

Functions of Ocean Bill of Lading in Uniform Customs and Practice for Documentation Credit (UCP 600)

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Abstract

One of the most controversial issues of international trade law is bill of lading and their function in the ucp-600. Because the merchant is not able to pay the money of the transaction, he is required to impawn the bill of lading in the banks and demands credit in order to pay the money of the transaction. On the other hand, regarding that the parties to the contract are in different countries with different national laws, neither the buyer assures to pay the price before delivery, nor the seller is confident to deliver the goods to the buyer, so banks play a mediating role therefore after opening the credit and delivering the bill of lading, they will pay the money of transaction, then refers to the buyer. After the contract between the buyer and the seller has been concluded and the goods have been shipped from origin to destination, the seller delivers the goods to carrier and the carrier issues the bill of lading and then delivers it to the sender and then the sender will send it to the buyer and in the case that letter of credit is used, the sender will then send it to the advising bank then the issuing bank of the letter of credit and the advising bank will take the money and the issuing bank will deliver the bill of lading to the buyer to receive and clear the goods at the destination. Therefore, if the buyer fails to pay the money, then the issuing bank clears the goods by itself and then sells or transfers the goods by endorsement.

Keywords: letter of credit – bill of lading – issuing bank

1. Introduction

Different documents such as contract of carriage, insurance policy, certificate of insurance, receipt of goods, bill of lading and Waybill are used in the carriage of goods by sea. The importance of these documents is evident due to the fact that a considerable volume of freight is carried out in international relations by sea. These documents are required to use credit documents and it seems the bill of lading is the most important document in this set of documents. Paper bill of lading have been used by merchants for centuries and in the long run, despite the benefits of the document and its functions, there are also problems with the shipping process. For example, it could be due to the slow flow transaction of paper documents or problems caused by the lack of evacuation of the ship, the bill of lading is indicated by the consignee at the destination and on the arrival. This and other problems cause international efforts to replace this document with a document that minimizes such obstacles. This article investigates the position of bills of lading and their function in credit documents and what bills are accepted by banks to open credit. To clarify the matter, the carrier must be defined in accordance with the relevant conventions and regulations. But in order to get acquainted with the history of the bill of lading, in this article, first the history and then the main topic will be discussed.

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1.1. The History of Using the Bill of Lading

The history of the bill of lading started with maritime transportation, however, freight by shipping has been around for thousands of years. But it is not clear precisely from what date the use of the bill of lading has become Conventional among freight traders and carrier. In the earlier times the owner of the goods would send a person as the agent with the goods, to deliver the goods to the port of destination. Over time as the volume of goods and the number of consignors increased, this method became unusual and impractical. Other methods were then tested, in order that the owner of the goods received a receipt from the consignee upon receipt of the consignment. This approach gradually changed to the current method of issuing and using the bill of lading. Issuance and use of bill of lading in the present form has become commonplace since the second half of the sixteenth century [1]. In Iran, due to nomadic rule and political structure, it has not had any success in foreign production and trade and only to a limited degree has it been able to develop to a relative degree in commerce. Most of the historical moment in this case is the era of the first king Abbas. Silk production increased, after the Armenians and Georgians entered Iran. In 1926 Iran's foreign trade was weak and it was restricted to the import and export of certain items such as sugar loaf, sugar, spices and textiles from Russia, India, and sometimes China. Afterward, foreign trade was dominated by the government and in 1930 a foreign trade monopoly law was approved and the chamber of commerce was established in the big cities of Iran. After September 1941 and the deportation of Reza Pahlavi the King, businessmen protested and the law on monopolies was abolished. During the period 1960 to 1978, the private sector had a special portion in the field of the industrial foreign trade, banking, insurance and other economic units. After the victory of the revolution many large units were confiscated and made available to the public and revolutionary institutions. Generally international trade has passed through four historic stages. 1. International trade from the ancient times to the middle ages, which practically included customary business practices and the only laws that applied in ancient Rome and Greece. 2- the next stage of international trade in the middle ages. 3. Medieval trade in national law systems in the 17th, 18th and 19th centuries. 4- contemporary era, which is mentioned in all these periods and stages, bill of lading played a role as the receipt of the goods, A reason for the contract of the carriage of the goods and the document of ownership of the goods were involved. The following is a detailed description of the bill of lading [2]. In the modern era of human civilization, western countries have a great role to play in the Creation and Development of maritime rights and regulations governing the carriage of cargo by sea. For example, the common law rules of the British legal system which are based on custom has been governing on maritime transportation for centuries and bill of lading were prepared and regulated in accordance with customary law. After the discovery of the American continent and its development, with the extent of international trade, the custom traditional rules were not accountable for the legal problems of the maritime transport industry, an industry that was growing daily. At this time, freight transport through the united states of America, took on a new order. From an overall perspective, the bill of lading can be considered as a document for provisional receipt of goods approved by the owner or captain of the ship or their agent who is being exported [3].

