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## Bill of Ladings

July 30, 2012 By [Nick Akca](#) [1 Comment](#)

You see it almost everyday, you endorse it, stamp it, keep it in your files for years, you pay thousands of dollars to a bank sometimes to get a hold of this piece of paper, sometimes you take it to your lawyer. It's arguably the most important and widely used document in the shipping industry. It can also be one of the most overlooked items when making shipments.

<b>SHIP FROM</b>				<b>Bill of Lading Number:</b>					
[Name] [Street Address] [City, ST ZIP Code] SID No.:				BAR CODE SPACE					
<b>SHIP TO</b>				<b>Carrier Name:</b>					
[Name] [Street Address] [City, ST ZIP Code] CID No.:				Trailer number: Serial number(s):					
<b>THIRD PARTY FREIGHT CHARGES BILL TO</b>				<b>SPAC:</b>					
[Name] [Street Address] [City, ST ZIP Code]				Pro Number:  BAR CODE SPACE					
<b>Special Instructions:</b>				<b>Freight Charge Terms</b> (Freight charges are prepaid unless marked otherwise):					
				Prepaid <input type="checkbox"/> Collect <input type="checkbox"/> 3rd Party <input type="checkbox"/>					
				<input type="checkbox"/> Master bill of lading with attached underlying bills of lading.					
<b>CUSTOMER ORDER INFORMATION</b>									
<b>Customer Order No.</b>			# of Packages	Weight	Pallet/Slip (circle one)		<b>Additional Shipper Information</b>		
					Y	N			
					Y	N			
					Y	N			
<b>Grand Total</b>					Y	N			
<b>CARRIER INFORMATION</b>									
<b>Handling Unit</b>		<b>Package</b>						<b>LTN Only</b>	
Qty	Type	Qty	Type	Weight	HM (X)	<b>Commodity Description</b>		NMFC No.	Class
						Commodities requiring special or additional care or attention in handling or stowing must be so marked and packaged as to ensure safe transportation with ordinary care. See Section 2(e) of NMFC item 360			

Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows: "The agreed or declared value of the property is specifically stated by the shipper to be not exceeding \_\_\_\_\_ per \_\_\_\_\_."

**COD Amount: \$** \_\_\_\_\_  
 Fee terms: Collect  Prepaid  Customer check acceptable

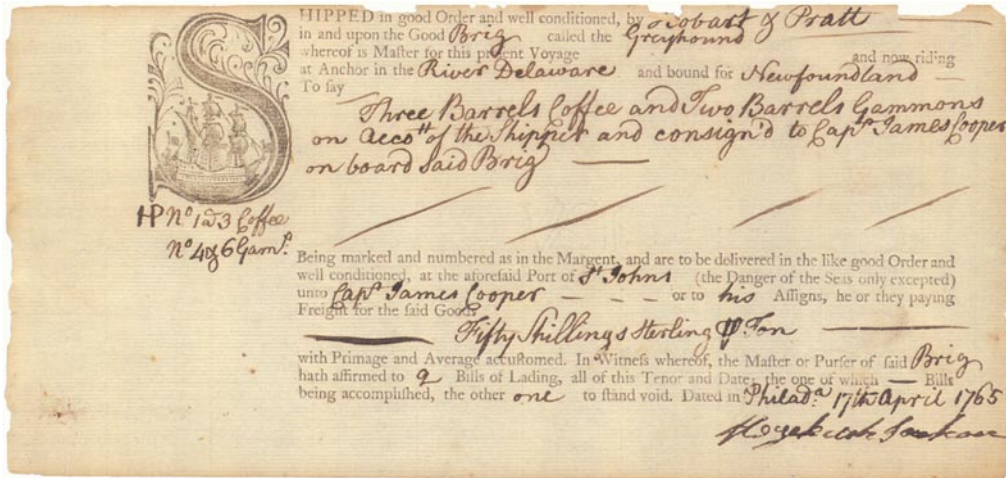
**Note: Liability limitation for loss or damage in this shipment may be applicable. See 49 USC § 14706(c)(1)(A) and (B).**

Received, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications, and rules that have been established by the carrier and are available to the shipper, on request, and to all applicable state and federal regulations.			The carrier shall not make delivery of this shipment without payment of charges and all other lawful fees.		
<b>Shipper Signature/Date</b>			<b>Shipper Signature</b>		
This is to certify that the above named materials are properly classified, packaged, marked, and labeled, and are in proper condition for transportation according to the applicable regulations of the DOT.			<b>Carrier Signature/Pickup Date</b>		
<b>Trailer Loaded:</b>			<b>Freight Counted:</b>		
<input type="checkbox"/> By shipper <input type="checkbox"/> By driver			<input type="checkbox"/> By shipper <input type="checkbox"/> By driver/pallets said to contain <input type="checkbox"/> By driver/pieces		
Carrier acknowledges receipt of packages and required placards. Carrier certifies emergency response information was made available and/or carrier has the DOT emergency response guidebook or equivalent documentation in the vehicle. Property described above is received in good order, except as noted.					

