

LAW
ON OBLIGATIONS AND BASICS OF PROPERTY OBLIGATIONS IN THE
CARRIAGE BY AIR

PART ONE
BASIC PROVISIONS

Article 1

(1) This Law governs the obligation relations in the carriage by air and property obligations of aircrafts.

(2) Obligation relations, as referred to by this Law, are the relations arising from the Passenger Contract of Carriage, contract of carriage of cargo, contract of medical carriage and providing of air services and contracts of aircraft lease, as well as the relations that arise in the case of damage caused to the aircraft by a third party.

(3) Property-legal relations, as referred to by this Law, are the right and title to the aircraft.

Definition of Expressions

Article 2

Expressions used in this law have the following meaning:

1) **Airport** means any area on the land or water (including all facilities, installations and equipment) intended fully or partly for maneuvers, taking off, landing and surface movement of aircraft;

2) **Montenegrin air carrier** means any legal or natural person holding the license for operation of air services (hereinafter: Operating license), issued by Competent Authority of Montenegro;

3) **Volunteer** means a person who has presented himself/herself for boarding in accordance with the Article 9, paragraph 2 of this Law and responds positively to the air carrier's call for passengers prepared to surrender their reservation in exchange for benefits referred to the Article 11 of the Law;

4) **Domestic transport** means any carriage by aircraft, based on the contract of carriage, where the place of arrival and the place of departure points are situated in the territory of Montenegro;

5) **State aircraft** means an aircraft used for military, customs, and police purposes.

6) **Piece** shall mean a parcel composed of the packaging and its content, prepared for carriage;

7) **Airport user** means any legal or natural person responsible for the carriage of passengers, cargo and/or mail by air from or to the airport in question;

8) **Person entitled to compensation** means a passenger or any person entitled to claim in respect of that passenger, in accordance with the applicable law;

9) **Disabled person or person with reduced mobility** means any person whose mobility is reduced because of any physical disability (sensory or locomotor, permanent or temporary), any intellectual disability or impairment, age or any other cause of disability, and whose situation needs special attention and adaptation to the person's needs of services, made available to all passengers;

10) **Medical carriage** means the carriage of ill, injured and disabled persons by aircraft which is equipped for such kind of carriage;

11) **International transport** means carriage by air where, according to the contract of carriage, the point of origin and point of destination are in the territories of two countries, or in the territory of one country, if there is a stopover in the territory of another country.

12) **Montreal Convention** means the Convention for the Unification of Certain Rules relating to International Carriage by Air;

- 13) **Consignor of carriage** means the person who concludes the contract of carriage with a contracting air carrier;
- 14) **Holder of the rights** means any legal or natural person which is, on the basis of contract of carriage, entitled to submit a request to the air carrier, for acquiring respective rights;
- 15) **Airport Users Committee** means the body composed of the representatives of airport users or of legal persons acting on their behalf;
- 16) **Final destination** means the destination on the ticket presented at the check-in counter or, in the case of directly connecting flights, the destination of the last flight; alternative connecting flights available shall not be taken into account if the original planned arrival time is respected;
- 17) **Airport Operator** means a legal person which manages an airport infrastructure and coordinates and controls the activities of other operators at the airport, or airport systems in accordance with the law;
- 18) **Tour operator** means the legal person which organizes, sells or offers for sale package tours, whether directly or through agents;
- 19) **Cancellation of a flight** means the non-operation of a flight which was previously planned and on which at least one place was booked;
- 20) **Package (tour)** means the pre-arranged combination of services by which the tour operator obliges himself to offer to a passenger at least two of the services that include transport, accommodation or other touristic services forming the package and covering a period of more than twenty-four hours, or include at least one overnight stay, while a passenger obliges himself/herself to pay a total inclusive price;
- 21) **Airport car park** means a car park within the airport boundaries or under direct control of the airport operator, which serves the passengers using that airport;
- 22) **Consignor** means a legal or natural person on whose behalf, pursuant to the contract, cargo is being delivered for carriage;
- 23) **Hold baggage** means a baggage that is accepted for carriage with the issuance of a written confirmation;
- 24) **Consignee** means legal or natural person authorized to receive the cargo delivered for carriage at destination point;
- 25) **Aircraft property** means all items that are permanently intended for aircraft, whether being an integral part of the aircraft or temporarily separated from it;
- 26) **Baggage** means both, the hold and hand baggage;
- 27) **Provision of air services** means operation of aircraft by which the services in agriculture, forestry, building industry, firefighting protection, anti-hail equipment, search and rescue, marketing, aerial photo shooting, monitoring and patrol from the air, check of the radio navigation devices are provided etc.
- 28) **Passenger ticket** means a written or electronic document issued or authorized by the air carrier or its authorized agent, based on which a passenger acquires his/her right to carriage;
- 29) **Passenger** means a natural person which, on the basis of contract of carriage, is entitled to the carriage by air;
- 30) **Reservation** means the fact that a passenger has a ticket or other proof which indicates that a reservation has been accepted and registered by the air carrier or tour operator;
- 31) **Hand baggage** means belongings of the passenger carried on board;
- 32) **Special Drawing Right (SDR)** means a special drawing right defined by the International Monetary Fund;
- 33) **Actual air carrier** means an air carrier that performs or intends to perform a flight under the contract with a passenger or on behalf of another person, legal or natural, having concluded a contract with that passenger;
- 34) **Cargo** means goods delivered for carriage on the basis of the contract of carriage related to cargo;

- 35) **Contracting air carrier** means a legal or natural person having concluded a contract of carriage with a passenger, consignor of carriage or consignor.
- 36) **Denied boarding** means a refusal to carry passengers on a flight, although they have presented themselves for boarding under the conditions laid down in Article 9, paragraph 2 of this Law, except where there are reasonable grounds to deny them boarding, such as reasons of health, safety or security, or inadequate travel documentation;
- 37) **Commercial passenger air service** means a passenger air transport service operated by an air carrier through a scheduled or non-scheduled flight offered to the general public for valuable consideration, whether on its own or as part of a package tour;
- 38) **Successive air carrier** means legal or natural person that, based on a contract of carriage, concluded by the first air carrier, performs a part of the carriage with the consent of a passenger or consignor of carriage;
- 39) **Air Carrier** means a legal or natural person undertaking with a valid operating license;
- 40) **Aircraft in the air** means the aircraft from the moment the engine power of the aircraft is used for taking-off until the moment of landing and stopping the engines after landing;
- 41) **Time of carriage of passengers in the air** means the time from the beginning of handling the passengers by the time the handling of passengers is ended;
- 42) **Time of carriage of cargo in the air** means the time between handing over the items at the airport of departure, for the purpose of handling, until the person authorized for cargo at the destination airport or another place of landing receives them.

PART TWO

OBLIGATION RELATIONS

CHAPTER 1

Passenger Contract of Carriage, Baggage and Cargo

Section I.

Passenger Contract of Carriage and Baggage

1. Passenger Contract of Carriage

Article 3

- (1) Passenger contract of carriage is concluded between the air carrier and the passenger or the air carrier and organizer.
- (2) By the passenger contract of carriage an air carrier binds to carry a passenger from the point of origin to the destination point at the time prescribed by schedule, that is, at the agreed time, and the passenger binds to pay a certain fare.
- (3) By the passenger contract of carriage between an air carrier and the organizer, the air carrier binds to carry passengers specified by organizer, under agreed conditions.
- (4) Passenger contract of carriage concluded between an air carrier and an organizer can be for a single or multiple carriage, for a specified time frame, or with the whole aircraft's capacity.
- (5) Passenger contract of carriage between the air carrier and the organizer can relate to one or more passengers.
- (6) Passenger contract of carriage concluded with the organizer must be in writing or in electronic form.

Passenger ticket

Article 4

- (1) The air carrier shall issue a passenger ticket (individual or group).
- (2) The passenger ticket is the proof the contract on carriage of passengers has been concluded, and the existence of the contract of carriage can be proved differently as well.
- (3) Passenger ticket shall, by rule, bear the name of its holder.
- (4) If the passenger ticket bears the name of its holder, then it cannot be transferred to a third party without air carrier's consent.
- (5) The air carrier can deny consent as stated in paragraph 4 of this Article, only on justifiable grounds.
- (6) The passenger ticket can contain the designation of the point of origin and point of destination, as well as the time of departure prescribed by schedule, that is, by the passenger contract of carriage.

Abandoning of the Contract of Carriage and Refund of the Fare Paid

Article 5

- (1) Passenger has a right to abandon the contract of carriage before the beginning of its execution.
- (2) The air carrier shall refund the passenger the fare paid for carriage in case the passenger abandons the travel in domestic carriage no later than 24 hours prior to departure, that is, no later than 48 hour prior to departure in the international carriage.
- (3) If a passenger abandons their travel under conditions as specified in paragraph 2 of this article, the air carrier has a right to retain 10 percent of the fare paid.
- (4) If a passenger, a member of his immediate family (spouse, parents and children) or their travel partner, without which they cannot travel, dies before travel, or becomes ill to such extent that the travel becomes impossible, or the travel could endanger medical condition of the ill, the fare paid for carriage shall be refunded under condition that the air carrier has been advised of their inability to travel.
- (5) In case as stated in paragraph 4 of this article, the air carrier has a right to retain 2 percent of the fare paid for carriage.
- (6) If the obstacle for travel as stated in paragraph 4 of this article occurs during travel, the refund of travel is in proportion with the unused portion of travel.

2. Passenger's Rights in Case of Denied Boarding, Cancellation of a Flight or Long Delay

Denied Boarding

Article 6

- (1) When an operating air carrier reasonably expects to deny boarding on a flight, it shall first call for volunteers to surrender their reservations in exchange for benefits under conditions to be agreed between the passenger concerned and the actual air carrier.
- (2) Apart from the agreed benefits, volunteers shall be entitled to the rights specified in the Article 11 hereof.

(3) If an insufficient number of volunteers from paragraph 1 of this Article comes forward to allow the remaining passengers with reservations to board the flight, the operating air carrier may then deny boarding to a certain number of passengers who are surplus to aircraft capacity, against their will.

(4) If boarding is denied to passengers against their will, the operating air carrier shall immediately compensate them in accordance with Article 10 and provide them with the rights in accordance with Articles 8 and 9 hereof.

Cancellation of Flight

Article 7

(1) In case of cancellation of a flight, the passengers concerned are entitled to:

- a) fare refund or re-routing by the air carrier in accordance with Article 11 hereof;
- b) be offered assistance by the operating air carrier in accordance with Article 12. (1)(a) and paragraph 2 hereof, as well as the assistance as set out in Article 12(1)(b) and (c) hereof in event of re-routing when the reasonably expected time of departure of the new flight is at least the day after the departure as it was planned for the cancelled flight,
- c) compensation by the operating air carrier in accordance with Article 10 hereof, unless:

- they are informed of the cancellation at least two weeks before the scheduled time of departure; or
- they are informed of the cancellation two weeks before the scheduled time of departure and are offered re-routing no less than seven days before the scheduled time of departure, allowing them to depart no more than two hours before the scheduled time of departure and to reach their final destination less than four hours after the scheduled time of arrival; or
- they are informed of the cancellation less than seven days before the scheduled time of departure and are offered re-routing, allowing them to depart no more than one hour before the scheduled time of departure and to reach their final destination less than two hours after the scheduled time of arrival.

