



NVOCC LIABILITY WHEN ACTING FOR A FOREIGN PRINCIPAL

The issue: Tens of thousands of dollars were lost recently when a local Non-Vessel Operating Common Carrier (NVOCC), innocently negotiated a copy bill of lading for the delivery order for co-loaded cargo, because of a clerical error in the NVOCC's office. Quite unbelievably, a court did not accept that the NVOCC was acting as the bona fide agent of the overseas NVOCC principal, who dispatched the unsolicited co-loaded cargo and showed the NVOCC as the document clearance point.

Our position: Not to be certain that you are accepting a bona fide original bill in exchange for a delivery order and the cargo the that documents represent, is behaviour which courts can be expected to punish. Not having a simple agreement in place with persons beyond the seas who send the cargo to you to deliver on their behalf can be a very expensive exercise.

We suggest: Staff should be reminded regularly that only a bona fide original bill or other negotiable documents, such as express bills (which are acceptable to your company), should be used to negotiate cargo delivery orders.

Further, you should never act for an overseas principal without an agreement in place which confirms your position as their authorised agent.

Please do not hesitate to contact me with any questions?

With best regards

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