2. Definition of Carrier

In the definition of a freight forwarder, article (1) of the Hamburg convention Prescribes, the freight forwarder is anyone who by him or her name a contract of carriage has been concluded with the sender of the goods. Paragraph 2 of the same article Prescribes that a real freight forwarder is the person who the shipping or a part of it is entrusted to him by the freight forwarder and any other person entrusted with doing so, means carrier and the freight forwarder is responsible for the shipment and delivery of the goods. In the rules of Rotterdam, the freight forwarder is a person concluding a shipping contract with the consignor. Such a contract covers maritime, land (rail and truck) and air freight but the carrier at the Hamburg commission is any person who, by or to his or her name, has entered into a contract for the carriage of goods by sea with the consignor. So it does not include freight by air, rail or truck and it applies only to the carriage of goods by sea. The use

of electronic communications in maritime transport could eliminate the disadvantages of traditional bill of lading and therefore benefits the businessmen. In this regard, the most recent convention on maritime transport of goods namely, the United Nations Convention on the International Carriage of Goods, in whole or in part by sea, the Rotterdam Regulations of September 2008, alongside the paper bill of lading, has mentioned the electronic shipping history. In these regulations, after defining the term "electronic shipping history", article 1, paragraph 18 of the code also prescribes "Electronic transport record" means information in one or more messages issued by electronic communication under a contract of carriage by a carrier, including information logically associated with the electronic transport record by attachments or otherwise linked to the electronic transport record contemporaneously with or subsequent to its issue by the carrier, so as to become part of the electronic transport record, that: (a) Evidences the carrier's or a performing party's receipt of goods under a contract of carriage; and (b) Evidences or contains a contract of carriage. When this document is issued by a freight forwarder, typically, the issued document equals one bill of lading. The attachment data of this bill of lading can also clearly be the electronic signature to which the document is attached. Also, the mere recognition of this type of bill of lading is not considered a reason for replacing the electronic bill of lading in practice. The obstacles to replacing paper bill of lading with their electronic counterparts, both practical and legal, must be identified. Bolero is an international organization created by some of the world's leading banks and transportation, trading and other companies to provide secure business information online. The functions of these organizations include a variety of open trading accounts, document collections and documentary credentials. In addition to the digital bill, Bolero manages many related documents online and it intends to submit all banking documents, business certification, customs, insurance and transportation documents electronically. Bolero uses open standards (such as EDIFACT and xml), a registered legal infrastructure, and a secure messaging system (in conjunction with swift). Its strict registration system only accepts companies that are members and verifies and checks their identity, and they accept the strict rules. Bolero's goals include:

- (1) development of a financing chain as a modern physical supply chain,
- (2) unparalleled and useless security from paperless electronics commerce,
- (3) integration of transport and production systems,
- (4) complete confidentiality of transactions
- (5) fast and reliable delivery of documents anywhere in the world with undeniable proof of delivery,
- (6) resolve dispute timely with reasonable cost
- (7) transparency and visibility in the process.

