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The Legal Nature and Effects of Bills of Lading under Iranian Law and International Instruments: A Comparative and Functional Analysis

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ABSTRACT

The bill of lading is one of the most significant legal instruments in maritime commerce, combining evidentiary, contractual, possessory, and transfer-related functions within a single commercial document. Its importance extends beyond the carriage relationship because it facilitates international sales, documentary financing, transfer of goods in transit, and the identification of the party entitled to demand delivery. Nevertheless, the legal nature of the bill of lading remains complex, particularly because its characterization as a receipt, evidence of the contract of carriage, and document of title does not fully explain the distinct legal consequences associated with transfer, control, ownership, and third-party rights. This study examines the legal nature and effects of bills of lading under Iranian law and major international maritime instruments through a descriptive-analytical and comparative method. Particular attention is devoted to the evidentiary value of the bill, its relationship with the underlying contract of carriage, transfer by endorsement and delivery, the legal position of lawful holders, entitlement to delivery, and the distinction between documentary control and proprietary ownership. The study also evaluates the development of international maritime regulation from traditional paper-based approaches toward more functional concepts of transport documentation, control, transferability, and electronic records. The findings indicate that Iranian law contains substantial doctrinal foundations for recognizing the principal functions of bills of lading but lacks a sufficiently integrated framework governing the relationship among contractual rights, transferability, proprietary consequences, third-party reliance, and electronic documentation. The article concludes that the bill of lading should be understood as a multifunctional commercial instrument rather than through a single traditional legal category. Greater statutory clarification of lawful-holder status, transfer effects, delivery rights, evidentiary consequences, and electronic functional equivalence would improve legal certainty and enhance the compatibility of Iranian maritime law with contemporary international trade practices.

Keywords: *Bill of Lading; Maritime Law; Iranian Law; International Maritime Instruments; Document of Title; Transferability; Contract of Carriage; Electronic Bill of Lading*

Introduction

The bill of lading occupies a distinctive position in the architecture of maritime commerce because it performs several legal and commercial functions simultaneously and links relationships that would otherwise remain doctrinally separate. It originates in the carriage of goods by sea, yet its significance extends well beyond the

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bilateral relationship between carrier and shipper. In contemporary international trade, the bill of lading operates at the intersection of carriage, sale, documentary payment, financing, delivery, possession, and transfer of commercial rights. Maritime transport is inherently dependent on documentary certainty because goods may remain physically inaccessible to traders for substantial periods while moving between jurisdictions, carriers, ports, and commercial intermediaries. The bill of lading responds to this problem by providing a documentary mechanism through which parties can evidence shipment, describe the goods placed in the carrier's custody, structure rights against the carrier, and facilitate dealings concerning those goods while they remain in transit. Carver describes the bill of lading as a document whose legal importance cannot be understood solely through its physical form because its functions differ according to the relationship in which it is invoked (1). Similarly, commercial-law analysis emphasizes that documentary instruments in international trade acquire their practical importance from their capacity to substitute documentary control for immediate physical control over goods that are geographically distant from the parties (2). The bill of lading therefore should not be treated as a mere transport receipt. Its commercial significance lies precisely in the manner in which it connects the physical carriage of goods to transferable documentary rights.

The complexity of the bill of lading derives from the traditional recognition of three closely related but legally distinct functions. First, it constitutes a receipt issued by or on behalf of the carrier acknowledging that specified goods have been received for carriage or loaded on board a vessel. This function has considerable evidentiary importance because statements concerning quantity, marks, apparent condition, and shipment may later determine the allocation of evidentiary burdens in disputes concerning loss or damage. Maritime law has therefore developed detailed rules governing the evidentiary consequences of representations appearing on the face of the document (3). Second, the bill of lading operates as evidence of the contract of carriage. The distinction between constituting the contract and evidencing it is doctrinally important because the carriage agreement may have been concluded before issuance of the document, while the bill later records or incorporates terms governing the carrier's obligations and the shipper's rights (1). Third, and most distinctively, certain bills of lading perform a documentary function associated with possession, transfer, and entitlement to delivery. This third function enables commercial parties to deal with goods while those goods remain at sea, and for that reason it has historically made the bill of lading indispensable to export trade. Debattista explains that the commercial utility of the document lies substantially in its ability to support transactions in which the goods, the contract of sale, the financing arrangement, and the contract of carriage are functionally interconnected but legally distinct (4). The simultaneous performance of these functions creates the central theoretical difficulty examined in the present article: the bill of lading cannot easily be placed within a single conventional category of private law.

The conceptual difficulty becomes greater when the bill of lading is examined through the categories of Iranian private and commercial law. Iranian law contains general doctrines concerning contracts, obligations, possession, transfer of rights, commercial instruments, carriage, and maritime transport, but these doctrines do not necessarily converge into a fully integrated theory of bills of lading. General contract law is founded upon principles such as contractual consent, relativity of contractual effects, good faith in performance, and the distinction between contractual rights and proprietary rights. Katouzian emphasizes that the effects of a contract are ordinarily determined by the agreement of the parties and the legal framework applicable to their relationship (5). In commercial practice, however, the transfer of a bill of lading may place a person who did not participate in the original formation of the contract of carriage in a position to exercise important rights against the carrier. This creates an apparent tension between general contractual doctrine and the functional necessities of maritime commerce.

Iranian commercial law, like other legal systems, must therefore accommodate documentary transactions whose effects cannot be explained exclusively through the traditional bilateral model of contract. Eskini notes that commercial law frequently modifies or adapts general private-law principles in order to facilitate circulation, reliance, speed, and security in trade (6). The legal status of the bill of lading represents a particularly important example of that phenomenon because the usefulness of the document depends upon the law's willingness to recognize consequences flowing from its transfer.

