

ment. These features make this document a very powerful one, therefore understanding its use and handling is very important. (See exhibits 5 and 5A at the end of Part I.)

Ocean bills of lading can be issued in "straight" or "order" form. A straight bill of lading consigns the goods to a specific party and is not negotiable. The carrier will release the shipment to the consignee named on the document. The designated consignee can then take possession of the shipment without having to surrender the bill of lading to the carrier.

An order bill of lading is a negotiable document and the goods are consigned either to "order of shipper" or to "order of another party". The carrier will only release the shipment to the bearer of an original bill endorsed either in blank or to a named party. The negotiability of this document permits by endorsement the transfer of title to the goods from one party to another.

For an ocean bill of lading to be negotiable, it must meet three conditions:

1. It must be original;
2. It must be made out to order;
3. It must be duly endorsed.

A negotiable bill of lading consigned to the shipper's order allows the exporter to retain control over the shipment as long as the buyer does not have in his/her possession one original copy. How the ocean bill of lading is issued (straight or order) as well as who gets the document and when, clearly becomes very important.

A straight bill of lading vis a vis an order bill of lading does not provide the shipper (exporter) with any control over the goods. It simply represents nothing more than a receipt for goods.

Ocean bills of lading are issued in sets of two or three originals (the number of originals issued will be shown on the document) and any number of non-negotiable copies. A "full set", represented sometimes by "3/3" or "2/2" is understood to mean all originals plus the same number of non-negotiable copies. Any of the originals is sufficient to obtain possession of the shipment.

Once one original has been submitted to the carrier, the remaining originals automatically become void.

"ON BOARD" AND "RECEIVED FOR SHIPMENT" BILLS OF LADING

When "on board" bills of lading have been issued, they represent the carrier's guarantee that the goods have been physically loaded on board and shipped on the vessel named on the document.

A "received for shipment" bill of lading only indicates that the goods have been received by the carrier and are waiting to be loaded on board and shipped on the first available vessel.

CLEAN BILLS OF LADING

A "clean" bill of lading is one that does not carry superimposed notations or statements related to the apparent condition of the goods and/or the packing. A notation to this effect will make the document "clausued" or "unclean".

"SHIPPER'S LOAD AND COUNT" AND "SAID TO CONTAIN" CLAUSES

Containerized cargo presents the difficulty of proof of count and/or damaged goods when the containers are loaded and sealed by the shipper. Carriers will disclaim any responsibility for quantities, condition, or types of goods stuffed in the container, by including the "shipper's load and count" and "said to contain" clauses on the bill of lading. However, if the stuffing of the container is done under the carrier's supervision, such clauses must not be accepted by the shipper.

HOUSE BILLS OF LADING

House bills of lading are issued by freight forwarders acting as agents for a particular carrier. These types of bills are not negotiable nor are they documents of title. They are primarily used for consolidations which are the combination of small shipments. The freight forwarder will issue a house bill of lading to each shipper involved in the consolidation covering only their part of the consignment.

SHORT AND LONG FORM BILLS OF LADING

A short bill of lading in a letter size format, contains only the most important terms and conditions of the contract. A long bill of lading in a legal size format, contains all the terms and conditions of the contract.