3. Definition of Bill of Lading

The bill of lading, abbreviated as BL or BOL, is a document issued by a freight forwarder. Issuing this document means that the specified goods is delivered at the specified origin for delivery to the specified destination. The bill of lading is usually issued for sea, land, rail and air freight. There is no precise definition of the bill of lading in Iran trade law. However, paragraph 1 of article 383 of the commercial code refers to the issuance of a bill of lading. Therefore, the bill of lading can be defined as follows [4]. Bill of lading, is securities that the transportation agency issues and specify the goods, the name and address of the consignee and the consignor, the amount of the fare, and the number and weight of the goods. The issue of the bill of lading is the reason for the contract of carriage between the sender and the freight forwarder. The bill of lading proves that the sender has submitted the goods to the carrier. In this case the bill of lading is the receipt of the goods. After issuance of the bill of lading if the carrier has claimed against its contents, it will not be accepted because the bill of lading is proof of delivery of the goods by the sender with the same quality as stated in the bill of lading. The bill of lading is the reason for the ownership and also it is usually a tradable document and can be endorsed and is usually exported to remittance but it can also be issued in the name of the carrier. The bill of lading should be unconditional unless otherwise is agreed between the parties.

Some of Iran's transport laws are as follows: Referring to paragraph 2 of article 2 of the commercial law, being a carrier is a commercial activity, Therefore, from the legal point of view, the responsibilities and obligations of the company and its executives are subject to the commercial law (articles 377 to 394), As well as the general conditions of the internal road transport of goods (high council of transportation coordination of the country) will be. But considering that transportation operations require the issuance of a bill of lading in accordance with the relevant rules and regulations and completion of all copies and contents by transportation companies and agencies is required [5].

4. Types of Bill of Lading

Ocean bill of lading is divided into different types: charter party bill of lading, through bill of lading, FIATA- Combined Transport bill of lading (International Federation of Freight Forwarders Associations), nonnegotiable sea waybill. But in the usual talk of transportation the types of bill of lading used in the freight shipping industry are classified as follows [3]: 1- charterers bill of lading, 2- charterers party bill of lading, 3- claused bill of lading, 4- clean bill of lading, 5- combined transport bill of lading, 6- freight forwarders bill of lading, 7- freight prepaid bill of lading, 8- liner bill of lading, 9- ocean bill of lading, 10- received for shipment bill of lading, 11- ship owners bill of lading, 12- spent bill of lading, 13- shipped bill of lading, 14- straight bill of lading, 15- sea way bill of lading, 16- through bill of lading, 17- liner bill of lading, 18- transshipment bill of lading, 19- container bill of lading, 20- stale bill of lading [6], 21- order bill of lading (negotiable) [6], 22- groupage bill of lading [7], 23- short form b/l, 24- third party bill of lading [8], 25- charter party bill of lading [8 and 9], 26- ondeck bill of lading, 27- on board bill of lading.

4.1. Forms of Maritime Bill of Lading in Accordance with the Uniform Form of Letters of Credit

The original maritime bill of lading should be signed according to rules at paragraph b, [10] article 20 UCP600 and be mentioned based on the name of the carrier as carrier. Article 19 [11] prescribed that A transport document covering at least two different modes of transport (multimodal or combined transport document), however named, must appear to: a. The carrier's name and the signature, b- postage date [12]. The shipment document must also indicate the place of dispatch, take-over or loading or final destination. If the shipment document indicates the likelihood of the goods being transported from one vehicle to another, carriage of goods throughout the route must be covered by the same unit document. Elsewhere, the bill of lading, whatever the name, should include the following: the name of the carrier who has so signed: by the carrier or his or her agent, for or on behalf of the carrier, the signature of the carrier, his or her commander or representative in such a way as to be identifiable as the carrier, commander or agent. Any signature by the agent to indicate whether the agent has signed the document as agent "for the carrier" or on behalf of the carrier "or" for the commander or "on the commander's part" [13]. If the bill of lading is signed by the ship's commander, the signature must be designated as "Mr. Captain", otherwise, the carrier must be clearly identified. Loading of goods in loading port documentary credit [6]: it should be done either equivalent to the printed text of the bill of lading, or during the loading note indicating the date on which the goods were loaded. The date of issue of the bill of lading will be considered as the date of shipment unless the bill of lading has a shipping note with the date of shipment, in this case the date inserted in the loading note will be assumed as the shipping date. If the bill of lading includes the phrase "vessel intended" or similar phrase in relation to the name of the ship, a loading note indicating the date of shipment and the actual ship name is required. Even if the transfer of goods from one ship to another is not authorized by documentary validity, a bill of lading indicating the probability of carrying or carrying goods from one ship to another is acceptable provided that the goods are delivered in containers, trailers or lash barge according to what is confirmed in the bill of lading. If in a bill of lading states "freight forwarder bills of lading are not acceptable" and by this state it allows to deliver the bill of lading issued by the carrier, therefore the bill of lading provided by the carrier under the same title is