The international dimension further complicates the analysis. Maritime carriage developed within a fragmented world of national legal systems, while shipping itself has always been transnational in character. The Hague and Hague–Visby regimes sought to standardize core aspects of the carrier's responsibility and the evidentiary role of bills of lading, while the Hamburg Rules adopted a broader approach to maritime carriage and carrier liability. Later developments associated with the Rotterdam Rules reflected attempts to modernize transport law in response to containerization, multimodal carriage, door-to-door logistics, and electronic documentation. These international regimes do not merely regulate liability; they reveal different conceptions of the transport document and its role within the carriage relationship. Tetley's comparative discussion of maritime cargo claims demonstrates that differences among liability regimes frequently produce consequences for the evidentiary and contractual significance of transport documents (7). International trade law also treats transport documents as integral components of wider commercial transactions involving sellers, buyers, banks, insurers, freight intermediaries, and carriers (8). Accordingly, any serious study of the bill of lading must move beyond the isolated interpretation of national maritime legislation and examine how international instruments have shaped its contemporary functions.

The problem is particularly significant because traditional language often describes the bill of lading as a "document of title," yet that phrase can obscure rather than clarify its legal consequences. The term may suggest that possession of the document is automatically equivalent to ownership of the goods, although the legal reality is more nuanced. Ownership may depend upon the underlying sale agreement, the intention of the parties, the governing property law, and satisfaction of conditions for transfer. Goode distinguishes between proprietary consequences and the documentary mechanisms through which rights to goods may be controlled or transferred in commercial transactions (2). Carver likewise demonstrates that the bill of lading's documentary character must be separated analytically from the question whether ownership in the goods has passed between seller and buyer (1). What the bill of lading can do, depending on its form and governing law, is place its lawful holder in a position to demand delivery, exercise control over disposition, transfer documentary rights, and rely upon representations made by the carrier. The legal consequences of these functions may overlap with proprietary rights, but they are not necessarily identical to ownership. This distinction is especially important in comparative analysis because national legal systems may use different doctrinal concepts to achieve commercially similar results.

A further issue concerns the distinction between negotiability in the strict technical sense and transferability in the broader commercial sense. Bills of lading are frequently described as negotiable instruments, yet their legal operation is not identical to that of bills of exchange or other classical negotiable instruments. Jafari Langroudi's treatment of legal terminology underscores the importance of distinguishing concepts that may appear linguistically similar but produce different legal effects (9). In maritime trade, an order bill of lading may be transferred by endorsement and delivery, while a bearer bill may circulate through delivery. Nevertheless, the transferee's rights are shaped by the nature of the underlying carriage relationship, the terms of the document, statutory provisions, and rules protecting legitimate holders. Debattista therefore treats transferability as a commercial function whose

practical consequences must be examined within the broader framework of export transactions rather than by analogy with monetary negotiable instruments alone (4). This distinction is fundamental to evaluating whether Iranian law adequately recognizes the commercial expectations associated with endorsement, transfer, documentary possession, and delivery.

The transformation of international trade through electronic communications has added a new dimension to this debate. The traditional bill of lading has historically relied on possession of a unique paper original, and several of its functions developed around the physical transfer and surrender of that document. Electronic commerce challenges this structure because an electronic record can be copied unless technological and legal mechanisms establish uniqueness, integrity, and exclusive control. The functional question is therefore whether the law can reproduce electronically the effects traditionally associated with possession, endorsement, and surrender of paper bills. Modern commercial law increasingly adopts functional approaches that focus on whether an electronic system can reliably perform the same legal function as the traditional document (2). This development reinforces the central argument of the present study: the legal nature of the bill of lading should be understood through the functions it performs rather than through an exclusively paper-based conception. The distinction is particularly relevant for Iranian law, where modernization of commercial and maritime transactions requires a coherent relationship between established private-law concepts and technological forms of documentary trade.

The objective of this article is to analyze the legal nature and principal effects of bills of lading under Iranian law and major international maritime instruments and to evaluate these frameworks from a functional perspective. The study asks whether the traditional categories of receipt, evidence of carriage, document of title, and transferable commercial document remain sufficient to explain the contemporary legal operation of bills of lading. It further examines whether Iranian law provides adequate certainty regarding evidentiary effects, transfer, entitlement to delivery, third-party rights, and electronic equivalents. The research adopts a descriptive, analytical, and comparative legal method. Rather than comparing legal provisions mechanically, it evaluates how effectively different legal frameworks enable the bill of lading to perform its essential commercial functions. The article argues that the bill of lading possesses a composite legal nature and that an adequate regulatory approach must distinguish contractual, evidentiary, possessory, proprietary, and transfer-related consequences while integrating them within a coherent functional framework.

Concept, Legal Nature, and Functions of the Bill of Lading

The legal concept of the bill of lading developed gradually in response to the practical necessities of maritime commerce. In its earliest and simplest form, the document primarily served as written acknowledgment that a carrier or ship's master had received specified goods. As international trade expanded and merchants increasingly sold goods during carriage, the document acquired additional functions that could not be performed by an ordinary receipt. It became evidence of the contractual relationship governing carriage and, eventually, a mechanism through which control over goods could be exercised while the goods were physically beyond the reach of the merchant. Carver explains that the modern bill of lading emerged through commercial usage before its functions were systematically expressed through statutory rules (1). This historical development is significant because the law did not create the instrument as a unified theoretical category; rather, doctrine gradually attached legal consequences to commercial practices that already treated the document as central to shipment, financing, and delivery. Schmitthoff similarly observes that international commercial law is frequently shaped by the interaction between

mercantile custom and formal legal rules (8). The bill of lading therefore exemplifies a broader pattern in commercial law whereby practical mechanisms develop first and legal doctrine subsequently constructs conceptual categories capable of supporting them.

As a legal document, the bill of lading is normally issued by the carrier, master, or authorized agent after goods have been received for shipment or actually loaded on board. The distinction between a received-for-shipment bill and a shipped bill can be commercially important because buyers and banks may require evidence that the goods have actually been placed on board a named vessel. Debattista notes that documentary compliance in export transactions depends not merely on the existence of a bill of lading but also on whether the document contains the representations required by the underlying sale or financing arrangement (4). The bill ordinarily identifies the shipper, carrier, consignee or order party, vessel where applicable, port of loading, place of delivery, description of the goods, marks, quantity, apparent condition, and other particulars relevant to carriage. These statements serve distinct legal purposes. Some identify the parties and contractual route, while others constitute factual representations upon which buyers, banks, insurers, and subsequent holders may rely. Maritime law therefore attaches legal consequences to both the issuance of the bill and the accuracy or qualification of the statements appearing on its face (3).