(2) In case of cancellation of a flight the air carrier shall advise passengers of possible alternative transport.

(3) An operating air carrier shall not be obliged to pay compensation in accordance with Article 10 hereof, if it can prove that the cancellation is caused by extraordinary circumstances which could not have been avoided even if all reasonable measures had been taken.

(4) The burden of proof concerning the questions as to whether and when the passenger has been informed of the cancellation of the flight shall rest with the actual air carrier.

Delay

Article 8

An operating air carrier reasonably expecting a flight to be delayed beyond its scheduled time of departure is obliged to provide passengers with:

- a) the assistance as set out in Article 12(1)(a) and paragraph 2 hereof for delays of two hours or more in the case of flights of 1500 kilometres or less; or
- b) for delays of three hours or more in the case of all flights of more than 1500 kilometres and of all other flights between 1500 and 3500 kilometres assistance as

set out in Article 12 (1),(a),(b) and (c) hereof, when the reasonably expected time of departure is at least the day after the time of departure previously announced;
c) assistance as set out in Article 12(1) and (2) hereof for delays of four hours or more in the case of all flights not falling under (a) and (b) of this paragraph, and when the delay is at least five hours, fare refund in accordance with the Article 11(1)(a) hereof.

The Manner in Which Passengers Can Claim their Rights

Article 9

(1) This Law shall apply to passengers departing from an airport located:
1) in the territory of Montenegro;
2) in other country, to an airport situated in the territory of Montenegro unless they received benefits or compensation and were given assistance in that third country, and if the operating air carrier of the flight concerned is from Montenegro.

(2) Passengers as set out in paragraph 1 of this Article can claim rights as set out in Articles 6, 7 and 8 hereof on the condition that they:

a) have a confirmed reservation on the flight concerned and, except in the case of cancellation referred to in Article 7, and they present themselves for check-in:

– at the time indicated in the passenger's ticket by the air carrier, the tour operator or an authorized travel agent;

– if no time is indicated, no later than 45 minutes before the published departure time: and

b) have been transferred by an air carrier or tour operator from the flight for which they held a reservation to another flight, irrespective of the reason.

(3) Rights as set out in Articles 10, 11 and 12 hereof can also be claimed by passengers having tickets issued under a frequent flyer programme or other commercial programme by an air carrier or tour operator.

(4) Rights as set out in Articles 10, 11 and 12 hereof are provided by the air carrier providing transport to passengers in accordance with paragraph 2 of this Article.

(5) Rights as set out in Articles 10, 11 and 12 hereof shall not apply to passengers travelling free of charge or at a reduced fare not available directly or indirectly to the public.

(6) Provisions of the Articles 10, 11 and 12 hereof shall not affect the rights of passengers under the agreement on package tours.

(7) Provisions of the Articles 10, 11 and 12 hereof shall not apply in cases where a package tour is cancelled for reasons other than cases covered by Article 7 hereof.

Right to Compensation

Article 10

(1) Passengers have a right to compensation amounting to:

a) EUR250 for all flights of 1 500 kilometres or less;

b) EUR400 for all flights between 1500 and 3500 kilometres;

c) EUR 600 for all flights not falling under (a) or (b).

(2) In determining the distance from paragraph 1 of this Article, the basis shall be the last destination at which the denial of boarding or cancellation will delay the passenger's arrival after the scheduled time.

(3) When passengers are offered re-routing to their final destination on an alternative flight pursuant to Article 11 hereof, the air carrier may reduce the compensation provided for in paragraph 1 by 50 % when the operating arrival time does not exceed the scheduled arrival time of the flight originally booked:

- a) by two hours, in respect of flights of 1500 kilometres or less;
 - b) by three hours, in respect of flights between 1500 and 3500 kilometres; or
 - c) by four hours, in respect of all flights not falling under (a) or (b).
- (4) The compensation referred to in paragraph 1 shall be paid in cash, bank orders or bank cheques or, with the signed agreement of the passenger, in travel vouchers and/or other services.
- (5) The distances given in paragraphs 1 and 2 shall be measured by the great circle route method.

Right to Reimbursement or Rerouting

Article 11

- (1) Passengers are entitled to opt between the reimbursement of the fare or re-rerouting in the following cases:
- a) reimbursement within seven days from the scheduled flight time, in accordance with Article 10(4) hereof, of the full cost of the ticket at the price at which it was bought, for the part or parts of the journey not made, and for the part or parts already made if the flight is no longer serving any purpose in relation to the passenger's original travel plan, together with, when relevant, a return flight to the first point of departure, at the earliest opportunity;
 - b) re-routing, under comparable transport conditions, to their final destination at the earliest opportunity; or
 - c) re-routing, under comparable transport conditions, to their final destination at a later date at the passenger's convenience, subject to availability of seats.
- (2) Paragraph 1(a) shall apply to passengers whose flights form part of a package, except for the right in accordance with special provisions covering the rights and obligations arising from package tours.
- (3) When an agreement on carriage provides landing on a certain airport, and an air carrier offers a passenger a flight to an airport alternative to that for which the booking was made, the operating air carrier shall bear the cost of transferring the passenger from that alternative airport either to that for which the booking was made, or to another close-by destination agreed with the passenger.

Right to Care

Article 12

- (1) Passengers are entitled to:
- a) complimentary meals and refreshments in a reasonable relation to the waiting time,
 - b) hotel accommodation in cases:
 - where a stay of one or more nights becomes necessary,
 - where a stay additional to that intended by the passenger becomes necessary,
 - c) transport between the airport and the place of accommodation (hotel or other).
- (2) In addition to rights as set out in paragraph 1, passengers have a right to free of charge two telephone calls, telex or fax messages, or e-mails.
- (3) the operating air carrier shall pay particular attention to the persons with reduced mobility and any persons accompanying them, as well as to unaccompanied children.

Upgrading and Downgrading

Article 13

- (1) If an operating air carrier places a passenger in a class higher than that for which the ticket was purchased, it may not request any supplementary payment.

(2) If an air carrier places a passenger in a class lower than that for which the ticket was purchased, it shall within seven days from the day of re-placement, by the means provided for in Article 10(4), reimburse:

- a) 30 % of the price of the ticket for all flights of 1500 kilometres or less, or
- b) 50 % of the price of the ticket for all between 1500 and 3500 kilometres, and
- c) 75 % of the price of the ticket for all flights not falling under (a) or (b).

Persons with Reduced Mobility or Special Needs

Article 14

(1) Operating air carrier shall give priority to carrying persons with reduced mobility and any persons or certified service dogs accompanying them, as well as unaccompanied children.

(2) In cases of denied boarding, cancellation and delays, persons covered by the paragraph 1, shall have the right to care in accordance with Article 12 hereof within two hours from denial of boarding, cancellation or delay.

Further Compensation

Article 15

Passengers have a right to request further compensation in accordance with separate regulations, except for the passengers who voluntarily surrendered their reservations in accordance with Article 6(1) hereof.

Right to Compensation

Article 16

(1) Operating air carrier that has paid compensation to passengers or met other obligations under this law shall be entitled to compensation by either the contractual air carrier, or the organizer, or other person having the contract with air carrier.

(2) The organizer or other person other than passenger, having the contract with air carrier, is entitled to a refund of the fare paid or compensation by the operating air carrier in accordance with special provisions.

Obligation to Inform Passengers of their Rights

Article 17

(1) The operating air carrier shall ensure that at check-in a clearly legible notice containing the following text is displayed in a manner clearly visible to passengers: "If you are denied boarding or if your flight is cancelled or delayed for at least two hours, ask at the check-in counter or boarding gate for the text stating your rights, particularly with regard to compensation and assistance".

(2) An operating air carrier denying boarding or cancelling a flight, or a flight of which is being delayed by at least two hours, shall provide each passenger affected with a written notice setting out the rules for compensation and assistance in line with this Law, as well as information on how and where the passengers can claim their rights.

In respect of blind and visually impaired persons, the operating air carrier shall inform them of their rights using appropriate alternative means.

Exclusion of waiver

Article 18

(1) Obligations vis-à-vis passengers pursuant to this Law may not be limited or waived, by the contract of carriage.

(2) If, the passenger is not correctly informed of his/her rights and for that reason has accepted compensation which is inferior to that provided for in this Law, the passenger shall still be entitled to take the necessary proceedings before the competent courts or bodies in order to obtain additional compensation.

3. Execution of the Passenger Contract of Carriage

Organizer's Liability

Article 19

(1) The organizer is responsible to the air carrier for obligations agreed by the contract on carriage, unless otherwise agreed between the organizer and the air carrier.

(2) In case of cancellation and delay of a flight the passenger is entitled to rights determined by this law by the organizer, if the organizer in accordance with paragraph 1 of this Article is responsible to the air carrier for the provisions of the contract of carriage.

(3) The organizer shall provide passengers with the service of carriage under its own costs, unless otherwise agreed between the organizer and the passenger.

Entrusting the Contract of Carriage to the Operating Air Carrier

Article 21

(1) Unless otherwise determined by the contract of carriage, the contracting air carrier has a right to entrust the carriage of passengers to the operating air carrier, under condition the same conditions of travel are provided, and in case more favourable conditions for passenger have been provided, the contracting air carrier has no right to ask for the difference for the increased fare.

(2) The contracting air carrier, which concluded a contract of carriage for the defined time by the whole aircraft's capacity, can entrust the carriage to the operating air carrier only under condition it has been agreed so, or the organizer has made a written consent.

Passenger Contract of Carriage for the Defined Time

Article 22

(1) In case a contract of carriage for the defined time by the whole aircraft's capacity has been agreed, the air carrier can replace the agreed type of aircraft, only with a written consent of the organizer.

(2) If the air carrier switches the agreed type of aircraft with no written consent of the organizer, the air carrier shall be liable for damage sustained by the organizer.

Passenger Contract of Carriage by the whole Aircraft's Capacity

Article 23

(1) The air carrier has a right to dispose of the unused capacity of the aircraft only with the organizer's consent, if the carriage by the whole aircraft's capacity has been agreed.

(2) In case carriage by the whole aircraft's capacity has been agreed, and the air carrier disposed of the unused capacity, the agreed compensation for travel will be reduced by the unused capacity.

(3) In case the air carrier disposed of the unused capacity with no consent of the organizer, the air carrier shall be liable for damage sustained by the organizer.

Carriage of Passengers by the Aircraft on which the Carriage of Postal Items is Performed

Article 24

In the carriage of passengers by the aircraft on which carriage of postal items is performed, provisions of articles 6,7 and 8 hereof shall not apply to the carriage of postal items.

4. Liability of Air Carriers

Application of the Montreal Convention

Article 25

(1) Apart from provisions of this Law, the relevant provisions of the Montreal Convention shall apply to the liability of the air carrier for the damage caused in the carriage of passengers and their baggage by air.