signed, is acceptable. In this case it is not necessary to mention the name of the agent and carrier [5].

4.2. Ship Confirmation Form in Accordance with the Uniform Rules of Credit Documents

If the bill of lading is printed and the carriage of goods is confirmed, the bill of lading date will be considered as the shipping date, however, if another confirmation of these types of the bill of lading are attached, the confirmation date is attached to the shipping date. However, the mentioned date shall be late or preceding the date of the original bill of lading [5]. Sometimes, in addition to the bill of lading, attachments are issued, the date of which takes precedence over the date of the bill of lading. In terms of issuance, the bill of lading is divided into three types on the recommendation of the sender or the buyer or the bank which include the bill of lading in the name of the person is remitted to the carrier and issued on the carrier's behalf. If the goods have been banned from a vehicle to another vehicle in the letter of credit, banks will accept the bill of lading under the following conditions. (a) if the goods are shipped in containers, trailers and lashes, it indicates that the goods will be transported from one vehicle to another provided that the freight is carried along the entire freight route under the same bill of lading. But if another bill of lading is issued after the transfer or, this is stated in the first bill of lading, banks will refuse to accept it. If it contains circumstances that indicate the carrier has the right to transfer goods from one vehicle to another, the bill of lading should mention that the carrier has the right to transport the goods from one vehicle to another. If, when a documentary credit does not permit frequent shipment and more than one series of original shipping documents is provided, if these documents prove that the shipment of goods from one or more authorized ports is subject to documentary credit, such a bill of lading will be accepted by the banks provided that the carriage of the consignment on a ship on the same voyage to the port of destination is done. When shipping documents are presented in several series or different shipping dates, the date of the last document of shipment will be considered as the date of submission to the bank and it had to be the date before or equal to the date mentioned in the letter of credit. Freight on more than one ship will be considered as frequent shipping even if the ships are moving to the same destination in one day [14]. Terms and notes in the bill of lading that indicate a defective product or packaging that issue documentary credit are not acceptable. Terms and notes that do not explicitly indicate that the goods or packaging is defective is not regarded as contradiction for example "packaging may not be enough for shipping" [5]. Inserting packing terms for shipping will not be sufficient and acceptable, this is because the bill of lading should be clearly stated as to why the bill was distorted. In the requested credit documents in which the bills of lading are unconditional and confirms the carriage of goods, there is no need to include the word "clean" in the bill of lading. If the word "clean" is inserted and then deleted, such bill of lading is not conditional or restricted unless a sentence is written that indicates a deficiency in the product or its packaging.

4.3. A description of the goods in the bill of lading and their conformity with the L / C

The description of the goods can be generally stated in the bill of lading provided that it does not conflict with the description given in the l / c. The description of the goods inserted in the combined shipment bill of lading can also be generally stated and in that case, it should not be different from the description given in the document. Any modification to the Combined Transport bill of lading must be acknowledged. This acknowledgment must be made by the captain of the ship, the carrier of the combined cargo or their representatives provided that it is clearly identified as the carrier's representative or any of the others mentioned. A photocopy of the bill of lading does not require signature and confirmation of amendments [15], the number and type of packaging and their constitute the main body of the bill of lading and it should contain the final news including the number of packages (negle - type of packaging, carton, box ...) And if there is a l-c, the description of the product must match what is stated in the l-c context even if there are misspellings contained in the text, and should be written in the same way. Cargo weight: insert weight of goods in kg; dimensions of cargo: insert cargo volume in cubic meters, date of issue and signature of the bill of lading, signature number of original manuscript of bill of lading, insert number of

