrections and Alterations: Any correction on a Bill of Lading must be authenticated. This authentication must be made by the carrier, master, or any of their named agents. The agent authenticating the correction can be different from the agent who issued or signed the Bill of Lading, as long as they are identified as an agent of the carrier or master. Non-negotiable copies of the Bill of Lading do not need to include the authentication of any corrections made on the original.