(2) The provisions of the Montreal Convention related to the liability of the air carrier shall also apply to the carriage operated within the air space of Montenegro.

(3) The air carrier shall be also liable for the damage under paragraph 1 of this Article if the damage is caused by a person acting for the air carrier on performance of carriage or according to air carrier's instructions.

(4) If the air carrier proves that the damage is caused or provoked by negligence, other wrong action or omission of the person claiming the compensation or of the person from which acquires its rights, the air carrier shall be fully or partly discharged from liability to the extent to which negligence, wrong action or omission have caused damage or provoked it further.

(5) In case of death or bodily injury of a passenger, the compensation is claimed by another person, which is not passenger, the air carrier shall be fully or partly discharged from the liabilities, if there is a proof that the damage resulted or provoked by negligence, wrong action or omission of that respective passenger.

(6) Provisions of the contract related to discharging the air carrier from liabilities or to stipulation of a lower limit of the liability than the one defined by the Montreal Convention and by this Law shall be null and void and shall not extend a nullity of the whole contract of carriage, to which this Convention applies.

Insurance obligation of the air carrier

Article 26

(1) The provisions of the Montreal Convention shall apply to the liability of the Montenegrin air carrier for the carriage of passengers and their baggage by air.

(2) Montenegrin air carrier is obliged to insure itself for liability against damage, in accordance with the law.

(3) Proof on insurance in air transport for liability against damage in accordance with the Montreal Convention shall be also provided by other air carrier which intends to operate commercial air transport with Montenegro.

(4) The amount of liability insurance against damage caused to passengers, baggage, cargo, mail and to third parties, should be in the level in accordance with the law which provides the payment of total amount of damage.

Compensation of damage

Article 27

Both, the compensation and the lowest liability limit in the case of death or injury of the passenger in the case of accident, destruction, loss or damage to baggage, or delay in baggage delivery shall be defined in accordance with the Article 21 and 22 of the Montreal Convention.

Advance Payments

Article 28

(1) Montenegrin air carrier shall without delay, and in any event not later than 15 days after the identity of the natural person entitled to compensation has been established, make such advance payments as may be required to meet immediate economic needs on a basis proportional to the hardship suffered.

(2) Without prejudice to paragraph 1 of this Article, an advance payment shall not be less than the equivalent in euro of 16.000 SDRs per passenger in the event of death.

(3) An advance payment shall not constitute recognition of liability and may be offset against any subsequent sums paid on the basis of Montenegro air carrier liability.

(4) An advance payment is not returnable, except in the cases prescribed in Article 20 of the Montreal Convention or where the person who received the advance payment was not the person entitled to compensation.

Supplementary sum for the delivery of the hold baggage

Article 29

(1) In delivery of the baggage the passenger has the right to determine the value of the delivery of hold baggage at final destination and to pay additional amount, on the request of the air carrier, for delivery of the baggage to final destination.

(2) Supplementary sum for delivery of the baggage at final destination in accordance with the Article 22 paragraph 2 of the Montreal Convention may be demanded by the air carrier when a passenger makes a special declaration of interest in delivery of their baggage at final destination, on a tariff which is related to the additional costs involved in transporting and insuring the baggage concerned over and above those for baggage valued at or below the liability limit.

(3) The air carrier shall make familiar the passenger with the tariff related to additional costs referred to paragraph 2 of this Article.

The responsibilities of the air carrier

Article 30

(1) The air carriers shall, when selling carriage by air in Montenegro, ensure that a summary of the main provisions governing liability for passengers and their baggage, including deadlines for filing an action for compensation and the possibility of making a special declaration for baggage is made available to passengers at all points of sale, including sale by telephone and via the Internet in the manner referred to the Article 33 of this Law.

(2) The summary referred to the paragraph 1 of this Article cannot be used as a basis for a claim for compensation, nor to interpret the provisions of this Law or the Montreal Convention.

The notification of the passengers on responsibilities of the air carrier Article 31

In addition to the information requirements of the air carrier set out in the Article 30 of this Law, all air carriers shall in respect of carriage by air provided or purchased, provide each passenger with a written indication of the applicable limit for that flight on the carrier's liability in respect of:

- 1) death or injury, if such a limit exists;
- 2) destruction, loss of or damage to baggage and a warning that baggage greater in value than this figure should be brought to the airline's attention at check-in or fully insured by the passenger prior to travel;
- 3) damage occasioned by delay.

Limits of the responsibilities of the air carrier Article 32

(1) In the case of all carriage performed by the Montenegrin air carrier, the limits indicated in accordance with the summary of the main provisions governing liability and information requirements of Articles 30 and 31 of this Law shall be those established by this Law, unless the air carrier applies higher limits by way of voluntary undertaking.

(2) In the case of all carriage performed by non-Montenegrin air carrier, the provisions of the Articles 30 and 31 shall apply only in relation to carriage to, from or within Montenegro.

Summary of the main provisions governing liability for passengers and baggage Article 33

Summary of the main provisions governing liability of the air carrier for passengers and baggage includes:

1) Compensation in the case of death or injury:

- There are no financial limits to the liability for passenger injury or death. For damages up to 113 100 SDRs the air carrier cannot contest claims for compensation, while, above that amount, the air carrier can defend itself against a claim by proving that it was not negligent or otherwise at fault.

2) Advance payments:

- If a passenger is killed or injured, the air carrier must make an advance payment, to cover immediate economic needs, within 15 days from the identification of the person entitled to compensation;

- In the event of death, this advance payment shall not be less than 16 000 SDRs;

3) Passenger delays:

- In case of passenger delay, the air carrier is liable for damage unless it took all reasonable measures to avoid the damage or it was impossible to take such measures;

The liability for passenger delay is limited to 4.694 SDRs;

4) Baggage delays:

- In case of baggage delay, the air carrier is liable for damage unless it took all reasonable measures to avoid the damage or it was impossible to take such measures.

- The liability for baggage delay is limited to 1.131 SDRs;
- 5) Destruction, loss or damage to baggage:
 - The air carrier is liable for destruction, loss or damage to baggage up to 1.131 SDRs.
 - In the case of hold baggage, it is liable even if not at fault, unless the baggage was defective.
 - In the case of hand baggage, the carrier is liable only if at fault;
- 6) Higher limits for baggage:
 - A passenger can benefit from a higher liability limit by making a special declaration at the latest at check-in and by paying a supplementary fee;
- 7) Complaints on baggage:
 - If the baggage is damaged, delayed, lost or destroyed, the passenger must write and complain to the air carrier as soon as possible.
 - In the case of damage to hold baggage, the passenger must write and complain within seven days, and in the case of delay within 21 days, in both cases from the date on which the baggage was placed at the passenger's disposal;
- 8) Liability of contracting and actual carriers:
 - If the air carrier actually performing the flight is not the same as the contracting air carrier, the passenger has the right to address a complaint or to make a claim for damages against either.
 - If the name or code of an air carrier is indicated on the ticket, that air carrier is the contracting air carrier.
- 9) Time limit for action:
 - Any action in court to claim damages must be brought within two years from the date of arrival of the aircraft, or from the date on which the aircraft ought to have arrived;
- 10) Basis for the information:
 - The basis for the rules described above is this Law and the Montreal Convention of 28 May 1999.

5. Carriage of Baggage

Taking Hand Baggage onto the Aircraft

Article 34

- (1) Pursuant to Contract of carriage, passenger can at no additional charge take and carry onboard hand baggage, and it shall remain in custody of the passenger.
- (2) It is forbidden to take onboard things which by their nature pose risk to aircraft or persons or other property, and which by their nature, size or weight do not belong in the aircraft cabin.
- (3) Air carrier sets out the weight and size of hand baggage that can be carried onboard.
- (4) The time of carriage of hand shall be deemed to be the time from the boarding of passengers in the aircraft till the time of passenger's disembarking.

Article 35

“Deleted”

Carriage of Hold baggage

Article 36

- (1) Air carrier shall accept for carriage hold baggage and issue a written confirmation.
- (2) It is forbidden to check in things for which a special permit is necessary or things that have to be carried under special conditions, as well as things which by their nature pose risk to aircraft or persons on it or which can cause, or make damage to

other baggage, nor are permitted things which by their nature, size or weight do not belong in the cargo hold.

(3) Air carrier sets out the weight and size of hold baggage, as well as the free baggage allowance.

6. Rights of disabled persons or persons with reduced mobility

Scope of rights

Article 36a

(1) Disabled persons or persons with reduced mobility, who use or intend to use air transport services for passengers at arrival, departure or transit at the airport located in the territory of Montenegro shall have the right to assistance in accordance with this law.

(2) The provisions of the Articles 36b, 36c and 36i of this Law shall apply to the passengers departing from the airport located in other country to the airport in the territory of Montenegro, if the carriage by air is performed by the Montenegrin air carrier.

(3) The right to assistance referred to the paragraph 1 of this Article shall not affect the rights of passengers referred to the Articles 6 to 18 of this Law.

(4) If the provisions of this Law governing the rights of passengers referred to the paragraph 1 of this Article are contrary to the provisions of the regulations on ground-handling services, the provisions of this Law shall apply.

Prevention of refusal of carriage

Article 36b

An air carrier or its agent or a tour operator shall not refuse, on the grounds of disability or of reduced mobility:

- 1) to accept a reservation for a flight departing from or arriving at an airport referred the Article 36a of this Law;
- 2) to embark disabled persons or persons with reduced mobility at an airport referred to in point 1 of this Article, provided that the person concerned has a valid ticket and reservation.

Derogations, special conditions and information

Article 36c

(1) Notwithstanding the provisions of the Article 36b, an air carrier or its agent or a tour operator may refuse, on the grounds of disability or of reduced mobility, to accept a reservation from or to embark a disabled person or a person with reduced mobility:

1) in order to meet applicable safety requirements established by international or national law binding for Montenegro or in order to meet safety requirements established by the authority that issued the air operator's certificate (AOC) to the air carrier concerned; and

2) if the size of the aircraft or its doors makes the embarkation or carriage of that disabled person or person with reduced mobility physically impossible.

(2) In the event of refusal to accept a reservation on the grounds referred to paragraph 1 of this Article, the air carrier, its agent or the tour operator shall make reasonable efforts to propose an acceptable alternative to the person in question.

(3) A disabled person or a person with reduced mobility who has been denied embarkation on the grounds of his or her disability or reduced mobility and any person accompanying this person pursuant to paragraph 4 of this Article shall be

offered the right to reimbursement or re-routing as provided for in Article 11 of the Law, if all safety requirements being met.

(4) Under the same conditions referred to in paragraph 1 point 1 of this Article, an air carrier or its agent or a tour operator may require that a disabled person or person with reduced mobility be accompanied by another person who is capable of providing the assistance required by that person.

(5) An air carrier or its agent shall make publicly available, in accessible formats in Montenegrin language and in the same languages as the information made available to other passengers, the safety rules that it applies to the carriage of disabled persons and persons with reduced mobility, as well as any restrictions on their carriage or on that of mobility equipment due to the size of aircraft.

