THE VARIOUS TYPES OF CONTRACTS IN INTERNATIONAL COMMERCIAL TRANSACTIONS.

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1.0 **Introduction**

Sale of Goods is defined in section 1(1) of the Sale of Goods Act, 1893 as "A contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a money consideration called the price". A contract of sale is usually regarded as an 'international' contract of sale where the sale contract requires either the seller or the buyer to contract for the transportation of the goods from one country to another.

This paper seeks to describe the various types of international commercial transactions there are, the duties and obligations of both sellers and buyers in this respect. It explains the different methods of entering into the foreign market, the importance and differences as well involved in these transactions.

2.0 Definition of Terms

Sale of Goods is defined in section 1(1) of the Sale of Goods Act, 1893 as "A contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a money consideration called the price". This means that in addition to the ordinary elements of a contract, two other element, goods and money consideration, must also be present in a contract of sale of goods.[1]

International commercial contracts are sale transaction agreements made between parties from different countries.[2]

A contract of sale is usually regarded as an 'international' contract of sale where the sale contract requires either the seller or the buyer to contract for the transportation of the goods from one country to another. From this point of view, the international element is not whether the seller and buyer are in the same state, but that the goods are moved from one state to another.[3] A contract of sale can also be regarded as 'international' where the sale is entered into between parties who are situated in different states, irrespective of the places from and to where the goods are to be transported.[4]

[1] Sale of Goods Act, 1893.
[2] Ziegel, Jacob S. and Lerner, Shalom (eds), *New Developments in International Commercial and Consumer Law* (1998) 5.
[3] R. Goode, *Commercial Law* (3rd edn, Penguin, London, 2004) 863.
[4] Vienna Sales Convention 1980: Art. I.

The methods of entering the foreign market, with choice made balancing costs, control and risk, include:

1. Export directly.
2. Use of foreign agent to sell and distribute.
3. Use of foreign distributor to on-sell to local customers.
4. Manufacture products in the foreign country by either setting up business or by acquiring a foreign subsidiary.
5. Licence to a local producer.
6. Enter into a joint venture with a foreign entity.
7. Appoint a franchise in the foreign country.[5]

Terms and conditions are provisions in commercial documents, often accompanying shipments, which provide for the contractual relationship of the parties as to the buying or selling of the goods. While we have created some basic provisions below for consideration, it is essential for the international business to realize that before you simply include them, you understand why they are so necessary in international business.[6]

If the business owner does not create a full understanding on the part of appropriate staff as to why the forms have to be obtained in just the right way, it will soon be discovered that they are only done correctly half the time, and invariably not when you really need them. Therefore, one has to make sure that it is understood that this is not a technicality but the very essence of how to avoid massive losses.

3.0 Types of international commercial transactions

A. FOB.

B. CIF.

C. Export Sales.

D. Contract of carriage.

E. Bills of lading.[7]

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[5] Gilligan, Colin and Hird, Marin; *International Marketing: Strategy and Management* (1986) 99.

[6] Stimmel & Roeser, *International Commercial Transaction Standard Terms and Condition.* www.stimmel-law.com: (last accessed, 18th February, 2020).

[7] USLEGAL; *Contracts FOB Law and Legal Definition.* www.definitions:uslegal.com/c/contracts.fob/. (last accessed, 18th February, 2020).

The overall purpose of trade terms generally is to provide shorthand expressions for much more complicated and detailed arrangements between a buyer and a seller in an international transaction. For example, "FOB" or "CIF" deal with the following issues, among others:

• transfer of risk that the goods will be lost or damaged during transport;
• arrangements for carriage of the goods and insurance of them during transport;
• responsibilities for obtaining export and import licenses and paying of duties;
• details regarding the packing and marking of the goods;
• the nature and type of documents to be generated and used in the transaction;
• responsibility for checking operations and certifying the quality of the goods; and
• requirements regarding notification that various arrangements have been made.[8]

3.1 FOB Contracts

Contracts dealing with goods to be shipped often include an FOB clause, which stands for "free on board". This means that the goods will be shipped to a specific place without cost. The FOB terms are an important part of the purchase contract. The FOB terms describe:

- who selects the carrier.
- who pays the freight charges.
- who has title to the goods during shipment.

FOB clauses may be stated as either FOB Destination, FOB Origin, or FOB Shipping point. FOB Destination is the standard and most common FOB term used by buyers. The seller is the owner of goods while in transit and is responsible for any loss or damage up to the time of delivery. Other ways of expressing the FOB Destination are "FOB Destination Name".