The first traditional function of the bill of lading is its role as a receipt. This characterization appears straightforward, yet its legal consequences are significant. By issuing the bill, the carrier acknowledges receipt or shipment of goods corresponding, at least in apparent terms, to the description stated in the document. The carrier may qualify that acknowledgment where there are reasonable grounds for doubt concerning quantity, weight, marks, or condition. Such qualifications protect the carrier from being conclusively bound by representations that could not reasonably be verified. Conversely, a clean bill of lading may create strong expectations that the goods were externally in apparent good order and condition when received. Tetley emphasizes that cargo claims often turn upon evidentiary questions regarding the condition of the goods when the carrier assumed responsibility and when delivery occurred (7). The receipt function is therefore directly linked to allocation of risk in litigation. A bill of lading is not merely a historical record; it can determine which party must establish that loss or damage occurred during a particular stage of carriage.

The evidentiary effect of the receipt function varies according to the parties involved. Between the original shipper and carrier, statements in the bill may be rebuttable where the carrier can demonstrate that the goods did not correspond to the description supplied. Once the bill has been transferred to a third party who has relied upon its statements in good faith, however, commercial certainty may require stronger protection. Carver notes that one of the essential developments in bill-of-lading law was the increasing protection of transferees who relied on documentary representations without direct access to the goods (1). This reflects a general principle of documentary commerce: the economic usefulness of the document declines dramatically if every transferee must independently investigate the physical goods before relying upon it. Goode explains that commercial law frequently protects reliance on documents in order to facilitate circulation and reduce transaction costs (2). The legal strength of the bill of lading as a receipt therefore increases when the document enters circulation and becomes the basis of transactions involving third parties.

The second traditional function is to evidence the contract of carriage. This formulation must be stated carefully. In many situations, the carriage contract is formed before the bill of lading is issued. The shipper may book space, agree freight arrangements, and deliver the goods before receiving the document. The bill therefore does not

necessarily constitute the original contract between shipper and carrier. Carver describes it more accurately as evidence of the contract in the hands of the original shipper, while its terms may assume a different legal significance once transferred to a consignee or endorsee (1). This distinction is important because it prevents formalism from obscuring commercial reality. The contractual relationship may derive from prior correspondence, booking arrangements, tariffs, or charterparty terms, whereas the bill subsequently memorializes or incorporates relevant terms. Safaei and Rahimi similarly treat the bill of lading within Iranian maritime law as a document closely connected to, but conceptually distinguishable from, the underlying carriage contract (3).

The contractual function becomes more complicated when the bill reaches a person who was not an original party to the carriage agreement. In such circumstances, the lawful holder may rely on rights contained in or evidenced by the bill and may be bound by certain terms governing delivery, freight, jurisdiction, arbitration, or liability. From the perspective of general contract theory, this raises questions concerning relativity of contractual effects. Katouzian explains that contractual rights and obligations ordinarily arise between the parties whose consent formed the agreement, subject to legally recognized mechanisms through which rights may pass to others (5). Commercial law, however, has developed specialized rules allowing documentary rights to move with instruments used in trade. Eskini emphasizes that commercial transactions often require legal mechanisms that permit rights to circulate efficiently without reconstructing the original contractual relationship each time an instrument changes hands (6). The bill of lading therefore illustrates the adaptation of general contract doctrine to the requirements of documentary commerce.

The third and most distinctive function is traditionally described by the expression “document of title.” This expression has considerable historical authority but must be interpreted with precision. The bill of lading does not itself necessarily create ownership in the goods. Rather, possession of a properly transferable bill may confer documentary control associated with the right to demand delivery and may facilitate transfer of interests in the goods during transit. Goode explains that the concept of a document of title should be distinguished from a title deed in the strict proprietary sense (2). A bill of lading functions as a symbol of the goods because the carrier is expected to deliver only in accordance with the documentary entitlement recognized by law and commercial practice. Transfer of the document can therefore substitute for physical delivery in transactions conducted while the goods remain at sea. This symbolic function solves a fundamental problem of international commerce: parties can buy, sell, pledge, finance, or otherwise deal with goods that are physically moving between distant jurisdictions.

The commercial importance of this function becomes particularly clear in transactions involving goods sold several times during transit. Schmitthoff explains that international sale transactions frequently depend on documents that allow sellers to perform delivery obligations and buyers or banks to obtain control without awaiting physical arrival of the cargo (8). Debattista likewise emphasizes that the bill of lading plays a central role in export financing because banks providing documentary credit or other financing require reliable control over documents representing access to the goods (4). In this context, the bill acts as a commercial bridge between the contract of sale and the contract of carriage. The sale determines the proprietary and economic relationship between seller and buyer, while the bill provides a documentary mechanism through which delivery and control can be organized. The distinction is vital: the bill facilitates the transfer of interests, but the underlying sale agreement remains legally relevant in determining whether ownership has actually passed.

Transferability is therefore an essential attribute of many bills of lading. An order bill is ordinarily transferred through endorsement and delivery, while a bearer bill may circulate through delivery. A straight bill names a

specified consignee and generally lacks the same transferable quality. The use of the word “negotiable” in this context requires caution. Classical negotiable instruments, such as bills of exchange, possess distinctive characteristics including the possibility that a transferee may acquire rights protected against certain defenses available between prior parties. Bills of lading do not necessarily reproduce these effects in identical form. Jafari Langroudi’s emphasis on terminological precision is relevant because legal classification should depend upon consequences rather than colloquial usage (9). Goode accordingly distinguishes the commercial negotiability of documents from the technical negotiability of monetary instruments (2). The bill of lading is better understood as a transferable document whose circulation produces particular statutory, contractual, and possessory consequences.