(6) A tour operator shall make such safety rules and restrictions available for flights included in package travel, package holidays and package tours which it organizes, sells or offers for sale.

(7) When an air carrier or its agent or a tour operator refuses to accept a reservation from the disabled person or person with reduced mobility and requests to be accompanied by an alternative person, it shall immediately inform the disabled person or person with reduced mobility of the reasons therefore.

(8) On request, an air carrier, its agent or a tour operator shall communicate in writing these notification provided in the paragraph 7 of this Article to the disabled person or person with reduced mobility, within five working days of the request.

Designation of points of arrival and departure Article 36d

(1) An airport operator, in cooperation with airport users, or the Airport Users Committee and relevant organizations representing disabled persons and persons with reduced mobility, shall, taking account of local conditions, designate points of arrival and departure within the airport boundary or at a point under the direct control of the airport operator, both inside and outside terminal buildings, at which disabled persons or persons with reduced mobility can, with ease, announce their arrival at the airport and request assistance.

(2) The points of arrival and departure referred to in paragraph 1 of this Article, shall be clearly signed and shall offer basic information about the airport, in accessible formats.

Transmission of information Article 36e

(1) Air carriers, their agents and tour operators shall take all measures necessary for the receipt, at all their points of sale in the territory of Montenegro, including sale by telephone and via the Internet, of notifications of the need for assistance made by disabled persons or persons with reduced mobility.

(2) When an air carrier or its agent or a tour operator receives a notification of the need for assistance referred to in the paragraph 1 of this Article, at least 48 hours before the published departure time for the flight, it shall transmit the information concerned at least 36 hours before the published departure time for the flight:

1) to the managing bodies of the airports of departure, arrival and transit, and
2) to the operating (actual) air carrier, if a reservation was not made with that carrier, unless the identity of the operating air carrier is not known at the time of notification, in which case the information shall be transmitted as soon as practicable.

(3) In all cases other than those mentioned in paragraph 2 of this Article, the air carrier or its agent or tour operator shall transmit the information as soon as possible.

(4) As soon as possible after the departure of the flight, an operating (actual) air carrier shall inform the managing body of the airports of destination, if situated in the

territory of Montenegro, of the number of disabled persons and persons with reduced mobility on that flight requiring assistance specified in the Article 36f of this Article and of the nature of that assistance.

Right to assistance to airports Article 36f

(1) When a disabled person or person with reduced mobility arrives at an airport for travel by air, the airport operator shall be responsible for ensuring the provision of the assistance specified in the Article 36m of the Law in such a way that the person is able to take the flight for which he or she holds a reservation, provided that the notification of the person's particular needs for such assistance has been made to the air carrier or its agent or the tour operator concerned at least 48 hours before the published time of departure of the flight.

(2) The notification specified in the paragraph 1 shall also cover a return flight, if the outward flight and the return flight have been contracted with the same air carrier.

(3) Where use of a recognized assistance dog is required, this shall be accommodated provided that notification of the same is made to the air carrier or its agent or the tour operator.

(4) If no notification is made in accordance with paragraph 1 of this Article, the airport operator shall make all reasonable efforts to provide the assistance specified in the Article 36m of the Law in such a way that the person concerned is able to take the flight for which he or she holds a reservation.

(5) The provisions of paragraph 1 shall apply on condition that:

1) the person presents himself or herself for check-in:
– at the time stipulated in advance and in writing (including by electronic means) by the air carrier or its agent or the tour operator, or
– if no time is stipulated, not later than one hour before the published departure time;
or

2) the person arrives at a point within the airport boundary designated in accordance with the Article 36d of the Law:
- at the time stipulated in advance and in writing (including by electronic means) by the air carrier or its agent or the tour operator, or
- if no time is stipulated, not later than two hours before the published departure time.

(6) When a disabled person or person with reduced mobility transits through an airport in the territory of Montenegro, or is transferred by an air carrier or a tour operator from the flight for which he or she holds a reservation to another flight, the airport operator shall be responsible for ensuring the provision of the assistance specified in the Article 36m of the Law in such a way that the person is able to take the flight for which he or she holds a reservation.

(7) On the arrival by air of a disabled person or person with reduced mobility at an airport in the territory of Montenegro, the airport operator shall be responsible for ensuring the provision of the assistance specified in the Article 36m of the Law in such a way that the person is able to reach his or her point of departure from the airport as referred to in the Article 36d of the Law.

(8) The assistance provided shall, as far as possible, be appropriate to the particular needs of the individual passenger.

Responsibility for assistance at airports Article 36g

(1) The airport operator shall be responsible for ensuring the provision of the assistance specified in the Article 36m of the Law without additional charge to disabled persons and persons with reduced mobility.

(2) The airport operator is responsible for providing the assistance specified in the Article 36m of the Law and may provide such assistance itself or alternatively it may contract with one or more other legal or natural parties for the supply of the assistance, if quality standards specified in the Article 36h of the Law are being met.

(3) In cooperation with airport users, through the Airport Users Committee where one exists, the airport operator may enter into such a contract or contracts on its own initiative or on request, including from an air carrier, and taking into account the existing services at the airport concerned. In the event that it refuses such a request, the airport operator shall provide written justification.

(4) The airport operator may, on a non-discriminatory basis, levy a specific charge on airport users specified in paragraphs 1 and 2 of this Article for the purpose of funding this assistance, which is proportional to total number of passengers carried at/from the airport by airport users.

(5) This specific charge shall be reasonable, cost-related, transparent, and shall be established by the airport operator in cooperation with airport users, or the Airport Users Committee or any other appropriate entity.

(6) The airport operator shall separate the accounts of its activities relating to the assistance provided to disabled persons and persons with reduced mobility from the accounts of its other activities.

(7) The airport operator shall make available to airport users, through the Airport Users Committee or any other appropriate entity, as well as to the enforcement body or an audited annual overview of charges received and expenses made in respect of the assistance provided to disabled persons and persons with reduced mobility.

Quality standards for assistance Article 36h

(1) The airport operator whose annual traffic is higher than 150.000 commercial passenger movements shall set quality standards for the assistance specified in the Article 36m of the Law and determine resource requirements for meeting them, in cooperation with airport users, or the Airport Users Committee and organizations representing disabled passengers and passengers with reduced mobility.

(2) In the setting of such standards specified in the paragraph 1, full account shall be taken of internationally recognized policies and codes of conduct concerning facilitation of the transport of disabled persons or persons with reduced mobility, notably the ECAC Code of Good Conduct in Ground Handling for Persons with Reduced Mobility.

(3) The airport operator shall publish its quality standards on its official website.

(4) An air carrier and the airport operator may agree that, for the passengers whom that air carrier transports to and from the airport, the airport operator shall provide assistance of a higher standard than the standards referred to in paragraph 1 or provide services additional to those specified in the Article 36m of the Law.

(5) The airport operator may levy a charge on the air carrier specified in the paragraph 4 of this Article, additional to that referred to in Article 36g (4) of the Law, which shall be transparent, cost-related and established after consultation of the air carrier concerned.

Obligations of the air carrier Article 36i

An air carrier shall provide the assistance specified in the Article 36n of this Law without additional charge to a disabled person or person with reduced mobility departing from, arriving at or transiting through an airport located in the territory of Montenegro, provided that the person in question fulfils the conditions set out in Article 36f (1), (2) and (4) of this Law.

Training Article 36j

Air carriers and airport operators shall:

- 1) ensure that all their personnel, including those employed by any sub-contractor, providing direct assistance to disabled persons and persons with reduced mobility have knowledge of how to meet the needs of persons having various disabilities or mobility impairments;;
- 2) provide disability-equality and disability-awareness training to all their personnel working at the airport who deal directly with the travelling public;
- 3) ensure that, upon recruitment, all new employees attend disability-related training and that personnel receive refresher training courses when appropriate.

Compensation for lost or damaged wheelchairs, other mobility equipment and assistive devices Article 36k

Where wheelchairs or other mobility equipment or assistive devices are lost or damaged whilst being handled at the airport or transported on board aircraft, the passenger to whom the equipment belongs shall be compensated, in accordance with this Law and endorsed international agreement.

Exclusion of waiver Article 36l

Obligations towards disabled persons and persons with reduced mobility pursuant to this Law shall not be limited or waived.

Assistance under the responsibility of airport operator Article 36m

(1) An airport operator shall provide assistance and other measures necessary to enable disabled persons and persons with reduced mobility to:

- 1) communicate their arrival at an airport and their request for assistance at the designated points inside and outside terminal buildings mentioned in the Article 36d of this Law;
- 2) move from a designated point to the check-in counter;
- 3) check-in and register baggage;
- 4) proceed from the check-in counter to the aircraft, with completion of emigration, customs and security procedures;
- 5) board the aircraft, with the provision of lifts, wheelchairs or other assistance needed, as appropriate;
- 6) proceed from the aircraft door to their seats;
- 7) store and retrieve baggage on the aircraft;
- 8) proceed from their seats to the aircraft door;
- 9) disembark from the aircraft, with the provision of lifts, wheelchairs or other assistance needed, as appropriate;
- 10) proceed from the aircraft to the baggage hall and retrieve baggage, with completion of immigration and customs procedures;
- 11) proceed from the baggage hall to a designated point;
- 12) reach connecting flights when in transit, with assistance on the air and land sides and within and between terminals as needed;
- 13) move to the toilet facilities if required.

(2) Where a disabled person or person with reduced mobility is assisted by an accompanying person, an airport operator must, if requested, be allowed to provide the necessary assistance in the airport and with embarking and disembarking.

(3) An airport operator shall provide ground handling of all necessary mobility equipment, including equipment such as electric wheelchairs subject to advance warning of 48 hours and to possible limitations of space on board the aircraft, and subject to the application of relevant legislation concerning dangerous goods.

(4) An airport operator shall provide temporary replacement of damaged or lost mobility equipment, albeit not necessarily on a like-for-like basis.

(5) An airport operator shall allow the use of recognized assistance dogs, when relevant.

(6) An air operator shall communicate information needed to take flights in accessible formats.

(7) An air operator is responsible for meeting the obligations laid down in this Article.

(8) Obligations under the paragraphs 1 to 6 of this Article shall be also applied accordingly to other providers of ground handling services, if they are not performed by the airport operator.

Assistance by air carrier

Article 36n

(1) Carriage of recognized assistance dogs in the cabin, subject to national regulations.

(2) In addition to medical equipment, transport of up to two pieces of mobility equipment per disabled person or person with reduced mobility, including electric wheelchairs (subject to advance warning of 48 hours and to possible limitations of space on board the aircraft, and subject to the application of relevant legislation concerning dangerous goods).

(3) Communication of essential information concerning a flight in accessible formats.

(4) The making of all reasonable efforts to arrange seating to meet the needs of individuals with disability or reduced mobility on request and subject to safety requirements and availability.

(5) Assistance in moving to toilet facilities if required.