The functions of the bill of lading were gradually created by the practical needs and technical developments of a certain time. I think it's necessary to understand how the bill of lading evolved into the instrument that we know today. Bills of "Loading" as they were once called have been around for centuries, the early transportation contracts began to appear in 13th century. Back then it only functioned as a receipt for goods received by master or ship owners. Through the centuries it has developed into a receipt containing the contract of carriage between shipper and carrier, and it acquired the third characteristic later on, negotiable document of title.

Originally merchants in the old days didn't really have a need for such a document when transporting their goods, because merchants were often also the master of the ship or at least they used to travel at sea with their merchandise. Obviously this wasn't very practical practice. With commercial activity increasing in the world and merchants staying at shore, such transportation documents needed to be generated to prevent disputes and to serve as a proof of shipment to protect both shipper and consignee.

Back in old times, masters of the vessels had to be attended with clerks when receiving goods, these clerks were a member of the crew and their most important duty was to accurately record the cargo received in a parchment book or register while the master, shipper and another witness were present. The bill of lading which was originally a copy of the book of lading probably produced to guard against the loss of the only record of the cargo in case a ship was lost. In such case the shipper would often be at the mercy of the master to clarify what the cargo consisted. Since the merchants didn't accompany the cargo anymore, there was also a need for separate documentation that they could keep with them, and later another copy would also serve as a proof that the party demanding the cargo at destination was in fact the consignee. One of the earliest documents where the bill of lading is mentioned by its modern name was in Europe, in the law of the Hanseatic cities in 1591. It's also widely accepted that Italy is the birthplace of the bill of lading, because of the growing economies of the Italian city states due to the sea commerce between Italy and the Roman Empire in Constantinople.



Through the centuries, many protocols and rules shaped the characteristics of today's modern bill of lading, limitation of the parties, practices of bill of lading exchanges, shipper's, consignee's and carrier's legal rights. Hague Visby protocols, Bill of Lading Act of U.K. Brussels Protocol, Carriage of Goods by Sea Act are some of the most important ones. There are many types of bill of ladings used in shipping industry depending on transportation mode, purpose etc., to summarize shortly we can list Shipped (On Board) B/L and received for shipment B/L, Clean B/L and unclean B/L, Straight, blank and order B/L (which is used widely used in international trade), Direct, transshipment, through bill of lading, Liner B/L, container B/L and combined transport B/L, On Deck B/L, stale B/L, ante-dated B/L and advanced B/L, Non-Negotiable Bill of Lading, House Bill of Lading (also known as forwarder bill of lading).

There have been many efforts to bring into existence negotiable electronic bill of lading that would replicate all the functions of their paper version but the development has been slow so far. Because this concept hasn't received the full support and confidence of all the participants in international business due to concerns about security and authenticity. Now after mentioning brief history of the bill of lading, I'd like to mention the importance of it. A bill of lading has 3 main characteristics:

- (1) Receipt for the goods shipped.
- (2) Evidence of the terms of the contract of carriage
- (3) Document of title to the goods specified in the Bill of Lading.

The Receipt Function.

It indicates the identification of the shipped goods, the number of packages, pieces, quantity, or weight of the goods shipped, and the apparent order or condition of the goods at the time of loading.

## Evidence of Contract of Carriage Function

It is evidence about a valid contract of carriage of goods by sea. In short the bill of lading is evidence of the contract of carriage of goods. So, it is not a contract but it is only evidence of the contract between shipper and carrier.

Bill of lading is a document of title.

The bill of lading is a typical document of title. This makes it one of the key instruments in international trade. A document of title to goods is a written document which proves that the person indicated on it as the owner of goods has title to them. When transferred from the indicated owner of the goods to another party, transfers title to those goods to that other party, even though the goods may not be in the physical possession of the original owner. The passage of title to goods specified in a Bill of Lading is done by endorsement.

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### About Nick Akca

Nick got his BA in Maritime Business and Administration in 2005, and has been working in the logistics industry since. He has been with MTS since October 2010, and works out of our Los Angeles office.

## Comments

1.  [Ashley Skaanild](#) says:  
[July 31, 2012 at 6:07 am](#)

Dear Nick,

Thank you for a good summary of the history and main functions of the Bill of Lading. It has been a long time coming, but the electronic Bill of Lading has arrived, a fully electronic, digitally signed document that is the legal and functional equivalent to the paper document. It's been in use only 2 years but is quickly being adopted by the industry and solves many of the existing issues that plague shipping today – including the fact that the documents often take longer to arrive at destination, at high courier cost and risk of loss, than the goods themselves because they have to pass through multiple banks, traders, etc. This has resulted over the years in companies adopting new processes to cover for the inefficiencies of physical paper movement, such as Letters of Indemnity. Imagine a world where all you need to do to take title to a B/L, and constructive title to goods, is to log into a web-based platform,

and with a few mouse clicks endorse the documents to a new buyer who takes title immediately. It's here – and as easy to do (but infinitely more secure) as updating your status in facebook!

Regards,  
Ashley – Electronic Shipping Solutions (www.essdocs.com)

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