The distinction among transfer of the document, transfer of contractual rights, and transfer of ownership is central to the legal nature of the bill. These consequences may occur simultaneously, but they need not do so. A bank may hold a bill as security without becoming the ultimate beneficial owner of the goods. A buyer may acquire ownership under the contract of sale before obtaining possession of the document. A transferee may acquire rights against the carrier even though the proprietary consequences of the underlying sale remain disputed. Carver repeatedly demonstrates that the law of bills of lading operates across overlapping fields of contract, property, agency, and commercial documentation (1). The most satisfactory conceptual approach is therefore to treat the bill as a multifunctional commercial instrument rather than force it into a single private-law category. Its legal nature changes according to the function being examined.

A further dimension concerns the bill as a mechanism of delivery and control. The carrier’s obligation to deliver the goods to the person entitled under the document gives the bill practical force. If a carrier releases the cargo without requiring proper documentary surrender where surrender is legally required, the carrier may face liability for misdelivery. Tetley identifies misdelivery as a major source of maritime claims because documentary control becomes meaningless if the carrier may disregard the entitlement represented by the bill (7). This delivery function connects the documentary and physical aspects of the transaction. The bill circulates while the cargo is inaccessible, but at the end of the voyage documentary entitlement must be converted into physical possession. The effectiveness of the entire system therefore depends upon a legally enforceable connection between possession or control of the document and the carrier’s delivery obligation.

The contemporary move toward electronic documentation further demonstrates why a functional understanding is preferable to a purely formal definition. A paper bill traditionally relies on physical possession, originality, endorsement, and surrender. Electronic records cannot replicate these physical characteristics literally. Their legal effectiveness must instead depend on systems that establish integrity, exclusive control, uniqueness, transferability, and reliable identification of the person entitled to exercise rights. Goode’s broader commercial-law analysis supports the principle that functional equivalence can enable electronic mechanisms to perform legal roles historically associated with possession of paper documents (2). From this perspective, the essence of the bill of lading does not lie in paper itself. It lies in the legally recognized combination of receipt, evidence, transfer, control, and delivery. This composite conception provides the theoretical foundation for evaluating Iranian law and international instruments in the following sections.

Legal Effects of Bills of Lading under Iranian Law

The treatment of bills of lading in Iranian law must be understood through the interaction of maritime legislation, general private-law principles, and commercial-law doctrines. Iranian maritime law recognizes the significance of

documentary practices in the carriage of goods by sea, but the legal consequences of the bill of lading cannot be derived exclusively from specialized maritime provisions. Questions concerning contract formation, transfer of rights, representation, ownership, possession, and third-party effects may require recourse to general civil and commercial principles. Safaei and Rahimi explain maritime transport as a specialized legal field whose rules interact continuously with general doctrines of obligations and commercial transactions (3). This interaction is necessary because a bill of lading does not operate in isolation. It is issued within a carriage relationship, may be transferred pursuant to a sale contract, may be pledged to a financing bank, may be relied upon by an insurer, and ultimately determines the person entitled to demand delivery. The resulting legal structure is therefore inherently multi-layered.

The contractual foundation of the bill of lading must first be considered within the general law of obligations. Iranian contract law recognizes that contractual effects arise from legally valid agreements and that the content of contractual obligations is determined by the parties' consent, mandatory law, custom, and consequences implied by the nature of the transaction. Katouzian emphasizes that contract interpretation requires attention not only to express wording but also to the legal and customary consequences that attach to a particular transaction (5). In maritime carriage, this principle is especially important because not every term governing the relationship is necessarily negotiated individually. Standardized conditions, trade usage, incorporated terms, and documentary clauses frequently shape the relationship. The bill of lading may therefore record contractual obligations that arise partly from prior agreement and partly from the legal framework governing maritime carriage.

The evidentiary effects of the bill are among its clearest consequences under Iranian maritime law. By issuing the document, the carrier formally acknowledges receipt or shipment of goods described in specified terms. Statements regarding quantity, marks, packaging, and apparent condition may subsequently determine responsibility where the consignee alleges shortage, contamination, damage, or substitution. Safaei and Rahimi emphasize the importance of the carrier's documentary declarations in determining whether cargo was received in a condition corresponding to that represented in the bill (3). Where the carrier lacks a reasonable means of verifying a shipper's statement, maritime practice permits reservations or qualifications. Such reservations preserve the distinction between information supplied by the shipper and facts actually verified by the carrier. The legal significance of this distinction becomes particularly pronounced once the bill has entered circulation and third parties rely upon its contents.

Commercial certainty requires stronger protection for a good-faith transferee than may be necessary in the original relationship between shipper and carrier. The original shipper is directly involved in delivery of the goods to the carrier and may possess knowledge of their actual quantity or condition. A later holder may have acquired the bill in another jurisdiction, paid the price against documents, or advanced financing without any opportunity to inspect the cargo. Goode explains that documentary commerce depends upon legally protected reliance because market participants must be able to act upon documentary representations without reproducing the underlying physical transaction (2). This principle should inform interpretation of Iranian maritime law where ambiguity exists concerning the evidentiary position of lawful holders. The stronger the legal protection afforded to reasonable documentary reliance, the more effectively the bill performs its commercial function.

The bill's contractual effect under Iranian law presents a more complex question. In the relationship between original shipper and carrier, the contract of carriage may precede issuance of the bill. The document may therefore function as evidence of terms rather than as the sole source of contractual obligation. Safaei and Rahimi recognize this distinction in maritime carriage doctrine (3). Once transferred, however, the bill assumes a more autonomous

importance because the consignee or endorsee may not have participated in the original negotiations. The terms appearing in or incorporated into the bill then define much of the legal framework through which the holder may proceed against the carrier. This phenomenon requires reconciliation with the general principle of relativity of contract. Katouzian's analysis of contractual effects establishes the importance of identifying the legal mechanism through which a third party acquires enforceable rights (5). In the maritime context, transfer of the document, statutory rules, and commercial custom together may create a legally recognized pathway through which the holder enters the relevant contractual relationship.