(6) Where a disabled person or person with reduced mobility is assisted by an accompanying person, the air carrier will make all reasonable efforts to give such person a seat next to the disabled person or person with reduced mobility.

Supervision of provided assistance

Article 36o

Supervision over the implementation of the provisions of this Law, related to the rights of disabled persons or persons with reduced mobility, at airport referred to the Article 36a paragraph 1 of this Law, shall be carried out by the Civil Aviation Agency (hereinafter: the Agency).

Carriage of Valuables and Other Articles of Extraordinary Value

Article 37

“Deleted”

Compensation amounts

Article 38

“Deleted”

Deadlines for Claims

Article 39 **“Deleted”**

Inability of Air Carrier to Invoke Deadlines for Claims

Article 40 **“Deleted”**

Right to Retention

Article 41 **“Deleted”**

Section II.

Carriage of Cargo

1. Cargo Contract of Carriage

Article 42

- (1) Pursuant to the Cargo Contract of Carriage contracting air carrier undertakes to carry cargo of consignor by air, and the consignor undertakes to pay a cargo rate.
- (2) Cargo Contract of Carriage can relate to a single or multiple carriage, or to a carriage within certain time, with the whole aircraft's capacity or part of aircraft's capacity, to a certain amount of cargo, or to a certain type of cargo.
- (3) Cargo Contract of Carriage in the whole aircraft's capacity, within certain time or for several air carriers shall be in writing.
- (4) Any contract as set out in paragraph 3 of this Article being in other form other than in writing shall be deemed null.

Limitation of Cargo Amounts

Article 43

- (1) The amount of cargo to be carried by air can be determined by the number of pieces, weight, size, dimensions, or combined.
- (2) In case of suspect, the amount of cargo is determined by a measure usual in the place where the cargo is to be handed to air carrier.

Handing of Cargo Other Than Contracted Cargo

Article 44

In the case of a contract of carriage of cargo by the whole aircraft capacity, consignor has a right to hand for carriage cargo other than contracted cargo, if it does not change conditions of carriage to the harm of air carrier, if it does not cause delays to the aircraft or if it does not endanger aircraft's safety, and in case that consignor provides on request a guarantee for any financial claims that could be incurred as a result.

Third Party as a Consignor

Article 45

(1) Consignor can authorize a third party to hand for carriage the whole contracted amount or a part of contracted amount of cargo on its behalf only under condition that it has been provided by the contract of carriage.

(2) Air carrier shall not be liable to the person as set out in paragraph 1 of this Article for obligations exceeding those assumed by the contract with consignor.

(3) Consignor that authorized a third party to hand for carriage cargo to an air carrier is responsible to the air carrier for the obligations arising from the cargo contract of carriage, unless otherwise agreed between the consignor and the air carrier.

Liability of Consignor, i.e. Consignee for Obligations Arising from the Contract of Carriage

Article 46

(1) Unless otherwise agreed between the consignor and consignee, consignee undertakes only to provide the consignor with an air carrier's services.

(2) Unless otherwise agreed consignor is also liable to air carrier for obligations arising from the cargo contract of carriage which relate to the cargo it handed to air carrier for carriage.

Application of Provisions

Article 47

Provisions set out in Articles 21 to 23 hereof apply to carriage of cargo.

2. Air Waybill

Creation and Handing of Air Waybill

Article 48

(1) Air carrier has a right to ask of consignor to make out and hand over an air waybill (herein after referred to as: waybill), and the consignor has a right to ask of the air carrier to accept the waybill.

(2) Provisions of the cargo contract of carriage opposite to paragraph 1 of this article are null.

(3) Waybill can be created for more than one piece.

(4) Air carrier has a right to ask of the consignor to make a separate waybill for each piece, and the consignor has a right to ask of the air carrier to accept a separate waybill for each piece.

(5) If, at the request of the consignor, the carrier makes out the waybill, the consignor shall be deemed to have done so.

(6) Failure to provide a waybill, or failure to provide a correct waybill shall not affect existence or validity of cargo contract of carriage by air.

(7) Consignor shall create a waybill in three original copies and hand them together with cargo to the air carrier.

(8) First copy of the waybill shall be retained by air carrier, the second copy follows the cargo, and the third copy is handed by air carrier to the consignor upon signing.

Contents of the Waybill

Article 49

(1) The air waybill shall include:

- an indication of the place and date of the waybill issuance;

- an indication of the places of departure and destination;
 - an indication of the name and address of the consignor;
 - an indication of the name and address of the consignee;
 - an indication of the weight and type of the consignment;
 - an indication of documents enclosed with the waybill.
- (2) The waybill can contain the deadline of delivery, the value of consignment as well as other information.
- (3) The first copy of the waybill can contain a note "for air carrier", and the second can be marked with "for consignee".
- (4) The first copy of the waybill is signed by consignor, the second one by the consignor and air carrier, and the third one by the air carrier.
- (5) The air carrier shall sign a waybill prior to loading the cargo in the aircraft.
- (6) Signature of the air carrier can be replaced by a seal, and the signature of the consignor can be printed out in advance or replaced by a seal.

Responsibility of the Consignor

Article 50

- (1) The consignor is responsible for the correctness of the particulars and inserted in the waybill by it or by air carrier on its behalf.
- (2) The consignor shall indemnify the carrier against all damage suffered by it, or by any other person to whom the carrier is liable, by reason of the irregularity, incorrectness or incompleteness of the particulars and statements furnished by the consignor or on its behalf.
- (3) The consignor is responsible to provide air carrier with all data and to enclose with waybill and place at disposal to air carrier all documents as are necessary to meet the formalities of customs and any other public authorities.
- (4) The carrier is under no obligation to enquire into the correctness or sufficiency of information or documents as stated in paragraph 3 of this Article.
- (5) The consignor shall indemnify the carrier against all damage suffered by it, or by any other person to whom the carrier is liable, by reason of the irregularity, incorrectness or incompleteness of the information and documents as stated in paragraph 3 of this Article.
- (6) The consignor shall be liable for damage caused to persons, aircraft and other cargo by the properties of the cargo handed over for carriage, if the air carrier was not familiar, or was not under obligation to be familiar with them.

Handing Over Cargo for Carriage

Article 51

- (1) The handing over of the waybill by a third part to the consignor shall be deemed to be the conclusion of the contract of carriage and that the cargo was handed over for carriage under conditions specified in the waybill.
- (2) The information provided in the waybill: on weight, volume, dimensions and package, as well as on number of pieces is deemed to be correct.
- (3) If the air carrier, in the presence of consignor, checks the data in the waybill on weight, volume, dimensions and condition of the consignment and package, the data and condition are deemed to be true.
- (4) The air carrier can insert comments in the waybill with regard to the outside condition of the consignment and its package.
- (5) The consignment and the package shall be deemed to have no outside faults if the waybill contains no comments as stated in paragraph 4 of this Article.

3. Negotiable Waybill

Issuance of a Negotiable Waybill

Article 52

- (1) The consignor and the air carrier can agree that the third copy of the waybill is issued as a waybill by order or on the holder, that is, as a negotiable waybill.
- (2) If a negotiable waybill was issued, other copies of the waybill shall explicitly state so.
- (3) Negotiable waybill shall contain signatures of the air carrier and the consignor, or the person authorized by them (herein after referred to as: authorized holder of the negotiable waybill).
- (4) The non-negotiable waybill is deemed to be issued if the document does not state that it is a negotiable waybill.
- (5) Consignor and the air carrier can require that a transcript of the negotiable waybill is made for their needs.
- (6) If a transcript of a negotiable waybill has been made, each transcript shall be clearly marked and the transcripts shall bear a notice that one cannot require the consignment to be put at their disposal based on them.

The Manner of Transferring the Negotiable Waybill

Article 53

- (1) The negotiable waybill by order shall be transferred by an indorsement and the negotiable waybill on holder shall be transferred by surrender.
- (2) Special provisions shall apply to the form and legal effect of indorsement in an appropriate manner.
- (3) In case that the negotiable waybill by order does not bear the name of the consignee, the waybill is transferable by the consignor's order.

Obligations of the Authorized Bearer of the Negotiable Waybill

Article 54

- (1) Conditions of contract are binding for the authorized holder of the negotiable waybill, other than the consignee or consignor, only if contained in a negotiable waybill.
- (2) Conditions of carriage and general conditions of carriage of the contracting air carrier are binding for the authorized bearer of the negotiable waybill, other than the consignee or consignor, if the waybill explicitly states their name.
- (3) General conditions of carriage of the operating air carrier are not binding for the authorized holder of the negotiable waybill, if the negotiable waybill states their name.

Application of Provisions

Article 55

Provisions hereof on waybill shall also apply to the negotiable waybill, save for Article 51(1) hereof.

4. Performance of Carriage

Air Carrier's Responsibility

Article 56

- (1) The air carrier shall be liable to carry the cargo by an agreed air route.

(2) The air carrier shall perform the carriage by a usual air route, unless the route of carriage is agreed.

(3) Notwithstanding p (1) and (2) of this article, the air carrier has a right to perform the carriage by other air route, if required by reasons of safety of air carriage, or other reasonable grounds.

Deadline for Carriage

Article 57

(1) The air carrier shall carry the cargo within the agreed deadline.

(2) If the deadline for carriage has not been agreed, the air carrier shall perform the carriage within the usual time, given the length of the route, type of the aircraft and other circumstances that can affect the time for carriage.

(3) The time for carriage starts from the moment of accepting the consignment for carriage, unless otherwise specified.

(4) The time for carriage shall not flow during the delay in carriage which was not due to the air carrier's fault.

(5) The carriage is deemed to be performed at the moment when the air carrier sends a notification informing the consignee that the consignment has reached the destination point and is prepared for delivery, or at the moment when the air carrier attempted to deliver the consignment to the consignee.

Failure to Perform Contract of Carriage

Article 58

(1) If the air carrier is unable for any reason to perform the contract of carriage according to the agreed conditions, and the setback could endure or its lasting is unknown, the air carrier shall ask for instructions from the consignee.

(2) If the air carrier is unable to act in accordance with the paragraph 1 of this Article or according to the received instructions, it shall, as the case requires it, re-load the consignment or return it to the point of origin, or act in another manner, taking care of the consignee's interests.

5. Disposition of Cargo During Transport

Right of the Consignor to Cargo Disposition if a Waybill has Not been Issued

Article 59

(1) If a waybill has not been issued, the consignor that met their obligations arising from the contract of carriage can dispose of the cargo, as follows:

- to withdraw it at airport of departure or arrival;
- keep it in the course of the journey at any landing point;
- call for it to be delivered at the place of destination or in the course of the journey to a person other than the consignee originally designated
- to require it to be returned to the airport of departure.

(2) Request for disposition of cargo from paragraph 1 of this article to be submitted by consignor to the contracting air carrier, and only if agreed so, to his/her legal representative.

(3) Air carrier shall reimburse any expenses occasioned by the exercise of requests under paragraph 1 of this Article.

(4) The consignor disposing the cargo as set in paragraph 1 of this Article shall submit the third copy of the waybill to the operating air carrier or its attorney.