Less often, a buyer will use the shipping term FOB Origin or FOB Shipping point. FOB Origin is usually used when the price of shipping is negotiated separately from the price of the goods, such as when the item to be shipped is extremely large or heavy. Sometimes a buyer will use FOB Origin when they have all of their shipping to be done by a specific carrier with which they had negotiated favorable pricing, terms and conditions.

3.1.1 Duties of the Seller under FOB Contract

I. To bring the goods to the Port of loading and put them on board a ship.

[8] Jan Ramberg, *ICC Guide to INCOTERMS 2010* (2011) and Jan Ramberg, *International commercial transactions*, (4th ed. 2011). 95-119.

II. To pay charges incidental to putting them on board.

III. Inform the buyer that the goods are to be shipped F.O.B. so that the buyer may insure them during their sea transit. The seller will be liable under Section 32(3) of the Sale of Goods Act[9] if he fails to do this. The section provides that unless otherwise agreed, where goods are sent by the seller to the buyer by a route involving sea transit, under circumstances in which it is usual to insure, the seller must give such notice to the buyer as may enable him to insure them during sea transit and if the seller fails to do so, the goods shall be deemed to be at his risk during such sea transit. See Wimble and Sons V. Rosenberg and Sons**.**[10]

3.1.2 **Duties of the Buyer under FOB Contract**

1) To nominate a ship and advise seller, in good time. If the seller is prevented from putting the goods on board by the buyer's failure to nominate an effective ship, the proper remedy of the seller is an action for non-acceptance and not an action for price.[11]

   See Colley v. Overseas Exporters[12]**.** C sold to O some leather F.O.B. Liverpool, the goods being unascertained at the date of sale. O instructed C to send the goods to Liverpool for shipment on the 'K' and C did so. The 'K' and other ships substituted could not take the leather which remained at the docks for two months. In an action for price, it was held that C was only entitled to sue for non-acceptance and not price.

   See also Thompson Ltd, V. Robinson (Gunmakers) Ltd[13], where R contracted to buy a car from T who were car dealers, R refused to take delivery. Held, T was entitled to damages for loss of their bargain viz the profit they would have made.

2) To secure shipping space on the vessel unless it is agreed that seller should do same.
3) To pay up all charges relating to the goods once they have crossed the rail-inclusive of freight, insurance, unloading etc.
4) To pay for the goods supplied.

[9] Sales of Goods Act, *op cit* at note 1.
[10] Wimble and Sons V. Rosenberg and Sons (1913) 3. K. B. 743.
[11] MC Okhani: Commercial Law in Nigeria. (1992)..
[12] Colley v. Overseas Exporters (1921) 3 K. B. 302.
[13] Thompson Ltd, V. Robinson (Gunmakers) Ltd (1955) Ch. 177.

3.2 CIF Contract

The contract terms of Cost, Insurance, and Freight will define when the liability of the seller ends and that of the buyer begins. CIF is a conventional method of shipping goods for importers. It is similar to Free on Board (FOB) shipping with the primary difference being who is responsible for bearing the expenses up to the point of loading the product onto the transport vessel. Usually, exporters who have direct access to ships will use CIF.[14]

Under the terms of CIF, the seller is responsible for providing specific protections for an order.

3.2.1 Obligations of the Seller

- Purchasing export licenses as needed for the product
- Covering the cost and contracts of moving or carrying the goods
- Insurance to protect the value of the order
- Providing for inspections as required for the products
- Paying for the price of damage or destruction of all goods ordered

The seller must deliver the goods aboard the ship within the agreed-upon time frame. They must also give the buyer sufficient notice of delivery and provide proof of delivery and loading.

The exact details of the sales contract will determine when the liability for the goods transfers from seller to buyer. In most cases, the seller's obligation ends once cargo loading is complete. However, a buyer may stipulate that the seller be responsible until the goods reach a port of import or even their final destination.

Following the terms agreed to in the contract of sale, once the goods transfer hands, the buyer must pay the agreed price and must, now, cover any additional transportation, inspection and licensing costs. Other typical expenses include duties, taxes, customs and the shipment of goods to their final location.