Iranian commercial law provides useful conceptual support for such an approach because it recognizes that commercial circulation frequently requires mechanisms through which rights move with documents. Eskini explains that the needs of trade have historically produced special rules designed to protect circulation, reliance, and speed in commercial transactions (6). Although bills of lading should not be equated with negotiable instruments in every technical respect, similar functional considerations apply. If each transfer required the carrier's separate consent or a newly negotiated assignment, the commercial usefulness of order bills would be severely reduced. The law must therefore recognize the transfer of documentary rights in a manner compatible with the legitimate expectations of carriers and holders.

The transferability of the bill of lading is particularly important where goods are sold during transit. An order bill can be transferred through endorsement and delivery, permitting a buyer or financing institution to acquire documentary control without receiving the goods physically. The legal effects of endorsement should nevertheless be analyzed carefully. Endorsement may identify the transferee, authorize further transfer, and operate together with delivery of the document to place the endorsee in the position of lawful holder. It should not automatically be assumed, however, that endorsement by itself transfers every proprietary interest connected with the goods. Goode emphasizes that the consequences of transfer depend upon the legal nature of the document and the underlying transaction (2). In Iranian law, the distinction between the documentary transfer and the proprietary consequences of the sale remains essential because ownership is ultimately governed by the substantive rules applicable to transfer of property and contractual intention.

This point is particularly important in light of Iranian civil-law concepts. The transfer of ownership in a sale is not conceptually identical to transfer of a transport document. Katouzian's analysis of contractual effects demonstrates that proprietary consequences must be derived from the legal structure of the underlying transaction rather than inferred mechanically from possession of a document (5). The bill of lading may provide constructive control and support delivery in a documentary sense, but the question whether ownership has passed may depend on the sale agreement, identification of the goods, contractual conditions, payment arrangements, and other relevant factors. Thus, describing the bill as evidence of ownership may be commercially convenient but doctrinally imprecise. A more accurate formulation is that a transferable bill can function as a document through which control, entitlement to delivery, and certain commercial interests in the goods may be transferred.

The right to demand delivery is one of the strongest legal effects associated with lawful possession of the bill. The carrier must identify the person entitled under the document and deliver accordingly. This obligation protects not only the holder but also the integrity of the entire documentary trading system. If a carrier releases goods to a person lacking documentary entitlement, parties who relied upon the bill may lose the practical value of their security. Tetley shows that wrongful delivery disputes frequently arise precisely because physical possession of the cargo has been transferred inconsistently with documentary entitlement (7). Iranian maritime law should therefore

be interpreted to preserve a strong connection between lawful documentary entitlement and physical delivery, subject to situations in which the bill is expressly non-transferable or commercial practice recognizes an alternative delivery mechanism.

The legal position of a financing bank further illustrates the distinction between ownership and documentary control. In international sales, banks may take possession of bills of lading as part of documentary credit or collection arrangements. Schmitthoff explains that this documentary control enables financial institutions to reduce the risk of advancing funds before the buyer obtains unrestricted access to the cargo (8). The bank's interest may be protective or security-based rather than equivalent to beneficial ownership. Iranian law therefore benefits from a functional analysis that recognizes multiple layers of interest in the same cargo. The seller may retain certain contractual rights, the buyer may possess an economic interest, the bank may control the bill, and the carrier may possess the goods physically. The bill coordinates these positions by identifying the person legally entitled to demand delivery at a particular time.

Third-party effects present one of the most significant theoretical challenges. General contract law is cautious about imposing obligations or conferring contractual rights upon persons outside the original agreement. Yet the commercial purpose of a transferable bill depends precisely on the possibility that a later holder can enforce rights against the carrier. Eskini's discussion of commercial instruments demonstrates that commercial law often departs from rigid bilateralism where circulation requires third-party reliance (6). This departure does not eliminate the principle of contractual relativity; rather, it creates legally defined mechanisms through which the holder acquires a new position. Iranian law would benefit from explicit clarification of this mechanism because uncertainty over the holder's rights can undermine the predictability required in international trade.

Another issue concerns incorporation of clauses affecting jurisdiction, arbitration, limitation of liability, and other defenses. A holder who acquires the bill may also become subject to terms that were not individually negotiated. Carver explains that the binding effect of incorporated terms has long been a major issue in bill-of-lading litigation (1). From an Iranian-law perspective, the validity and enforceability of such terms should be evaluated through both specialized maritime rules and general contract principles. Katouzian's emphasis on consent and the legally recognized consequences of contractual relationships remains relevant (5), yet commercial practice also requires recognition that standardized documentary transactions cannot operate through individualized negotiation with every subsequent holder. The appropriate approach is therefore to distinguish terms that legitimately travel with the document from clauses whose enforcement would conflict with mandatory law or fundamental procedural protections.

The bill of lading also interacts with agency and representation. Carriers frequently issue bills through agents, freight forwarders, masters, or other authorized persons. The validity of the document and the carrier's responsibility may therefore depend on the scope of authority exercised by the issuer. General private-law concepts of representation become relevant where a dispute arises over unauthorized statements or issuance beyond actual authority. Jafari Langroudi's treatment of representation and related legal concepts provides the terminological foundation for distinguishing direct contractual obligation from consequences arising through agency (9). In maritime commerce, however, third-party reliance may justify protection where the issuer appeared to possess authority and the document was accepted in good faith. This reinforces the broader theme that commercial certainty sometimes requires specialized treatment of ordinary private-law doctrines.

The principal weakness of the Iranian framework is not necessarily the absence of legal rules but the fragmentation of those rules across maritime law, civil law, commercial law, and general documentary principles. Safaei and Rahimi provide a specialized maritime framework (3), while Eskini's commercial-law analysis emphasizes circulation and trade (6), and Katouzian supplies the general contractual foundation (5). The difficulty lies in integrating these sources into a coherent doctrine that clearly distinguishes receipt, contractual evidence, transferable rights, entitlement to delivery, ownership, and security interests. Greater statutory precision would reduce the risk that courts or commercial parties treat these functions as interchangeable.