(5) The air carrier or its legal representative have a right to require the demand for cargo disposal to be entered into the first copy of the waybill, and this demand to be in writing.

Exclusion or Limitation of Disposition of the Cargo

Article 60

(1) Contracting parties can exclude or limit disposition of the cargo from Article 59 hereof.

(2) Terms of the contract referred to in paragraph 1 of this article which are not entered into the waybill are null.

Air Carrier's Responsibility Relating to the Demand Disposition of Cargo

Article 61

(1) If the carrier carries out the instructions of the consignor for the disposition of the cargo without requiring the production of the part of the air waybill or the cargo receipt delivered to the latter, according to Article 59(4), the carrier will be liable for any damage which may be caused thereby to any person who is lawfully in possession of that part of the air waybill or the cargo receipt.

(2) Provision of paragraph 1 of this article does not encroach on the right of air carrier to compensation toward consignor.

(3) In the case when meeting of requests for disposition of cargo is not possible or its execution can lead to damage to air carrier or any person that has a right to disposition of other cargo, the air carrier is responsible to inform so the consignor.

Refusal of Demand for Disposition of Cargo

Article 62

(1) Air carrier can refuse to carry out the instructions for disposition of cargo:

- if it is impossible for the air carrier to carry out the instructions;
- if the consignor has not submitted the third copy of the waybill to the air carrier;
- if it could cause damage to any person that has a right to disposition of other cargo;
- if it could cause damage to the air carrier or if costs of execution are bigger than the cargo value;
- if the execution of instructions would be contrary to the regulations of customs and other authorities.

(2) In cases from paragraph 1 item 4 of this Article, air carrier cannot refuse to carry out request for disposition of cargo if an appropriate guarantee has been issued for cargo.

(3) In case the air carrier refuses the instructions it shall with no delay inform the applicant and act in accordance with Article 58 of hereof.

Liability of Air Carrier for Compensation in Case of Failure to Carry Out Instructions for Disposition of Cargo

Article 63

(1) In case that air carrier fails to meet the request as stated in Article 59 hereof or fails to act in accordance with Article 62(3) hereof, the air carrier shall be responsible for any damage that could arise as a result.

(2) The amount of compensation of damages as stated in paragraph 1 of this Article and Article 61(1) hereof cannot be higher than the amount that the air carrier shall pay should the cargo handed to carriage have been lost.

The Termination of the Right on Disposition of Cargo Article 64

- (1) Consignor's disposition of cargo shall terminate once the cargo arrives to the destination point and the consignor demands delivery of the cargo or the waybill.
- (2) Consignee has a right to require of the air carrier to deliver cargo or waybill, unless otherwise specified by consignor's order, under condition that obligations set out in Article hereof are met.
- (3) If the consignee refuses to take over the waybill, or the cargo, the consignor can after making the request as set out in paragraph 1 of this Article, dispose of the cargo again.
- (4) If the consignee refuses to take the waybill or the cargo, consignor has a right to dispose with the cargo without submitting the third copy of the waybill.
- (5) In case of a loss of the cargo or the failure to ship the cargo to the destination point seven days after the scheduled arrival, consignee can claim rights arising from the contract of carriage.

The right of the Authorized Holder of Negotiable Waybill for Disposition of Cargo Article 65

- (1) Authorized holder of negotiable waybill which met its obligations arising from the waybill has a right to dispose with cargo in the following manner:
 - to withdraw it from the airport of departure;
 - to retain it or to demand it to be handed over to him/her during transport in the course of the journey at any landing point;
 - to require it to be returned to the airport of departure.

 - keep it in the course of the journey at any landing point;
 - call for it to be delivered at the place of destination or in the course of the journey to a person other than the consignee originally designated;
 - require it to be returned to the airport of departure.
- (2) The authorized holder of the negotiable waybill, which in accordance with paragraph 1 of this Article demands the cargo to be handed over to him/her, shall upon taking over the cargo return the original of the negotiable waybill to the air carrier, and in all other cases the authorized holder shall enter the order for disposition of cargo in the negotiable waybill and sign it.

6. Delivery of Cargo

Place and Manner of Delivery of Cargo

Article 66

- (1) The air carrier shall deliver the cargo in the destination point pursuant to the contract, waybill or the negotiable waybill or in the place specified by any person authorized for the disposition of cargo.
- (2) The air carrier shall deliver the cargo to the consignee at the destination airport, unless otherwise agreed.
- (3) The air carrier shall deliver the cargo to the consignee specified in the waybill or the authorized holder of the waybill, and if no waybill was issued, to any person which was by the contract of carriage or, otherwise, specified to receive the cargo.

(4) If, in accordance with Article 59 hereof, the consignor specifies another person as consignee, other than that specified in the waybill, the air carrier shall deliver the cargo to that person.

(5) Unless otherwise agreed, it is the duty of the carrier to give notice to the consignee as soon as the cargo arrives.

(6) The authorized holder of the negotiable waybill shall upon receipt of the cargo return the original copy of the negotiable waybill to the air carrier.

(7) The air carrier has a right to require of the person other than authorized holder of the negotiable waybill to whom the cargo was delivered to issue a notice on the amount and condition of the received cargo.

Complaints and Deadlines

Article 67

(1) If the consignee fails to submit a written complaint due to damage of cargo upon its receipt, the cargo shall be deemed to be delivered in the condition in which it had been received for carriage, that is, as specified in the waybill.

(2) In case that the damage could not be determined upon receipt of the cargo, the consignee can complain to the air carrier after discovery of the damage, and no later than fourteen days from the date of receipt of the cargo.

(3) The consignee can dispatch a complaint in writing at the latest within twenty-one days from the date on which the cargo have been placed at his or her disposal, in the case of delay of cargo.

(4) If no complaint is made within the times set out in (2) and (3) of this Article, no action shall lie against the carrier, save in the case the damage was due to acts or omissions of the air carrier or its agents or servants, and the acts or omissions were done on purpose or by utter negligence.

Inability to Deliver the Cargo to the Consignee

Article 68

(1) The air carrier shall, forthwith, require instructions from the consignor in cases when the consignee refuses to receive the waybill or the cargo, or the consignee cannot be found.

(2) If the consignor fails to provide air carrier with instructions as set out in paragraph 1 of this Article in a timely manner, or the received instructions cannot be carried out, the air carrier can to the cost and risk of the person authorized for disposition of cargo, hand the cargo for care to a public warehouse or another person, or care of the cargo itself, and shall advise the consignor or the person authorized for disposition of cargo accordingly.

(3) If the carriage is handed for care to another person, the air carrier shall be responsible for selection of such person.

(4) If the air carrier acts in accordance with Article 2 hereof, the delivery shall be deemed to be finished.

Failure to Take over the Cargo on Time

Article 69

(1) In case the consignor or the person authorized for disposition of cargo fails to take over the cargo within 30 days from the day the air carrier handed it for care, the air carrier has a right to sell the cargo.

(2) The air carrier can sell the cargo prior to expiration of the time frame set out in paragraph 1 of this Article if:

- the cargo is at risk of perishing, or the perishing has already started;

- the costs of care are not in proportion with the value of the cargo; and
 - an amount sufficient to cover air carrier's costs and costs of the care could not be reached due to delay of sale;
- (3) The sale shall be done publicly, save for perishable cargo or the cargo the price of which has already been determined, or formed at the stock exchange.
- (4) The amount realized by the sale of the cargo shall be, upon deduction of transportation, care and sale costs, by the air carrier deposited at the court competent for the place of sale to the benefit of the person authorized to dispose of the cargo and to inform him/her accordingly.

7. Liability of the Air Carrier

Extent of Liability

Article 70

- (1) The air carrier shall be liable for damage sustained in the event of loss of or damage to, or delay in carriage and delivery of cargo.
- (2) The air carrier shall be liable for damage set out in paragraph 1 of this Article, which is caused by any person that has by its instructions worked on performance of carriage.
- (3) The air carrier shall be liable for damage sustained in the event of loss of or damage to, or delay of cargo, which occurred during the carriage by air.
- (4) The air carrier shall not be liable if it proves that it or its servants or agents took all necessary measures to avoid the damage, or if they can prove that it was impossible for them to take such measures.
- (5) The air carrier shall be liable for damage that occurred before or after the completion of carriage by air, according to the general provisions of liability.
- (6) In case that the contract of carriage by air covers the carriage before the beginning or after the completion of carriage by air, the damage shall be deemed to have occurred during the carriage by air.

Loss of Cargo

Article 71

- (1) The cargo is deemed to be lost if the air carrier fails to deliver the cargo to the consignee within seven days from the day the cargo was supposed to be delivered, according to the contract, or if the air carrier prior to the expiry of the time set out in the waybill admits the loss of the cargo.
- (2) If the contract does not provide the deadline for delivery of cargo, the deadline from paragraph 1 of this Article will be calculated from the day the delivery was supposed to be done in accordance with the Article 57(1) hereof.

Liability of Air Carrier for the Loss of and Damage to the Cargo

Article 72

- (1) The air carrier shall be liable for the value of the lost cargo or its part, or for the reduction of value of the damaged cargo.
- (2) The air carrier shall be liable for the damage sustained in the case of delay if the cargo as set out in paragraph 1 of this Article is delivered to the consignee with delay.
- (3) In cases as stated in p(1)(2) of this Article the air carrier shall reimburse the consignor for the amount paid for carriage and other costs incurred by the carriage of the cargo, in the total amount in case of loss, and in comparable amount in case of a damage to the cargo, and no more than the amount set out in the Article 73 hereof.

(4) In case of loss or damage to the cargo, its value shall be determined according to the fixed market price of cargo of the same type, amount and properties in the place and at time of delivery to the consignee.

Compensation Amount

Article 73

(1) The air carrier's liability for damage sustained in the case of loss or damage to the cargo shall be limited to a sum of 19 SDR's per kilogram of cargo, unless the consignor has made, at the time when the package was handed over to the carrier, a special declaration of interest in delivery at destination and has paid a supplementary sum if the case so requires.

(2) In cases as stated in paragraph 1 of this Article the carrier will be liable to pay a sum not exceeding the declared sum, unless it proves that the sum is greater than the consignor's actual interest in delivery at destination.

(3) the weight to be taken into consideration in determining the amount to which the carrier's liability is limited in the case of destruction, loss of, damage to or delay of part of the cargo, or an object contained in the cargo shall be only the total weight of the package or packages concerned.

(4) If the destruction, loss, damage or delay of the cargo or of an object contained therein, affects the value of other packages covered by the same waybill, the total weight of such package or packages shall be taken into consideration in determining the limit of liability.

(5) Conversion of Special Drawing Rights as set out in paragraph 1 of this Article is done in accordance with the Article 27 hereof.

Liability of Air Carrier in the Carriage of Postal Items

Article 74

In the carriage of postal items, in the case of loss, destruction or damage of the consignment, as well as in the case of delay in delivery of the consignment liability of the air carrier for damage sustained shall be determined in accordance with the rules governing the carriage of postal items.

