

Law for International Carriage of Goods by Sea: (Law No. 172 of 1957

as amended by Law No. 130 of 1971, Law No. 94 of 1975 and Law No. 69 of 1992)

Article 1 (Scope of Act)

The provisions of this Law (except Article 20 bis) shall apply to the carriage of goods by ship where either of a loading or a discharging port is outside of Japan, and Article 20 bis shall apply to the liability in tort of carrier or its servant.

Article 2 (Definitions)

(1) In this Law, "ship" shall mean any vessel as defined in Article 684 (1) of the Commercial Code (Law No. 48 of 1899), excluding craft as defined in the same Article (2).

(2) In this Law, "carrier" shall mean owner, lessee or charterer of a ship who is engaged in the carriage provided in the preceding Article.

(3) In this Law, "shipper" shall mean charterer or shipper who consigns the carriage provided in the preceding Article.

(4) In this Law, "one unit of account" shall mean the amount equivalent to one SDR by Special Drawing Right as provided in Article 3 (1) of the International Monetary Fund Agreement.

Article 3. (Duty to exercise due diligence with respect to the cargo)

(1) The carrier shall be liable for loss, damage or delay of the cargo arisen out of negligence by itself or its servants in receiving, loading, stowing, carrying, storing, discharging or delivering the cargo.

(2) The preceding paragraph shall not be applied to the damages arisen out of any act of master, mariner, pilot or any other servant of the carrier in navigation or in management of the ship or fire on the ship, unless caused by the actual fault or privity of the carrier.

Article 4

(1) The carrier shall not be exempted from its liability under the preceding Article, unless it proves the exercise of due diligence as provided in the said Article.

(2) Notwithstanding the preceding paragraph, the carrier shall not be liable when it proves the occurrence of any of the following facts and that the damages of the cargo is usually caused by such facts, provided however that the carrier shall be liable when it is proved that the carrier did not exercise due diligence provided in the preceding Article otherwise the damages could have been avoided.

1) Perils of the sea or other navigable waters:2) Act of God:3) Act of war, riots or civil commotion:4) Act of piracy or the other similar acts:5) Seizure under legal process, quarantine restrictions or other act by governmental authority:6) Act of shipper or owner of the goods or their servants:7) Strikes, slow-down, lockouts or other industrial disputes:8) Salvage of life or property at sea, or any deviation therefor or for any other reasonable

reason:9) Peculiar nature or inherent vice of the goods:10) Insufficiency or inadequacy of packing or marks:11) Latent defect of cranes or other similar facilities.

(3) The provisions of the preceding paragraph shall not preclude the application of Article 9.

Article 5 (Duty to exercise due diligence to make the ship seaworthy)

(1) The carrier is liable for loss, damage or delayed arrival of the goods which arise from the carrier's own or its servant's failure at the commencement of the voyage to exercise due diligence to:

1) Make the ship seaworthy:2) Man, equip, and supply the ship:3) Make holds, refrigeration chamber, and other parts of the ship in which goods are carried, fit and safe for their reception, carriage and preservation.(2) The carrier shall not be relieved from its liabilities under the preceding paragraph, unless he proves the exercise of due diligence under the same paragraph.

Article 6 (Duty to issue bill of lading)

(1) After loading the goods on the ship the carrier or the master or agent of the carrier shall, on demand of the shipper and without delay, issue to the shipper one or more originals of bill of lading, showing that the goods have been loaded on the ship (hereinafter referred to as "shipped bill of lading"). Even before loading the goods on the ship but after receiving the goods, the carrier or the master or agent of the carrier shall, on demand of the shipper, issue to the shipper one or more originals of a bill of lading, showing that the goods have been received by them (hereinafter referred to as "received bill of lading").

(2) Where a received bill of lading has been issued, the shipper may not demand the carrier to issue shipped bill of lading, unless all received bills of lading shall be returned in exchange for the shipped bill of lading.

Article 7 (Issuance of bill of lading)

(1) Bill of lading shall stipulate the followings in the case of received bill of lading, exclude (vii) and (viii) and shall be signed by the carrier or the master or agent of the carrier or shall have its name and seal.

i) Kind of goods:ii) Quantity or weight of the goods, the number of packages or pieces and the marks of the goods:iii) Apparent order and condition of the goods:iv) Shipper's full name or trade name:v) Consignee's full name or trade name:vi) Carrier's full name or trade name:vii) Ship's name and flag:viii) Loading port and date:ix) Discharging port:x) Freight:xi) Number, if more than one original Bills of lading have been issued: andxii) Place and date of issue.

(2) Where a shipped bill of lading is demanded to be issued in exchange of the received bill of lading, the said received bill of lading with a remark of shipment and the signature or the name and seal may be substituted. In such case the sub-paragraphs (vii) and (viii) of the preceding paragraph shall also be shown thereon.

Article 8 (Shipper's notices)

(1) The subparagraphs (i) and (ii) of paragraph (1) of the preceding Article shall be described on the bill of lading pursuant to the shipper's notice if any in writing.