CIF is one of the international commerce terms known as Incoterms which are common trade rules developed by the International Chamber of Commerce (ICC) in 1936. The ICC established these terms to govern the shipping policies and responsibilities of buyers and sellers, who engage in international trade. Incoterms are often identical to domestic terms (such as the U.S. Uniform Commercial Code) but have different meanings. As an example, the parties to a contract must state the locale of the governing law for their terms. The ICC limits the use of CIF to transport goods to only those which move via inland waterways or by sea.

[14] Alexandra Twin: Cost, Insurance and Freight; Investopedia: www.investopedia.com. February 18th, 2020.

3.2.2 Rights of the Buyer include:

In C.I.F contracts, the buyer has an obligation to accept a good tender of documents when tendered by the seller and pay for the contract price. The buyer cannot postpone payment the goods arrive, even where the goods are lost or damaged prior to the tender of the documents and the seller is aware of this.

If the contract specifies several ports of destination, the buyer must inform the seller the choice of destination before shipment. If there is failure to give instructions in time, he must bear the additional costs incurred as a result and all risks of the goods from the date of the expiry of the period fixed for shipment.

The buyer must receive the goods at the agreed port of destination and, unless the contract states otherwise, bears all unloading costs and charges incurred in the course of the goods transit, save for the freight and insurance.

Unless, the parties have agreed otherwise, the buyer is also responsible for obtaining import licence or permit or the like where required. The buyer bears all the risks of the goods from the time from effectively when the pass the ship's rail at the port of destination. He is also obliged to pay the costs and charges incurred in obtaining the certificate of origin and consular documents.

Most importantly, the buyer has the right to reject the documents upon tender, where the seller does tender the rights documents or where the documents are incorrect and the right to reject the goods on arrival if they do not correspond to the contract description or are not of satisfactory quality. The buyer must exercise the right to reject within a reasonable time. The buyer has a right to sue for damages for non-delivery of valid documents or goods.

In C.I.F contracts, the time when delivery is due is the time when documents are due. The buyer is also entitled to sue for damages for late shipment of the goods and late tendering of the documents. Further, the buyer may claim damages for defective goods.[15]

3.3 Export Sales

All export transactions are made through Export Sales Contracts. Exports Sales Contract or Export Contract may be defined as a contract whereby the exporter (seller) transfers or agrees to transfer

[15] LawTeacher. CIF Versus FOB Contract [Internet]. November 2013. (last accessed, February 18th, 2020); Available from: https://www.lawteacher.net/free-law-essays/commercial-law/cif-versus-an-fob-contract-commercial-law-essay.php?vref=1.

the property in goods to the importer (buyer) for a price. From this definition the following essentials of ESC emerge:

- **Two Parties:** There must be at least two parties. An export has to be lateral because the property in goods has to pass from one person to another. The exporter and the importer must be different persons. A person cannot buy his own goods.
- **Goods:** The subject-matter of ESC must necessarily be goods i.e, movables. Goods may be existing goods or future good.
- **Transfer or Agreement to Transfer:** In a ESC it is the ownership that is transferred or agreed to be transferred. Transfer of more possession of goods is not covered by ESC.
- **Price:** Price is the considerations of ESC. If goods are offered as the consideration for goods, it will not amount to sale; it will be called barter. Further, in case there is no consideration it amounts to gift. However, if goods are sold for a definite sum and the price is partly paid in terms of valued up of goods and partly in cash that is export (sale).
- **Essentials of a Valid Contract:** ESC should have all other essentials of a valid contract as per the general law of contract. These essentials include capacity of parties to contract, free consent legal object etc.[16]

3.4 Contract of Carriage

A contract of carriage of goods is a legal document that states that a physical person, a carrier, in this case, agrees, in return for payment, to move goods given to them by another physical person called the sender, from one place to another using suitable means of transport. To be valid, a contract of carriage of goods must include a few basic and formal characteristics.[17]

The carriage of goods in an international freight shipment has been standardized by international convention. These requirements ensure uniformity in the application of rules and laws In particular, the standardized contract of carriage, included in all carrier contract's terms and conditions, and referenced in freight forwarders terms and conditions, set minimum standards for

[16] OWLGEN: Export Sales Contract (ESC). www.owlgen.com. (last accessed, February 18th, 2020).
[17]Carl Beaudoin: 17 Important Points to know About your Transport of Goods Contracts. https://www.transglobelogistiques.com/en/contract-carriage-goods-important-points/. February 18th, 2020.

carrier liability and responsibility, for instance in case of loss or damage. The convention also standardizes the rights and responsibilities of shippers and their freight forwarders.[18]

3.5 Bills of lading

The meaning of the term "bill", it is defined as a printed or written statement of the cost for the goods or services delivered or to be delivered. The term "lade" means to put the cargo onto a ship or other form of goods carrier.