manuscripts, insert number of original manuscript issued and in a bill of lading that does not indicate ownership, in this place (box), the digit zero is inserted, cost account and shipping rates. Corrections and changes: any modifications to the bill of lading must be approved. The confirmation must have been made by the carrier, the ship owner or one of its agents, even a representative other than the agent who made the change provided that they are explicitly designated as agents of the carrier or other authorities referred to above. The tradable versions of the bill of lading do not need to be signed. Acknowledgement of corrections made in the original manuscript also is not necessary in non-tradable versions [5]. If requested in a letter of credit to indicate how the shipment is to be paid, the bill of lading should specify how the fare will be paid. The person applying for the opening of a documentary credit and the bank should openly and explicitly demands that they write down how the freight will be paid on the bill of lading, and if, by virtue of the l-c, other costs other than the fare are not agreed upon by the parties, extra costs are not acceptable in the bill of lading, in other words, such costs are possible under other titles like extra costs or referring to the conditions of carriage which indicate that there is an additional cost associated with unloading and loading. Writing the costs caused by delay in evacuation or post-evacuation costs such as delays in the return of containers are not included in the above costs. If it is stated in the bill of lading that, the goods in one container are related to that bill of lading and other bills of lading or similar terms to which all containers must be delivered to the consignee, all the bill of lading related to that container must be submitted for clearance of the container. Such a bill of lading will not be accepted by the bank or the institution issuing the letter of credit unless all the above mentioned bill of lading are submitted under the same letter of credit and at one time the supply of documents is submitted [5]. Inserting the number of original versions in shipping documents is required. Freight documents to be named, with first, second, third, etc., or similar terms they will all be original. There is no need to include the word "original" in order to accept a consignment note as the original shipping document. If the cargo bill of lading is signed by the ship's commander or ship owner, the signer must be designated as Captain. If a shipper's cargo is signed on behalf of the ship's commander or ship owner, the signer must specify his representation, and the name of the commander or owner of the ship he represents and the signature of his party [8], must be indicated in the bill of lading. If, in a letter of credit, the name of a region or multiple ports is written instead of the port of discharge and the port of discharge, in this type of bill of lading, the exact port name or ports of loading should be written, such that, mentioned names in the specified area shall be in the related concerned ports but in such a case, the name of one district or several areas or multiple ports as a port of discharge will not be impeded [5]. The name of the port of discharge shall be stated in its place on the bill of lading or be announced elsewhere (place of final destination) or similar title. If it is determined that the goods are shipped to the mentioned final destination and there is a note on the bill of lading indicating that the port of discharge is a place declared at a place (place of final destination) or a similar title [5]. If the container storage area or terminals are declared as the place of receipt and the specified location is the same as the port of loading, in this case both locations will be considered as one. It is unacceptable to write any phrases or words on the courier bill of lading that clearly indicate a defect in the goods or their packaging. Expressions or words that do not clearly indicate a defect in the product or its packaging shall not be considered as contradiction [5]. If in the letter of credit, there is a demand for a shipping document, however, it may include at least two types of carriage, this type of shipping document characterizes the shipment from the origin of the goods to the final destination [16]. In this situation a combined transportation document should not be the only characteristic of shipping or sending goods with one type of means of transport and combined shipping methods may not be included in the document. In such events, instead of combined carriage, the term multiple carriage document should also be accepted. To accept a document, according to article 31 UCP you do not need to insert the title of the combined document or the multiple transport document on the bill of lading even if such terms were included in the letter of credit. The shipping document described in article 31 UCP shall indicate the number of original versions of the exported document. All versions are original [5]. If in the credit document, a bill of lading to a specific person to remittance is demanded, there should be no words on the bill of lading indicating the issuance of a direct bill of lading in the name of a specific person. If the combined