Invoking the Limits of Liability

Article 75

(1) The air carrier cannot invoke the limits of liability as set in article 73 hereof, if the damage is proved to be due to the acts or omissions of the air carrier or its servants or agents, and if the acts or omissions were done on purpose and by utter negligence.

(2) The air carrier can invoke the limits of liability if the damage was on purpose or by utter negligence caused by its servant or agent, under condition that it can prove that the servant/agent was acting out of the scope of their employment.

(3) The air carrier that cannot invoke the limits of liability set out in Article 73 hereof, save for the damage as set out in Article 72 hereof, is also liable for other damage caused by loss of, damage to or the delay in the delivery of cargo.

8. Rate of Carriage

Amount of the Rate of Carriage

Article 76

(1) The amount and the means of rate of carriage are determined by contract.

- (2) Rate of carriage determined by contract for one or more carriages cannot be changed irrespective of the agreed carriage duration.
- (3) Rate of carriage can be proportionally increased if, at the request of consignor or for the benefit of the right holder, the carriage is moved further from the agreed destination point.

Payment of the Rate of Carriage

Article 77

- (1) Rates are paid only for the cargo carried and placed at the disposal of the receiving party at the final destination.
- (2) Air carrier is entitled to the rate of carriage for the carriage of cargo that has not been transported and placed at the consignee's disposal, if that has been caused by the party ordering carriage, consignor, person authorized to handle the cargo and the person for whom they are responsible, or if the reason for which the cargo has not been transported to the destination point lies in the cargo itself.
- (3) Air carrier has the right to the rate of carriage proportional to the usefully performed transport, if the cargo, except in the case described in Paragraph 2 of this Article, has been carried only on one part of the route.

Payment of the Rate of Carriage in Special Cases

Article 78

- (1) If, instead of the agreed cargo, other cargo has been handed over for transport the carriage rate of which is higher than the agreed one, the rate is paid for the actually loaded cargo.
- (2) If less than agreed cargo has been handed over for carriage, or none of the cargo has been loaded, rate of carriage is paid for the entire agreed cargo amount.
- (3) In case less than agreed cargo has been loaded, and the rate of carriage for the other loaded cargo is higher than the agreed rate, the agreed rate and the difference between the agreed rate and the higher rate for the loaded cargo is paid.

Obligations of the Consignee

Article 79

- (1) Consignee authorized to demand waybill and cargo handover is obliged to settle the claims and fulfill all other conditions specified in waybill or portable waybill, for which it is not specifically stated to be paid, i.e. fulfilled by cargo consignor or cargo consignee.
- (2) If portable cargo waybill has been issued, receiving party is obliged to settle the requirements ensued after the issuance of the waybill, if air carrier has entered such requirements in its copy of waybill.
- (3) Receiving party requiring the handover of cargo is obliged to pay fare of carriage and other air carrier's claims regarding cargo carriage, if the carriage is performed without the waybill.

Payment of Compensation for Carriage Regarding Contract on the Defined Time Period

Article 80

- (1) Party ordering carriage pays the fares in advance in equal monthly amounts pursuant to the agreement for defined time period; the air carrier is entitled to the carriage compensation only during the enforcement of the contract.

(2) If during the contract of carriage for defined time nuisances regarding the operation of aircraft arise, party ordering carriage pays the fares during the nuisances, if the nuisance has been caused by himself or during the fulfillment of his order.

(3) Air carrier can waive the contract of carriage for the defined time if the fare of carriage has not been paid within the time period prescribed by contract.

Retention of Cargo

Article 81

(1) Air carrier has the right to retain the cargo and to hand it over to public storehouse or some other party or retain the cargo himself, of which he is obliged, without delay, to notify the receiving party and consignor, if receiving party does not fulfill its obligations.

(2) Air carrier is authorized to sell the cargo if it is not deemed that carriage claims from carriage contract pay off, within 15 days from the day the notification from Paragraph 1 of this Article has been delivered.

(3) Provisions of the Article 68 and 69 hereof shall govern the storage and selling of cargo.

Air Carrier's Right to Claim

Article 82

(1) In case the air carrier hands the cargo over to the receiving party, although it has not fulfilled its obligations from the contract of carriage, it has no right to demand from the consignor, i.e. consignee the payment of claims from the contract of carriage, which have been the obligations of the receiving party, save the consignor and consignee have accrued unjustifiable riches.

(2) If the air carrier that has acted in accordance with Article 81 hereof only partially charges its claims, it can demand from the party set out in Paragraph 1 of this Article the payment of the uncharged portion of claims.

(3) For the sake of insurance of its claims from the contract of cargo carriage, the air carrier has the right of pledge over cargo accepted for carriage.

Section III

Carriage Performed by Several Air Carriers

1. Successive Carriage

Contract on Successive Carriage by Air

Article 83

(1) Contract of successive aircraft carriage is the contract of carriage of passengers, baggage and cargo in which the air carrier (first air carrier) obliges itself to perform the carriage with the participation of more air carriers (successive air carriers), and passenger, i.e. the party ordering service agrees to it.

(2) Relations between successive air carriers are regulated by contract.

(3) If not defined otherwise by contract, provisions from this Law are applied to the relations between successive air carriers.

Air Carriers' Liability for Damage Sustained in the Event of Death, Passenger's Bodily Injury, as well as Damage Caused by Delay

Article 84

(1) For the damage sustained in the event of death, or passenger's bodily injury, as well as the damage caused by delay, the liability shall be jointly borne by the first and the successive air carrier on whose route the damage was caused.

(2) The first air carrier can exclude by contract its liability for the damage caused by delay on the part of route on which the carriage is performed by successive air carriers.

(3) In case the first air carrier has reimbursed the damage sustained by death or passenger bodily injury, it has the right to recourse from the successive air carrier on whose part of the route the damage was caused.

Air Carrier's Liability for the Loss of, and Damage to Baggage and Cargo, and Delay in Handing over to Consignor

Article 85

(1) The first air carrier shall be jointly liable before consignor with air carrier on which part of the route the damage was caused, and the last air carrier shall be jointly liable to the receiving party, for the loss or damage of the baggage and cargo, as well as for the damage caused by delays of carriage and handing over to the consignor.

(2) For the sustained damage, all air carriers shall be jointly liable, if it cannot be determined on whose part of the route the loss, or damage of cargo was caused.

2. Mixed (Combined) Carriage

Article 86

(1) Air carrier can perform the agreed carriage by engaging other means of transport (mixed carriage), if it has been agreed so.

(2) Air carrier that has concluded the agreement on mixed transport is liable for the damage according to the regulations on compensation that apply to the air carrier on whose part of the route the damage was caused.

(3) In case the air carrier has performed the mixed carriage of cargo without the consignor's consent, it shall be liable in accordance with the law that is most convenient to the party ordering carriage, regardless of the part of the route on which the damage was caused.

Section IV

Handling of Passengers, Baggage and Cargo

Activities Regarding Handling of Passengers, Baggage and Cargo

Article 87

(1) Contract of carriage comprises handling activities in respect of passengers, baggage and cargo which are performed during air transport.

(2) "Activities" from Paragraph 1 include the following:

- handling of passengers from the arrival building and transport to aircraft and vice versa, or accompanying and transport of passengers from one aircraft to the other;

- transport of hold baggage from the premises intended for receiving of baggage, as well as cargo from storehouse or other means of transport at the airport to the aircraft and its loading and ordering in the aircraft;
- unloading of hold baggage and cargo from aircraft and their transport to the premises intended for the taking over of baggage by passengers, as well as the cargo to the storehouse or other means of transport at the airport;
- reloading of hold baggage and cargo from one aircraft to the other on the platform: and
- ensuring that hold baggage and cargo are loaded into as well as unloaded from the aircraft in accordance with the appropriate documentation.

Contract of the Performance of Activities Regarding Handling of Passengers, Baggage and Cargo

Article 88

- (1) If handling activities are not performed by the air carrier but by another legal person, relations between the air carrier and the mentioned legal person are regulated by contract.
- (2) The contract from Paragraph 1 of this Article, obliges the legal person performing handling activities, to timely and orderly, for the sake of performance of air carriage contract, carry out the handling activities, and air carrier is obliged to pay to the legal person the appropriate price.
- (3) By concluding the contract from Paragraph 1 of this Article, the legal person performing handling activities is obliged to also undertake activities necessary for the preservation of air carrier's rights according to the request holders for the disposal of baggage and cargo which are entrusted to it.

Air Carrier's Liability to Other Parties

Article 89

- (1) Air carrier is liable to the legal person performing handling activities for the damage caused by handling of dangerous cargo or cargo shipped under special conditions, if it has not notified the legal person performing handling activities of the nature of the cargo, or has not given him/her the necessary instructions, except in the case when the legal person performing handling activities knew, or should have known about the nature of cargo.
- (2) Air carrier is liable to the legal person performing handling activities for the damage caused by invalid, incorrect or incomplete information or consigners' statements or incomplete or invalid documentation needed for carrying out of customs or other procedures.

Liability of a Legal Person Performing Handling Activities

Article 90

- (1) The legal person performing handling activities shall be liable to air carrier for any damage caused while performing handling activities in accordance with liability rules of air carrier during enactment of the contract of carriage.
- (2) Legal person performing handling activities is also liable to passenger, i.e. holder or person authorized for baggage and cargo disposal, if the damage was caused deliberately or by negligence, or if it was performing activities for which it is not authorized.

Contract of Carriage by Which Air Carrier Assumes Greater Liability

Article 91

Provision of the contract of carriage by which the air carrier assumes greater liability than the one specified by this Law, obliges the legal person performing the activities regarding handling of passengers, baggage and cargo, only if it has explicitly agreed to it.

Contract of Carriage Reducing Liability of Legal Person Performing Handling Activities

Article 92

Provisions of the contract of activities regarding handling of passengers, baggage, and cargo by which the liability of the legal person performing the handling activities specified by this Law is reduced, or by which the air carrier's liability from Article 89 hereof is reduced, or which modify the provisions regarding their liability at the detriment of a third party, are null and void.

Section V

Complaint

Complaint procedure

Article 93

(1) In case of denied boarding, cancellation or longer flight delay, the passenger shall exercise the rights laid down by this Law on the basis of written complaint along with relevant proves, which is further delivered to an air carrier.

(2) Disabled person or person with reduced mobility shall exercise the rights provided for in this Law on the basis of written complaint along with relevant proves which are further delivered to an air carrier or airport operator.

(3) If an air carrier or airport operator does not make a decision within the period of 30 days of delivery of the complaint specified in the paragraphs 1 and 2 of this Article, the passenger or disabled person or person with reduced mobility have the right to submit to the Agency a complaint for quiet dispute settlement.

(4) The Agency shall provide a response to the complaint under the paragraph 3 of this Article within 15 days of the complaint delivery.

(5) Irrespective of paragraphs 1, 2 and 3 of this Article, the passenger or disabled person or person with reduced mobility may protect their rights by filing a claim before the competent court.