Thus, a bill of lading in shipping is a record of the traded goods which have been received on board. It is a document that establishes an agreement between a shipper and a transportation company for the transportation of goods. Transportation Company (carrier) issues these records to the shipper.

A bill of lading indicates a particular carrier through which the goods have been placed to their final destination and the conditions for transporting the shipment to its final destination. Land, ocean and air are the means used for bills of lading.

The carrier need not require all originals to be submitted before delivery. It is therefore essential that the exporter retains control over the full set of the originals until payment is effected or a bill of exchange is accepted or some other assurance for payment has been made to him.

A bill of lading**,** therefore, is a very important issue when making shipments to move the cargo or freight from one point to the other. On one hand it is a contract between a carrier and shipper for the transportation of goods and on the other hand, it serves as a receipt issued by a carrier to the shipper

Hence, the bill of lading is considered a legal document which provides all the vital details to the shipper and the carrier to conveniently process the freight shipment through different maritime countries and invoice it correctly.

The bill of lading document is meant to act as a transport document enacting as the evidence of the contract of carriage of the goods. A negotiable bill of lading has the following legal qualities:

- It acts as a piece of evidence for the carriage contract containing the terms and condition under which the goods transportation will be carried out
- It represents as a receipt which endorses that the carrier has received the cargo as per the contract and the goods are received in good condition.

[18] FREIGHTOS: What is a Contract of Carriage? https://www.freightos.com/freight-resources/contract-carriage-freight-term-glossary/. 18th February, 2020.

- It is a document of title, permitting the sale of goods in transit and the raising of financial credit.
- Most of the local and international system does not consider a bill of lading as a document of title. It provides the right for the delivery to be made to the possessor.

While a no-negotiable bill of lading is a type of bill of lading which fixes a specific consignee/name of the receiver to whom the freights will be shipped and delivered. It, however, does not itself serve the ownership of the goods. Under this type of bill, the assigned receiver/ buyers can claim the cargo by confirming their identity.

3.5.1 Types of Bill of Lading

The bill of lading can be classified on the basis of "how it is executed" and "Method of operation"-

On the basis of execution:

i. **Straight bill of lading** reveals that the goods are consigned to a specified person and it is not negotiable free from existing equities. It means any endorsee acquires no better rights than those held by the endorser**.** This type of bill is also known as a non-negotiable bill of lading, and from the banker's point of view, this type of bill of lading is not safe. This type of bill is prominently used for military cargo.

ii. **Open bill of lading** – This is a negotiable bill of lading where the name of Consignee can be changed with consignees' signature and thus transferred. This can be transferred multiple times. Switch bill of lading is a type of open bill of lading.

iii. **Bearer bill of lading** is a bill states that delivery shall be made to whosoever holds the bill. Such bill may be created explicitly or it is an order bill that fails to nominate the consignee whether in its original form or through an endorsement in blank. A bearer bill can be negotiated by physical delivery. They are used for bulk cargo that is turned over in small amounts.

iv. **Order bill of lading** is the bill uses express words to make the bill negotiable. This means that delivery is to be made to the further order of the consignee using words such as "delivery to A Ltd. or to order or assigns. The cargo is only delivered to the bonafide holder of the bill of lading, and it has to be verified by an agent who issues delivery order and the verified bill of lading. The order bill of lading:

- is the most modern type bill which is widely used all over the world.

- ensures the safety of delivery of cargo to a bonafide holder of B/L.
- Since the ship visits several foreign ports where the language, practice, procedures may be different the master might be inconvenienced during the delivery of the cargo. People might fraudulently collect the cargo.
- To overcome this difficulty and avoid future cargo claims and litigations, the consignee or the holder is required to surrender the bill of lading to the ship's agent at the discharge port who will verify the genuineness of the bill of lading. When satisfied the agent will issue a delivery order and the verified bill of lading. Now any person can collect the cargo from the ship by surrendering the bill of lading and the delivery note to the ship.

As the bill of lading is made to "to order" of the consignee, it is a negotiable instrument of title. This means that the ownership of the bill of lading can be transferred from one person to another by authorising signature and delivery of the bill of lading.