(2) The preceding paragraph shall not be applied when the carrier has reasonable grounds to believe that the notice under the preceding paragraph is not accurate, or when the carrier has no appropriate means to confirm the accuracy of such a notice. It is the same when the mark of the good or its container or package shall not be endurable to read until the completion of the voyage.

(3) The shipper shall warrant to the carrier the accuracy of the notice under the above paragraph (1).

Article 9 (Misrepresentation in bill of lading)

The carrier is not entitled to defend against a bona fide bill of lading holder on the ground that there is a misrepresentation on the bill of lading.

Article 10 (Mutatis mutandis application)

The provisions of Articles 573 to 575, Article 584 and Articles 770 to 775 of the Commercial Code shall apply mutatis mutandis to the bill of lading hereunder.

Article 11 (Disposal of dangerous goods)

(1) Goods of an inflammable, explosive or dangerous nature whereof the carrier, master or agent of the carrier has not known at the time of shipment, may at any time be landed, or destroyed or rendered innocuous.

(2) The preceding paragraph shall not prevent the carrier from claiming against the shipper for damages.

(3) Goods of an inflammable, explosive or dangerous nature whereof the carrier, master or agent of the carrier has known at the time of shipment, may be landed or destroyed or rendered innocuous if the goods shall become a danger to the ship or cargo.

(4) The carrier shall not be liable for damage to the good arising out of its disposal provided in paragraph (1) or the preceding paragraph.

Article 12 (Consignee's duty of notice)

(1) The consignee or the bill of lading holder shall give a notice in writing to the carrier of the outline of loss or damage at the time of the delivery of the good if the good was partly lost or damaged. However, if the loss or damage be not apparent and discoverable immediately it is sufficient for them to give such a notice within three days after the date of delivery.

(2) Without notice pursuant to the preceding paragraph, the good shall be presumed to have been delivered without any loss or damage.

(3) The provisions of the preceding two paragraphs shall not apply if the condition of the good has been checked by the parties at the time of delivery.

(4) If there is any doubt for loss of or damage to the good, the carrier, the consignee and the holder of the bill of lading shall give necessary facilities each other to inspect the good.

Article 12 bis (Amount recoverable)

(1) The amount recoverable for damage of the good shall be determined based on the market price of the good at the place and time at which the good should have been discharged (or according to the commodity exchange price if available), provided however that if such market price is not available, the amount recoverable for damage of the good shall be determined by reference to the normal value of the good of the same kind and quality at that place and time.

(2) The provisions of Article 580 (3) of the Commercial Code shall be applied *mutatis mutandis* to the preceding paragraph.

Article 13 (Limitation of Liability)

(1) The carrier's liability for a package or unit of the goods shall be the higher of the following:

1) An amount equivalent to 666.67 unit of account; 2) An amount equivalent to 2 units of account per kilo of gross weight of the goods lost, damaged or delayed.

(2) The unit of account provided in the preceding paragraph shall be the final publicized rate on the date when the carrier compensates damage of the good.

(3) Where a container, pallet or similar article of transport (hereinafter referred to as "containers etc." in this paragraph) is used for the transportation of the goods, the number of containers etc. shall be deemed as the number of package or unit in applying the preceding paragraph, unless the goods' number or volume or weight is described in the bill of lading.

(4) In case the liability of the carrier's servant is lessened under the provisions of paragraph (2) of Article 20 bis to the limit which the carrier's liability is lessened by the preceding three paragraphs to be applied *mutatis mutandis* by paragraph (2) of the said Article, the carrier's liability for the good under the preceding three paragraphs shall be further lessened to the extent of the amount paid by the carrier's servant for the damage of the good.

(5) The provisions of the preceding paragraphs shall not be applied in case the kind and value of the goods has been declared by the shipper at the consignment of the goods for transport and described on the bill of lading if issued.

(6) In the case of the preceding paragraph, if the shipper declares with intent a value of the good which is remarkably higher than the actual price, the carrier shall not be responsible for the damage in connection with the said good.

(7) In the case of paragraph (5), if the shipper declares with intent a value of the good which is remarkably lower than the actual price, the declared price shall be deemed as the value of the good for the purpose of assessing damages.

(8) The preceding two paragraphs shall not be applied if the carrier acted in bad faith.

Article 13 bis (Exception to amount of damages and limitation of liability)

Notwithstanding Article 12 bis and paragraphs (1) to (4) of the preceding Article, if the damage of the good resulted from an intentional or reckless act or omission of the carrier to cause damage with knowledge that the damage would probably arise, the carrier shall be responsible for any loss or damage to the good.

Article 14 (Discharge from Liability)

(1) The carrier shall be discharged from its liability for the good unless a legal action is brought within one year from the date of delivery of the good (or in the case of the total loss of the good, the date when the good should have been delivered).

(2) The one year period in the preceding paragraph may be extended by mutual agreement of the parties after the damage arose.