shipping document is ordered or remitted to the sender it must be endorsed by the consignor. If endorsement is done by the deputy transmitter, it will be acceptable, if in a documentary credit, the notifying party is not stated, the location in the combined shipping document can be unwritten or be completed in another way [8 And 5]. In the case that, the combined shipping document indicates that the item in the container is related to that document and several other combined documents, it means the container with the goods in it must be delivered to the consignee intact and for customs clearance, all combined shipping documents must be delivered. As such, the combined document will not be accepted except that all relevant shipping documents must be submitted under the same credit document at once. Sometimes the cargo is shipped via forwarder. Forwarder company, performs all details and steps for the sender to send the goods, for instance, reserves the carrier, in some cases they pack the goods and transports the goods to the carrier company. Forwarders, however, are not carriers but they issue combined shipping documents and if they represent the carrier company, this agency is stated on the combined freight bill of lading [5]. In other cases, generally, the FIATA combined shipping document is issued as "Negotiable or direct". Shipping documents that do not indicate the ownership document, should not be issued "by order or by remittance" to a specific person. Even if according to a documentary credit, providing a shipment document that does not confirm the ownership document "ordered or remitted" to a particular party, In this case, it will be accepted if the document is issued directly and to the designated recipient. If the document does not include the name of the "notifier", the place for the "notifier" in the bill of lading can be left blank or in another way it has to be completed. The information required in the maritime vessel is as follows: 1- carrier, 2- exporter, 3- the one owns the goods, 4- the one knows when the goods arrive, 5- ship 6- port of exporting goods, 7- port of importing goods, 8- symbols of packages, 9- number of goods shipped, 10- types of goods 11- shipping costs, 12- number of complete manuscripts bill of lading, 13- date of issuance of bill of lading [6]. Two things to be noted about the bill of lading are, first, the transfer of the bill of lading is merely a symbolic transfer of the seizure of goods but this does not necessarily mean the transferring ownership of goods. Transferring the bill of lading, transfers the rights which the parties intend to have those rights. When the consignee or beneficiary of the endorsement of the bill of lading is the forwarding agent at the final destination, it is clear that, the parties only intend to transfer the bill of lading, when the goods arrive at the destination, they transfer the right to demand delivery of goods by the freight forwarder not to transfer the ownership of goods. When recipient or beneficiary of endorsement is a bank which by mortgaging the goods mentioned in the bill of lading, made a prepayment, which parties may intend to create a mortgage right to the goods for the bank but they did not intend to transfer ownership of the cargo to the bank, if the goods are not specified, for example, they are part of a bulk cargo ownership, the ownership cannot be transferred by the transmission of the bill of lading. Where goods are specified, it depends on the intention of the parties that, whether or not the ownership of the goods is transferred by bill of lading. Sometimes the transfer of ownership takes place along with the transfer of the bill of lading. Second, only the person with the bill of lading has the right to claim the goods from the freight forwarder. In the case that carrier delivers the goods to the holder of the first version of the bill of lading, despite the fact that this version is one of the originals, the carrier is protected by law and there is no need to verify ownership of the bill of lading or review other versions of the bill of lading. The bill of lading maintains the ownership as long as the maritime carrier delivers the goods for the bill of lading and after the delivery, the ownership of the bill of lading ends. The bill of lading does not lose its character as a document of ownership over time "that is, due to its lack of immediate delivery at the same time as the ship arrives at its destination." the freight forwarder is not responsible for the wrong delivery of the goods in the case that an individual presents a bill of lading that is not his or hers and receives the goods. But the freight forwarder is responsible if he is aware that the owner of the bill of lading is not the person who presents it. The carrier, or his agent can deliver the goods to persons who do not have the bill of lading, if they personally accept the risks involved. If the person is not the actual owner of the goods, the carrier, is responsible against the actual owner [3]. Carriers, insist on submitting a bill of lading, but where the bill of lading is presented and the identity of the consignee is suspicious or, in other exceptional cases, "for example in the oil trade", the goods arrive at the destination before the last bill of lading is