3.525 Bill of lading as Contract of Carriage:

The contract between the carrier and the shipper is already created before issuing the bill of lading when the cargo is loaded on the ship. This is done to safeguard the shipper in case the cargo is damaged before loading it on board the vessel and to help the shipper in the claim process. For the carrier and the consignee, the bill of lading will act as the actual contract of carriage.

The popularly used conventions and rules which covers the contract of carriage for carrying goods by sea:

- Hamburg Rules.
- Rotterdam Rules.
- Hague Rules.
- US COGSA.
- Hague- Visby Rules.

The convention which governs the contract of the carriage is usually stated in the first page of the bill of lading. Upon booking space for shipment by the consignee the carrier sends a booking confirmation which states clauses sent by the carrier, it will indicate the terms and conditions that will govern the booking and contract of carriage.

3.5.2 Contents of Freight Bill of Lading:

The bill of lading comprises of the following details:

- ✓ The complete name and official address of the receiver and the shipper.
- ✓ The Purchase orders or special reference/ invoice numbers which helps the shipper and the consignee to release the goods for pickup or accepted at delivery
- ✓ The date of the pickup which acts as a reference to track the freight
- ✓ The details of the item including the number of unit being shipper, weight and dimension of the product, along with the nature of the cargo being carried, i.e. dangerous goods etc.
- ✓ If the goods are hazardous, Department of Transportation hazardous material designation is tagged, and it is cited on the bill to follow special rules and requirements when shipping
- ✓ The details of the packaging used such as crates, palates, cartons, pills, drums etc.
- ✓ Any special notes or instruction for the carrier

3.5.3 Electronic Bill of Lading:

With the modernisation of the shipping industry as a whole, the bill of lading is also modernised to the electronic bill of lading to solve the issues occurring while using a paper bill of lading under the latest iteration of International Group of P&I clubs. The problem faced when using a paper bill of ladings are:

The paper bill uses printed bills of lading which are both costly. The bill has to be couriered which is an additional cost

- ❖ The slow movement of the paper-based bill of lading.
- ❖ Carriers are obligated to release the goods only on the production of an original bill of lading, which if not received in time will slow the process.
- ❖ The paper bill can be forged, and delivery of goods against a forged bill of lading will lead to a huge loss

3.5.4 Advantages of Electronic Bill of Lading:

- As there are no papers involved, it saves paper cost as well the cost involved in sending the paper to a different destination by courier

- The electronic bill of lading can be transmitted instantaneously around the word in the presence of an internet connection, enabling a quick trade and ease of multiple transfers of ownership during the carriage of the cargo.
- If there are any modifications required in the bill, it can be made quickly and cost-effectively as compared to the paper system of the bill of lading.
- If the electronic bill of lading system is drawn correctly, such as introducing audit trials, PIN, electronic signature etc., it will be difficult to commit any type of fraud.

3.5.5 Problems with the Electronic Bill of Lading

It is possible to negotiate and transfer the possession of the paper bill as it is the evidence of title of the goods. However, this is not automatically the case with e-bill. (Source – A paper bill of lading is a document of title, enabling it to be negotiated and transferred as possession of the bill is evidence of title to the goods. This is not automatically the case at law with an e-bill)

If the electronic bill system is not secured, it can be hacked, and the details can be manipulated as per the convenience of the hacker, leading to fraud and loss of cargo

Implementation of electronic bill system across the industry needs consent from all the stakeholder, which will take time.[19]

4.0 Bill of Lading Under Common Law

As the common law developed, it did recognise the transferability of the bill of lading as a document of title, as seen in Lickbarrow v Mason.[20] The common law did not, however, recognise that transfer as an assignment of the bill of lading as a contract of carriage. The problem was that the doctrine of privity in English common law did not allow the transferee of the bill of lading (such as the CIF buyer) to sue in contract on that bill of lading.

English common law requires that consideration must move from a party entitled to sue on a contract: Tweddle v Atkinson.[21] This is known as the doctrine of privity.

[19] Raunek; Bill Of Lading in Shipping: Importance, Purpose, And Types; https://www.marineinsight.com/maritime-law/what-is-bill-of-lading-in-shipping/ (last accessed February 18th, 2020).
[20] Lickbarrow v Mason (1974) 5 TR 683.
[21] Tweddle v Atkinson (1861) 1 B & S 393.