Electronic bills of lading reveal the practical consequences of this fragmentation. Traditional rules framed around possession of an original paper document may not automatically accommodate electronic control. If Iranian law focuses solely on physical endorsement and surrender, electronic equivalents remain uncertain. If, by contrast, the law identifies the underlying functions of uniqueness, authenticity, exclusive control, transfer, and delivery, electronic systems can be recognized through functional equivalence. Goode's analysis of modern commercial law supports such a technologically neutral approach (2). The modernization of Iranian maritime law should therefore not merely add electronic terminology to traditional provisions; it should clarify which legal functions must be replicated digitally.

From a functional perspective, the Iranian legal system already contains substantial doctrinal resources capable of supporting a modern law of bills of lading. Contract law can explain the underlying carriage relationship, commercial law can support circulation, maritime law can regulate issuance and delivery, and general legal doctrine can distinguish ownership from possession and representation. What is required is stronger integration. The law should state clearly when representations in the bill become conclusive against the carrier, who qualifies as lawful holder, what rights pass through endorsement and delivery, when surrender is required for delivery, how competing claims are resolved, and how electronic control can replace paper possession. Such clarification would strengthen legal certainty without abandoning established Iranian private-law principles.

Bills of Lading under International Instruments: Comparative and Functional Evaluation

International regulation of bills of lading emerged from the need to create minimum uniformity in maritime carriage across jurisdictions whose domestic rules differed significantly. The earliest major international regime was built around the Hague Rules and later amendments associated with the Hague–Visby framework. These instruments reflected a period in which maritime commerce was strongly organized around port-to-port carriage, paper bills of lading, and a relatively traditional understanding of the relationship between shipper and carrier. Carver explains that the Hague–Visby structure places considerable emphasis on the issuance and evidentiary significance of bills of lading within the carrier's liability regime (1). Although the rules are frequently discussed primarily in relation to duties such as seaworthiness, care of cargo, exceptions, and limitation of liability, their treatment of the bill of lading is central because the document records facts that determine whether the carrier has fulfilled its obligations. Tetley similarly demonstrates that documentary statements concerning cargo condition and quantity can shape the evidentiary structure of cargo claims under international maritime law (7).

The Hague–Visby approach is strongly connected to the receipt function. The carrier's issuance of a bill containing statements concerning marks, quantity, weight, and apparent condition provides documentary evidence of what was received or loaded. The carrier retains mechanisms for inserting reservations where there are reasonable grounds for suspicion or no practical means of verification. This balance reflects two competing

concerns. Carriers should not be forced to guarantee facts they could not reasonably determine, while traders must be able to rely on bills that circulate in international commerce. Carver emphasizes that the evidentiary consequences become particularly important once the bill reaches a third party acting in reliance on its contents (1). The regime therefore implicitly recognizes that the bill's legal role changes as it moves from the original shipper into wider commercial circulation.

The Hague–Visby system nevertheless reflects a relatively document-specific and paper-oriented conception of maritime carriage. Its architecture assumes the centrality of a traditional bill of lading and does not comprehensively address the broader range of transport records, multimodal arrangements, or electronic systems characteristic of contemporary logistics. Debattista's analysis of export documentation illustrates how modern trade involves documentary processes that extend beyond classical port-to-port shipping (4). The limitation of the Hague–Visby model is therefore not simply technological; it is conceptual. It regulates the traditional document effectively within a conventional shipping framework but does not provide a fully integrated theory of documentary control across modern transport networks.

The Hamburg Rules represented a shift toward a broader and more cargo-oriented liability regime. Their significance for bills of lading lies partly in the attempt to modernize the language and structure of maritime transport regulation. Tetley's comparative treatment of international cargo regimes demonstrates that the Hamburg framework alters important aspects of the carrier's liability and evidentiary position (7). The Rules retain the importance of transport documentation, yet their approach is less dependent on the historical structure of the Hague regime. They address the carrier's period of responsibility more broadly and reflect an effort to create a more unified framework for loss, damage, and delay.

From a documentary perspective, the Hamburg regime continues to recognize the importance of information contained in bills of lading and the carrier's ability to qualify statements that cannot reasonably be verified. The protection of good-faith reliance remains central because international trade depends upon the credibility of transport documents. Schmitthoff explains that sellers, buyers, and banks rely on transport documents as part of a broader system of documentary performance in international sales (8). A bill whose statements could be freely contradicted after transfer would not provide the certainty necessary for documentary payment. The Hamburg model therefore continues the historical movement toward stronger protection of third-party reliance, even though its principal innovation lies in the liability regime rather than in a radical redefinition of the bill itself.

The later Rotterdam framework represents a more significant conceptual development because it responds to changes in logistics, multimodal carriage, electronic communications, and door-to-door transportation. Modern supply chains frequently involve a maritime leg combined with road, rail, inland waterway, terminal handling, and logistics services. A legal regime that focuses exclusively on a traditional paper bill issued for a single sea leg risks becoming disconnected from commercial reality. Goode's broader commercial-law analysis emphasizes that law must adapt traditional documentary concepts to changing forms of trade while preserving the functions that make those concepts commercially useful (2). The Rotterdam approach reflects this functional movement by using broader concepts of transport documents and electronic transport records and by focusing more explicitly on control, transfer, and delivery.

The concept of "control" is particularly important because it offers a more precise functional vocabulary than the traditional expression "document of title." In practical terms, the holder of a transferable transport document may possess the power to give instructions, transfer documentary entitlement, and demand delivery. These powers do

not necessarily imply absolute ownership of the goods. Goode distinguishes control over disposition from proprietary ownership in commercial transactions (2). This conceptual distinction improves legal clarity because it allows transport law to define the documentary relationship without attempting to determine every proprietary question arising under the underlying sale. For Iranian law, this is a valuable comparative insight. A statutory framework can recognize that lawful control of a bill or electronic record produces rights against the carrier while leaving the ultimate ownership question to the applicable law of property and sale.