delivered by the last beneficiary of endorsement, the reason is that bill of lading are traded in chain contracts. In such cases, the carrier, may deliver the goods with the bank's letter of indemnity, but the potential danger lies with it. Some carriers deliver the goods with an indemnity letter, which in some cases must be provided by a bank. If the true owner of the goods cannot deliver the bill of lading, he cannot claim the goods. In the trade of petroleum products with the unconditional duty that an original version of bill of lading must be delivered when the cargo arrives at the destination, is sometimes tolerated. In the case that the oil tanker is leased for a specified period of time, if tenant orders the captain of the merchant ship to deliver the cargo to the contractor without submitting the bill of lading, the captain has the right to withhold orders. But if there is no doubt that there is not any problem with the order and if he does so and then the owner of the goods undergoes losses, he should usually accept the responsibility as the commander of a merchant ship, but he will be able to claim compensation from the tenant who issued the illegal order. Applying the bill of lading as a logical ownership document is distinct from its quality rather than a transferable document. A bill of lading, which is not exportable, operates under an ownership document, because the consignee can deliver the goods only when the bill of lading is delivered by the carrier. The actual value that the bill of lading has as a means of quick transporting cargo during the shipment, is derived from its two-sided customary composition, that is, to be quasi-transferable and to apply it under a title ownership document [6].

5. Conclusion

The main purpose of the bill of lading is that the owner of the cargo can quickly transfer his goods to another and if needed, in accordance with the uniform regulations, make it collateralized by the bank for credit payments, even if the goods were not delivered to him and still are in the hands of the carrier. When goods are shipped from one country to another in international waters, the bill of lading is sent by the seller to the credit institution or purchasers by mail, airmail or electronic mail and so the buyer owns the goods. A bill of lading expressing the goods, enables the buyer to pledge the goods in the bank or to sell them to another buyer. The bill of lading is commercial custom and is an exemplary institution, includes variety types of international trade documents such that its utilization began in the sixteenth century [6]. In the past, bills of lading were printed and distributed to merchants in all places in different languages. The legal perspective of the bill of lading is: 1- a receipt that is in the correct and legal form by the ship owner indicating that the goods are of the stated quantity and condition in accordance with the claims made; they are sent by a certain ship to a certain destination or to be delivered to the owner of the ship for shipment. 2- a note on the contract of carriage, which details the repetitive details of the contractual terms which are in fact has been concluded before signing the bill of lading. 3- a document of ownership of the goods enabling the recipient of the goods assign the goods by endorsement and delivery of the bill of lading to another [6]. A maritime bill of lading is likely to play the following roles: 1- a written document and clear reason for receipt of the goods mentioned therein issued by the shipping agency. 2- considered as a maritime cargo contract document. 3- titled as ownership document and the holder is authorized to deliver and clear the goods mentioned in the bill of lading. 4- as a transferring document, its holder, by presenting the bill of lading at the destination to the carrier, is able to deliver the goods and if the goods have been delivered to a third person, they have the right to sue the carrier. According to the law, the person holding the bill of lading is as the person whose goods are in his or her possession and that's why the transfer of the bill of lading will cause the transfer of goods. This is done by endorsement where by the rights and duties of the holder of the bill of lading are transferred to the person whose bill of lading has been endorsed in his name [3]. Letters of credit are, by their very nature, is a separate transaction from the sales contract and other contracts which are the basis of credit opening. Basic letter of credit agreements has nothing to do with banks and makes no commitment to them, even if in a letter of credit, any references to this type of contracts have been made. As a result, the bank's commitment to accept payment of the transaction or any other liabilities under the l-c will not be subject to the claims or defenses applicant of the l-c originating from its relationship with the issuing bank or beneficiary bank. The beneficiary of the credit is not able, under any circumstances, to benefit from contractual

relationships between banks or the issuing bank and the applicant for a letter of credit. The issuing bank shall waive the letter of credit applicant from the incorporation of a copy of the contract, commercial invoice or similar documents as an integral part of the credit.

Acknowledgments

I want to thank DR. Saeid Kheradmandy and Dr. Javad Poorkarami, as well as Dr. Azadbakht who helped me in this paper.

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