In Dunlop Pneumatic Tyre Co Ltd v Selfridge & Co[22], Viscount Haldane LC, in describing the doctrine of privity, said: My Lords, in the law of England certain principles are fundamental. One is that only a person who is party to a contract can sue on it . . . A second principle is that if a person with whom a contract not under seal has been made is to be able to enforce it consideration must have been given by him to the promisor or to some other person at the promisor's request. These two principles are not recognised in the same fashion by the jurisprudence of certain Continental countries or of Scotland, but here they are well established.[23]

The Bills of Lading Act 1855 was passed to remedy this problem. Section 1 provided that where the bill of lading and the property in the goods were transferred to the consignee, then the right to sue the carrier on the bill of lading as a contract would also be transferred to him. This Act was in force when the relationships in The Aliakmon were formed. As the buyer did not have the property in the goods, s. 1 of the Act was not satisfied. The buyer could not, therefore, sue the carrier in contract. The buyer of unascertained goods was also in this difficult position. With the growth of the bulk carrier, CIF sales of unascertained goods became more common and it was recognised that the law on this point no longer gave effect to reasonable commercial expectations. In 1985, the Law Commission was invited to consider this area of the law with a view to possible reform of the problems created by the Bills of Lading Act 1855.[24]

4.1 Bill of Lading in India

A bill of lading is a document of title, written receipt issued by a carrier, a transport company, that it has taken possession and received an item of property and usually also confirming the details of delivery (such as method, time, place or to whom), and serves as the carrier's title for the purpose of transportation. A 'document of title', as defined in section 2(4) of the Act[25], is "any document used in the ordinary course of business, purporting to authorize the possessor of the document to receive goods thereby represented."

[22]Dunlop Pneumatic Tyre Co Ltd v Selfridge & Co [1915] AC 847.
[23] Michael Furmston, Jason Chuaj; *The Matrix of Contracts in International Trade*. (Longman, Year: 2010). 253
[24] The Law Commission's Report (Law Com. No. 196).
[25] Indian Contract Act 1872. (Sections 76 to 132).

In Aman v. Dover & Southbound R. Co.[26], the Supreme Court of North Carolina defined the word 'bill of lading' and added the statement of the law that a bill of lading is not a necessary thing for the carrier to be liable for the safe delivery of the item of property.

It can also be defined as an instrument issued by the carrier to the consignor, consisting of a receipt for the goods and an agreement to carry them from the place of shipment to the place of destination, is a bill of lading. It is not essential that a bill of lading be issued.

A bill of lading serves as evidence for a contract of affreightment. This usually arises when a ship owner, or other person authorized to act on his behalf employs his vessel as a general ship by advertising that he is willing to accept cargo from people for a particular voyage.

4.1.1 Types of Bill of Lading

The Role of Govt. is to promote trade and at the same time to protect the interest of the shipping industry and so first attempt was made through by making conventions at all over world through-

a) The Hague Rules.
b) The Hague/Visby amendments.
c) The Hamburg Code.
d) Hybrid systems based on the Hague/Visby and Hamburg regimes.

4.1.2 Functions of The Bill of Lading

i. Bill of lading as a receipt.
ii. Bill of lading as evidence of contract of carriage.
iii. Bill of lading as contract of carriage.
iv. Bill of lading as document of title; The buyer can sell the goods on while they are at sea to the third party by simply endorsing the bill of lading and delivering it to the third party.

[26] Aman v. Dover & Southbound R. Co, 179 N.C. 310.

The third party, by becoming the holder, can demand delivery of the goods on arrival. Not all bills of lading are transferable. A bill of lading need not be equated with a bill of exchange, which is a negotiable instrument in the strict legal sense.[27]

5.0 Conclusion

In conclusion, it can be seen from the above discussion that the various international commercial transactions differ and have specific obligations ranging from sellers to buyers. There are legal obligations and rights of the buyer and the seller under these types of contracts, especially the CIF and FOB; a buyer or a seller would prefer a C.I.F rather than an F.O.B contract due to the benefits afforded by the C.I.F when compared with F.O.B.

The bill of lading has many functions as discussed above, it is a major document of carriage of goods by sea, and it could serve as receipt evidencing that the goods are on board the ship or it could serve as a title of document that can be transferred. It could also serve as a negotiable instrument in some regard. It is also important to note that international transactions are not limited to transactions by parties from different countries, but also parties who are situated in different states, irrespective of the places from and to where the goods are to be transported.

[27] Pratima Joglekar - 5th Year Law Student of I.L.S. Law College, Pune.
http://www.legalserviceindia.com/articles/billoflad.htm (last accessed, February 18th, 2020).