The treatment of transferable and non-transferable documents also illustrates the functional approach. Traditional terminology distinguishes order, bearer, and straight bills. Modern international frameworks instead ask what rights are attached to the document and what steps are required to transfer or exercise them. Carver's analysis shows that even within traditional bill-of-lading law, form and function must be distinguished because apparently similar documents may produce different legal consequences depending on wording and context (1). A document made "to order" is designed for circulation; a document naming a specific consignee may serve primarily as evidence and a delivery instrument. The legal regime should therefore attach consequences to the document's operational role rather than rely exclusively on labels.

Electronic transport records provide the clearest example of functional legal reasoning. The paper bill historically depends on possession of an original that can be physically transferred and surrendered. Electronic records require alternative mechanisms to establish singularity, integrity, control, and transfer. Debattista notes that documentary systems are valuable only to the extent that parties can identify who is entitled to exercise the rights represented by the document (4). In an electronic environment, possession must effectively be replaced by a legally recognized form of exclusive control. The law must ensure that the system prevents simultaneous exercise of inconsistent rights and preserves the integrity of the record throughout its life cycle. The functional objective is therefore not to imitate paper mechanically but to reproduce the legal consequences that paper possession historically enabled.

A comparative evaluation of evidentiary functions reveals substantial continuity across the international regimes. Each system recognizes that carrier-issued transport documentation plays a central role in proving receipt, shipment, quantity, marks, and apparent condition. The differences concern the details of evidentiary effect, reservations, and third-party reliance. Tetley demonstrates that disputes regarding the evidentiary force of transport documents remain closely linked to the allocation of burden in cargo claims (7). The strongest functional approach is one that protects legitimate reliance while allowing carriers reasonable safeguards where facts cannot be verified. Iranian law should therefore avoid both extremes: it should neither treat every statement as irrebuttably binding in all relationships nor permit carriers to undermine documentary certainty after issuing clean representations to the market.

The contractual function reveals greater complexity. Under all major maritime regimes, the bill may relate differently to the original shipper and a subsequent holder. Carver emphasizes that the document may be evidence of the original carriage contract while becoming the central contractual instrument in the hands of a transferee (1). This differentiated treatment is commercially sensible. The original parties may rely on prior negotiations or booking arrangements, whereas the third-party holder often possesses only the bill and therefore reasonably treats its terms as defining the carrier's obligations. Iranian law can draw upon this distinction to reconcile maritime practice with general contract doctrine. The principle of contractual relativity need not be abandoned if legislation clearly specifies the circumstances in which lawful transfer places the holder in a legally enforceable relationship with the carrier.

The proprietary function requires even greater precision. International transport law generally avoids resolving all questions of ownership because property rules remain deeply rooted in national legal systems. Schmitthoff explains that international sale, carriage, payment, and financing must be analyzed as distinct legal relationships even when they operate within the same commercial transaction (8). A bill of lading can facilitate transfer of goods in transit without itself determining every proprietary issue. The better functional approach is therefore to recognize the bill as a mechanism of documentary control and constructive delivery while leaving the passage of ownership to the governing substantive law. This distinction should be incorporated explicitly into Iranian maritime doctrine to prevent the common but misleading assumption that endorsement automatically equals transfer of ownership.

The protection of third parties provides another important basis of comparison. International documentary commerce depends heavily on parties who were not involved in the original carriage transaction. Buyers, banks, insurers, pledgees, and subsequent traders may all rely on the bill. Goode emphasizes that commercial law must balance the security of original parties with the need to protect good-faith reliance by transferees (2). The more freely a document circulates, the greater the need for predictable rules concerning the rights acquired by a legitimate holder. The Hague–Visby tradition, Hamburg regime, and modern transport rules all respond to this problem in different ways, but the common functional principle is clear: the law must make documentary reliance commercially meaningful.

This third-party dimension also explains why the bill of lading cannot be treated as merely private evidence between shipper and carrier. Once issued into circulation, the document acquires market significance. Debattista emphasizes that a bill used in export finance may be relied upon by entities with no direct knowledge of the shipment (4). The carrier therefore participates, through issuance of the document, in a wider network of reliance. This does not mean that the carrier guarantees every statement absolutely, but it does justify legal consequences where a transferee acts in good faith on representations the carrier authorized for circulation.

The functional evaluation of Iranian law against these international developments reveals several strengths and several areas requiring clarification. Iranian maritime doctrine already recognizes the bill's evidentiary and contractual significance (3). General commercial law supports circulation and protection of trade expectations (6). General contract law provides a sophisticated framework for analyzing consent, contractual effects, and transfer of rights (5). The challenge is to combine these elements into an explicit statutory model that distinguishes documentary control from ownership, clearly defines lawful-holder status, protects legitimate transferees, and accommodates electronic records.

Legal certainty should be the first criterion of reform. Parties must know who is entitled to demand delivery, what rights pass with transfer, when the carrier may rely on defenses, and when representations become binding. Commercial efficiency should be the second criterion. Transfer should be legally straightforward enough to support sale and financing during transit. Third-party protection should be the third criterion because documentary commerce cannot function where good-faith holders bear excessive risk concerning hidden disputes between original parties. Technological neutrality should be the fourth criterion. The law should define functional requirements such as integrity, exclusive control, reliable transfer, and surrender rather than tie legal validity permanently to paper. Finally, compatibility with international trade practice should guide interpretation because Iranian traders, carriers, banks, and importers operate within a transnational commercial environment shaped by widely recognized maritime concepts.

A modern Iranian approach should therefore not merely import the terminology of any single international convention. The Hague–Visby regime remains influential because of its historical importance and continued application in international shipping, while the Hamburg framework reflects an alternative allocation of carrier responsibility, and the Rotterdam approach offers a more technologically and functionally modern conception. The appropriate strategy is selective functional harmonization. Iranian law can preserve domestic doctrinal foundations while adopting clearer concepts of lawful holder, control, transfer, delivery, evidentiary reliance, and electronic equivalence. In this way, comparative law becomes a method of improving domestic coherence rather than an exercise in mechanical transplantation.

