
Chapter 4

Transport Documentation

Carrier's Bill of Lading

a. General Considerations

The primary transport document is the carrier's bill of lading. The expression "bill of lading" has its origins in the movement of goods by sea, and in many countries its use is restricted even today to movements by water.

In Canada and the U.S., we use the expressions "rail bills of lading" and "truck bills of lading." In other English-speaking countries, unless the document is used to cover a movement by sea, the expressions may be meaningless. A piece of paper may be a "goods receipt" or a "shipping contract," but never a "rail bill of lading."

i. Purposes of a Bill of Lading. A bill of lading has three purposes; it is:

- a receipt to the shipper signed by or on behalf of the carrier acknowledging that specific goods have been received for shipment;
- a memorandum of the terms and conditions of the contract between the shipper and the carrier for the transportation of the goods to the destination named in the contract; and
- evidence of title to the goods. To make it such a negotiable document of title, the goods must be consigned "to the order of ..." If it is not drawn up in this fashion, it is non-negotiable.

ii. "Clean" Bill of Lading. If there is an apparent defect in the goods and/or their packaging when received from the shipper, the carrier will make a notation to this effect directly on the bill of lading. Such a notation renders the bill of lading "unclean." A bill of lading without any such notation is considered to be "clean."

In fact, many clauses may be superimposed or stamped on a bill of lading. Those that do not directly refer to a defective condition of the goods and/or packaging do not render the instrument unclean.

Misunderstandings and disputes between seller, carrier and buyer sometimes arise from such clauses. The International Chamber of Commerce (see Appendix II) has published a booklet called *The Problem of Clean Bills of Lading* (#283) explaining the situation, making recommendations to avoid disputes and listing clauses commonly used.

b. Ocean Bill of Lading

An ocean bill of lading (see Figure 7) is prepared by either the shipper or carrier on forms provided by the carrier. Each steamship line has its own form of bill of lading and while there may be no uniformity in their appearance, the clauses are fairly standard.

An order bill of lading is "negotiable." The consignee may endorse in blank or specifically to the order of another party. Moreover, the endorsee and/or any subsequent endorsees may re-endorse in blank or specifically. In due course the carrier will deliver the goods to an endorser who surrenders the bill of lading after customs clearance.

Shipments may be made against bills of lading to the order of the named shipper. In such cases, the shipper must endorse the bill of lading before delivering it to the buyer. As a rule, such endorsement is made in blank.

Ocean bills of lading customarily include the name of a party to be notified immediately below the name of the consignee. The agent of the steamship company will address an "arrival notice" to this party at the time the goods are unloaded at the point of destination. It should be noted, however, that the agent has no legal obligation to send such notice and incurs no liability for failing to do so.

Some bills of lading may state "shipped in good order and condition on board the ..." This is an "on board" bill of lading. Others may read "received in good order and condition for shipment on the ..." This is a "received" bill of lading.

Before preparing an ocean bill of lading, it is important to review all the terms of sale and bill of lading requirements. If the goods are sold against documentary credit, an "on board" bill of lading may be required.