(3) In case the carrier has further consigned the transport of the good to a third party, if the carrier has indemnified the damages or a legal suit has been brought against him within the period specified in paragraph (1), the third party's liability for the good shall not be discharged even after the expiration of the period specified in paragraph (1) (or the extended period if the period specified in paragraph (1) has been extended by the mutual agreement of the carrier and third party under the preceding paragraph), until the expiration of three months commencing from the date when the carrier has compensated the damages or a legal suit has been brought against him.

Article 15 (Prohibition of special agreement)

(1) Any special agreement which is contrary to the provisions of Articles 3 to 5 Article 8 Article 9 or Article 12 to 14 shall be null and void if such is not in favor of the shipper, receiver or holder of the bill of lading. Any agreement to assign to the carrier the right to claim under insurance contract for the good or similar agreement shall also be deemed null and void.

(2) The preceding paragraph shall not prevent the carrier from making a special agreement which is unfavorable to him. In this case the shipper may request the carrier to describe such agreement on the bill of lading.

(3) The paragraph (1) shall not apply to the damage of the good resulted from facts arising before loading of the goods or after discharge of the goods.

(4) Where a special agreement under paragraph (1) has been made but not described in the bill of lading, the carriers not entitled to assert such special agreement against a holder of the bill of lading.

Article 16 (Exception to prohibition of special agreement)

The provisions of paragraph (1) of the preceding Article shall not apply to the case where a part or whole of a ship is the subject of a contract of carriage. However, the foregoing is not applicable to the relationship between the carrier and the holder of the bill of lading.

Article 17

The preceding Article shall apply mutatis mutandis to the carriage where carrier is justified to exempt from or lessened for its liability by the peculiar nature or condition of the good, or peculiar circumstance for the carriage.

Article 18

(1) The provisions of paragraph (1) of Article 15 shall not apply to the carriage of live animals and or the carriage of the cargo on deck.

(2) In case a special agreement under paragraph (1) of Article 15 has been made but not described in the bill of lading for the carriage provided in the preceding paragraph, the carrier is not entitled to assert such special agreement against a holder of the bill of lading. It is same if the good is carried on deck but not described in the bill of lading.

Article 19 (Maritime lien on ship)

(1) In case a part or whole of a ship has been the subject of a contract of carriage for the good, and the charterer has further made a contract of carriage with a third party, those who claim for damage to the good arisen within the scope of the master's duties may exercise a maritime lien on the ship and her apparatus for such claim.

(2) The maritime lien under Article 842 (8) of the Commercial Code shall have precedence over the maritime lien under the preceding paragraph.

(3) The paragraphs (2) and (3) of Article 844, Article 845, Article 846, paragraph (1) of Article 847 and Article 849 of the Commercial Code shall apply *mutatis mutandis* to the maritime lien under paragraph (1) hereof.

Article 20 (Application of the Commercial Code, etc.)

(1) The provisions of the Commercial Code except Articles 738, 739, 759 and 766 to 776 shall apply to the carriage of good by ship provided in Article 1 hereof.

(2) The provisions of Articles 576, 578, 579, 582 and 583 of the Commercial Code shall apply *mutatis mutandis* to the carriage of good by ship provided in Article 1 hereof.

Article 20 bis (Liability of carriers etc. in tort)

(1) The provisions of Article 3 (2), Article 11 (4) and Articles 12 bis to 14 hereof and Article 573 of Commercial Code applied *mutatis mutandis* by the precedent Article (2) shall be applied *mutatis mutandis* to the liability of carriers in tort for the damage to the carried goods against the shipper, the consignee or the holder of the bill of lading. In this case, "the preceding paragraph" in Article 3 (2) shall be read as Civil Code (Law No. 89 of 1896) Article 715 (1) - main sentence and Commercial Code Article 690 (including case where the lessee of the ship shall have the same rights and duties as the shipowner has pursuant to Article 704 (1) of the same Code.)

(2) In case the liability of carrier on the carried goods is exonerated or limited pursuant to the preceding paragraph, the liability of the carrier's employee in tort for the damage to the carried goods against the shipper, the consignee or the holder of the bill of lading shall also be exonerated or limited to that extent.

(3) The provisions of Article 4 (2) and (3) hereof shall be applied *mutatis mutandis* to the case where Article 705 of the Commercial Code shall be applied with respect to liability of the Master as an employee of the carrier in tort for the damage to the carried goods against the shipper, the consignee or the holder of the bill of lading. In such case, "carrier" in Article 4

(2) shall be read as "Master", and "the preceding paragraph" as "Article 705 of Commercial Code" and "the preceding Article" as "the same Article".

(4) The provisions of Article 13 (4) shall be applied *mutatis mutandis* to the liability of the carrier's employee for the damage to the carried goods against the carrier who paid for the damage in case where the carrier's liability as to the carried goods is limited by the same Article (1) to (3) (including cases where *mutatis mutandis* application is made pursuant to paragraph (1) hereof.

(5) The preceding three paragraphs shall not be applied to a case where the damage to the carried goods was arisen out of intentional act or omission of the carrier's employee or his reckless conduct with recognition of a risk of the damage.

Article 21 (Carriage of postal goods)

This Law shall not be applied to the carriage of postal goods.