Conclusion

The bill of lading is best understood as a multifunctional legal and commercial instrument whose significance cannot be reduced to a single doctrinal category. Its historical development reflects the changing needs of maritime trade, beginning with the simple necessity of acknowledging receipt of goods and evolving into a sophisticated documentary mechanism capable of supporting carriage, international sale, financing, transfer, and delivery. The analysis in this article demonstrates that the bill simultaneously performs evidentiary, contractual, possessory, transfer-related, and commercial functions. These functions overlap in practice, but they should remain analytically distinct because confusion among them produces uncertainty concerning ownership, transfer, third-party rights, and the carrier's delivery obligations.

As a receipt, the bill of lading records the carrier's acknowledgment that specified goods have been received or shipped and provides evidence concerning their quantity, marks, and apparent condition. This function is indispensable in cargo disputes because the document frequently provides the starting point for determining whether loss, shortage, or damage occurred during the carrier's period of responsibility. The evidentiary force of the bill should not be identical in every relationship. Between the original shipper and carrier, certain statements may remain open to rebuttal in appropriate circumstances, whereas stronger protection is justified when a good-faith third party has acquired the document in reliance upon its representations. A coherent legal system must therefore balance the carrier's legitimate inability to verify certain facts with the broader need to preserve trust in commercial documents.

As evidence of the contract of carriage, the bill performs a function that changes according to the identity of the person relying upon it. The original shipper and carrier may have concluded their agreement before issuance of the bill, making the document evidence of an existing contractual relationship rather than the exclusive source of that relationship. In the hands of a subsequent holder, however, the bill may become the primary documentary basis upon which rights against the carrier are asserted. This differentiated function explains why general contractual principles cannot be applied mechanically without considering the specialized requirements of maritime commerce. The transferability of the bill creates a legally recognized pathway through which persons outside the original negotiations may acquire enforceable rights.

The description of the bill of lading as a document of title remains useful only if its limits are clearly understood. Possession or transfer of the bill should not automatically be equated with ownership of the cargo. The document more accurately provides a mechanism of documentary control, constructive possession, entitlement to delivery, and transfer of commercial rights. Ownership may pass together with transfer of the bill in many ordinary transactions, but that result depends on the legal structure of the underlying sale and cannot be inferred from

documentary possession alone. Maintaining this distinction is essential because contemporary trade involves sellers, buyers, banks, carriers, insurers, and security holders whose interests in the same goods may differ substantially.

Transferability is one of the bill's most commercially important characteristics. The ability to endorse and transfer an order bill allows goods to be traded while they remain in transit and allows banks to obtain documentary security without taking physical possession of cargo. Yet the term negotiability should be used cautiously. Bills of lading do not operate identically to classical negotiable monetary instruments. Their legal consequences derive from a specialized combination of endorsement, delivery, documentary entitlement, contractual transfer, and maritime law. A clearer emphasis on transferability and lawful-holder status provides a more accurate basis for legislation and adjudication.

The right to delivery represents the point at which documentary and physical control converge. The commercial value of the bill depends upon the expectation that the carrier will deliver the cargo only to the person legally entitled under the document or under an equivalent recognized mechanism. Wrongful delivery undermines the entire documentary system because it separates the cargo from the instrument upon which traders and financiers have relied. A modern legal framework must therefore state clearly when surrender is required, how entitlement is established, and what consequences follow from delivery to an unauthorized party.

The comparative analysis demonstrates that international maritime law has gradually moved from a predominantly paper-based and document-specific model toward a more functional understanding of transport documentation. Earlier regimes were designed around conventional maritime bills and port-to-port carriage. Later approaches increasingly respond to multimodal transportation, logistics integration, electronic communications, and the need to define control and transfer without relying exclusively on physical possession of paper. This development does not eliminate the traditional functions of the bill of lading. Instead, it clarifies which of those functions are essential and therefore must be preserved when the form of the document changes.

Iranian law possesses the doctrinal foundations necessary for an effective law of bills of lading. Maritime law provides specialized rules governing carriage, issuance, and delivery; general contract law explains the underlying obligations and transfer of contractual rights; commercial law supplies principles concerning circulation and documentary reliance; and private-law doctrine distinguishes ownership, possession, agency, and security interests. The principal difficulty lies in fragmentation. These elements are not always expressed within a single coherent statutory framework capable of answering contemporary questions concerning lawful holders, endorsement, transfer, ownership, delivery, third-party reliance, and electronic documentation.

Reform should therefore focus on integration and clarification rather than wholesale replacement of existing doctrine. Iranian maritime legislation should define the status of the lawful holder more precisely and specify the rights acquired through valid transfer. It should clearly separate transfer of documentary entitlement from transfer of ownership and establish when possession or control of a bill constitutes entitlement to delivery. The evidentiary consequences of statements appearing in the bill should be stated with particular attention to good-faith third parties. The law should also clarify the relationship between standardized bill terms and the underlying carriage agreement so that both carriers and holders can predict which contractual provisions will bind subsequent transferees.

Electronic documentation requires particular attention. A modern legal regime should not attempt merely to translate traditional paper formalities into digital terminology. It should identify the functions historically performed by possession, endorsement, originality, and surrender and permit reliable electronic systems to reproduce those

functions through integrity, uniqueness, exclusive control, authentication, transfer, and cancellation or surrender. A functionally equivalent electronic bill of lading should therefore be capable of producing the same core legal effects as a paper bill where the technological system reliably establishes documentary entitlement.

The most appropriate model for future development is thus a technology-neutral, function-oriented, and internationally compatible framework. Such a framework would preserve the established strengths of Iranian contract and commercial law while removing uncertainty caused by fragmented treatment of maritime documentation. It would recognize that the legal value of the bill of lading lies not in its paper form or in any single doctrinal label, but in the coordinated set of functions through which it supports international trade. By distinguishing receipt, contractual evidence, transfer, control, ownership, and delivery while defining their legal interaction with greater precision, Iranian law can strengthen commercial certainty, protect legitimate holders, facilitate financing and trade in goods in transit, and adapt effectively to the continuing digital transformation of maritime commerce.

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