CHAPTER II

CONTRACT OF CARRIAGE FOR MEDICAL PURPOSES AND PURPOSES FOR PROVIDING SERVICES IN THE AIR

Contents of the Contract

Article 94

(1) Contract of carriage for medical purposes and purposes for providing services in the air obliges the legal person (herein after referred to as: service provider) to provide the service of medical carriage, i.e. service in the air, and the party ordering service, to pay the appropriate remuneration.

(2) Contract of providing services in the air shall be concluded in the written form.

Application of the Law to the Contract of Providing Services in the Air

Article 95

The provisions of the Article 3, Paragraph 4, and Article 22 and 23 hereof shall apply to the Contract of services providing in the air.

Carrying Out of the Order of the Party Ordering Service

Article 96

Service provider is obliged to carry out the orders of the party ordering services that arise from the contract and according to the purpose for which the aircraft is used, except if the carrying out of the order would expose the aircraft or persons to danger, or cause damage to third party.

Liability for Damage

Article 97

(1) The service provider is liable for the damage that is caused to the consignee by persons executing the contract on his/her order and his/her behalf.

(2) The contract from Paragraph 1 of this Article cannot exclude the liability for the damage that is caused deliberately or by negligence by the persons executing this contract on the order and on behalf of service provider.

Appropriate Application of the Provisions and Responsibility from the Contract of Persons and Cargo Carriage

Article 98

The provisions hereof about the damage liability shall be applied in an appropriate manner to the damage sustained by death, bodily injury of the consignee or persons for whom the consignee is responsible, and who are on board, as well as to the damage sustained by the loss and damage of the cargo.

Application of other regulations

Article 99

Unless otherwise stipulated by this Law, the provisions of the Obligations Law shall be applied to the execution of the contract of medical carriage and service providing in the air, relating to the contract of service.

Extra-Contractual Liability

Article 100

The provisions hereof on extra-contractual liability shall be applied to damage caused on the ground by the aircraft in flight while executing the contract from Article 94 hereof.

CHAPTER III

AIRCRAFT LEASE

Aircraft Lease Agreement

Article 101

- (1) Aircraft lease agreement obliges the lessor to give over the relevant aircraft to the lessee and lessee shall pay the appropriate rent.
- (2) Aircraft Lease Agreement must be in the written form.

Lessor's Obligations and the Obligations of the Air Crew

Article 102

- (1) Lessor is obliged to give the aircraft over to the lessee in the state in which it can be used according to the agreed and usual purpose.
- (2) If Aircraft Lease Agreement foresees that the air crew should be put at disposal, air crew is obliged to carry out the lessee's orders, except if it endangers the safety of aircraft, passengers, baggage, cargo and third parties.

Aircraft Usage Costs

Article 103

- (1) The aircraft usage costs shall be borne by the lessor.
- (2) Lessor is not obliged to bear costs of the aircraft repair for removing hidden deficiencies that existed at the time when the aircraft was consigned to him for usage and is not responsible for the damage due to the loss of aircraft by force majeure.

Aircraft maintenance during the Agreement

Article 104

Lessor is obliged to maintain the aircraft during the Lease Agreement, and after the expiration of the Agreement, he is obliged to return the aircraft in the state in which and at the place at which it was taken over, and is not responsible for the regular wear and tear of the aircraft.

Liability for Aircraft Deficiencies

Article 105

Lessor is liable for the damage sustained by the aircraft deficiencies that make it unusable or reduce its usability for agreed or usual use, and that existed at the time of aircraft delivery.

Doubt Existing In Relation to the Concluded Agreement

Article 106

In case a doubt exists in relations to the concluded lease agreement or agreement of carriage for the defined time, it is considered that the contract of carriage for defined time is concluded.

Lease Payment/Rent

Article 107

- (1) Rent from the Article 101 hereof is paid monthly in advance, reckoning from the day of delivery of the leased aircraft, if not stipulated otherwise by agreement.
- (2) Rent does not belong to the Lessor at the time the Lessee was hindered to use the aircraft by lessor's fault, or due to the hidden deficiencies on the aircraft if hidden deficiencies existed at the time of delivery of the aircraft to the lessee.
- (3) Lessor can terminate the agreement by statement if the rent has not been paid within 15 days from the settlement day, by which his/her right to the compensation is not infringed.
- (4) In case from Paragraph 3 of this Article the Agreement shall remain in force, if the Lessor pays the debt on the basis of rent, before receiving of the termination statement.

Duration and Termination of the Lease Agreement and Cancellation Deadline

Article 108

- (1) Lease Agreement shall be concluded for the defined or undefined time period.
- (2) Lease Agreement shall be prorogated or terminated only in written form, if not otherwise stipulated by this Law.
- (3) Lease Agreement concluded for the undefined time period can be terminated on the basis of written notification, by which the cancellation date shall not be less than 3 months, from the date the notification was handed in.

Cancellation of the Agreement Due to the Inability to Use Aircraft

Article 109

Lease Agreement is terminated in cases of aircraft destruction, permanent unusability, as well as in case that cannot be foreseen, nor prevented, and which makes the use of aircraft impossible.

Waiver of Agreement

Article 110

- (1) If repairs the costs of which bears the lessor are being performed, or it is foreseen that the repairs shall last for longer period in relation to the agreement duration, lessor can waive the agreement by written statement.
- (2) In case from Paragraph 1 of this Article, Lessor has the right to demand the return of the proportional amount of the paid rent for the period it was prevented from operating the aircraft, regardless of whether he waived the agreement.

Delayed Return of the Aircraft

Article 111

- (1) If Lessee does not return the aircraft to the Lessor after the scheduled time specified in the Lease Agreement, it is obliged to pay the proportional reimbursement in the amount of double agreed rent for delayed return of the aircraft.
- (2) In case the delayed return occurs due to the Lessee's fault, it shall be liable, besides the amount in Paragraph 1 of this Article, as well as for the damage sustained by the Lessor.

Reward for Searching For and Rescuing By the Leased Aircraft

Article 112

Reward for searching for and rescuing by leased aircraft during the Lease agreement, shall belong to the Lessee.

Sublease

Article 113

Lessee can give the aircraft to other person (sublease) only after receiving written consent from the Lessor.

CHAPTER IV

LIABILITY FOR DAMAGE CAUSED ON THE GROUND BY AIRCRAFT IN FLIGHT

Basis of Liability

Article 114

(1) Air carrier shall be liable for the damage caused on the ground, death and bodily injury sustained by third parties, as well as for the damage caused by aircraft in flight or persons and objects that fall out or are thrown out of the aircraft in flight, except if it can be proven that the aircraft in flight, persons and objects that fall out did not cause the damage.

(2) Air carrier is liable for the damage from Paragraph 1 of this Article caused by the person performing the carriage at his order or on his/her behalf.

(3) Provisions from Paragraph 1 of this Article relate to the damage caused by the very flying of the aircraft through airspace, if the damage was caused by breaking air traffic safety rules.

(4) Power-operated aircraft is considered to be in flight from the moment the engines are switched on for the purposes of flying, as well as taking off, until the aircraft stopped after landing and engines cease operating after landing, i.e. flying.

(5) Aircraft operated by its own drive (glider, balloon, etc) is considered to be in flight from the moment of unying, i.e. the moment of take off until the new tying and stopping after landing.

Liability for Damage Caused By the Leased Aircraft

Article 115

For the damage in Article 114 hereof, caused by the leased aircraft, the liability shall be borne by Lessee.

Liability Exoneration

Article 116

Air carrier from Article 114 and Lessee from Article 115 of the Law (further: liable person) shall not be liable for the damage if it can be proved that the damage was caused by:

- fault of the person sustaining damage, or the person who was acting on the orders and on behalf of the person sustaining damage,
- third party's fault, and
- any reason outside aircraft, the effect of which could not been foreseen, prevented or eliminated.

Partial Liability Exoneration

Article 117

(1) If the liable person proves that the person sustaining damage has partially contributed to the damage, or the person acting on the orders or on behalf of the person sustaining damage, the liability of the liable person for the compensation shall be reduced proportional to the contribution to damage of those persons.

(2) If liable person proves that a third party has partially contributed to the damage, the third party shall be with the liable person jointly liable to the person sustaining damage and bears the compensation responsibility proportional to the damage caused.

Unlawful Use of Aircraft

Article 118

If the aircraft has been unlawfully taken away from the liable person, the person who has unlawfully taken away the aircraft shall be liable for the damage caused by the aircraft.

Liability for Damage Caused By Aircraft Collision and Mutual Interference

Article 119

All liable persons shall be jointly liable for any damage from Article 114 hereof which arises as a consequence of the collision or mutual interference of two or more aircrafts, as well as for the damage caused by two or more aircrafts.

The Amount of Reimbursement

Article 120

(1) The accountable person cannot contest claim for compensation arising out of the death or body injury, for damages up to 113 100 SDRs per killed or injured person, and the claim for compensation of more than the amount can be contested if the accountable person can defend itself by proving that it was not negligent or otherwise as fault.

(2) The liable person shall be liable for the damage caused to the objects on the ground up to the value of the new aircraft of the same type, or if the aircraft type is no longer produced, the appropriate type at the time of accident.

(3) If the compensation for damage from Paragraph 2 of this Article is assessed in the form of annuity, the total amount of the annuity cannot exceed the value of the new aircraft of the same type, i.e. the appropriate aircraft type.

(4) Calculation of SDRs in currency used in Montenegro shall be performed in accordance with the exchange rate valid at the day of compensation payment conducted by the air carrier, or on the day of making final verdict in case the damage compensation is defined by the final verdict.

Liability Limit of the Liable Person

Article 121

(1) Liable person cannot refer to the liability limit from article 120 hereof, if it is proved that the damage was deliberately caused or caused by negligence.

(2) Liable person can refer to the liability limit if proved that the person acting on its order or its behalf caused damage deliberately or by negligence during carriage, engaging in acts exceeding his authorization.

(3) Person who unlawfully used the aircraft which caused the damage, has no right to refer to the liability limit from Article 120 hereof.

The Application of Law to the State Aircraft

Article 122

- (1) Provisions from Article 114 and 121 hereof shall apply to state aircraft as well.
- (2) Provisions from Article 114 and 121 hereof shall apply to foreign aircraft under reciprocity conditions.

CHAPTER V

AGREEMENT ON THE INSURANCE ON AIR TRAFFIC

Subjects of Insurance

Article 123

- (1) Agreement on air traffic Insurance can insure:
 - a) aircraft and its equipment, cargo and baggage transported by aircraft;
 - b) passengers bearing consequences from accident;
 - c) fare of carriage and other carriage remuneration, insurance costs, expected profit, lien and other laws and benefits existing or can be expected regarding air traffic, and can be assessed in money;
 - d) Liability for damage caused to third parties when operating the aircraft;
- (2) By third parties from Paragraph 1, point d) of this Article considered are the persons who are not the subject of Insurance Agreement.

The application of the Law on Reinsurance

Article 124

Provisions hereof relating to insurance shall apply to the reinsurance of the insurance subject from Article 123 hereof, if it is concluded under conditions common to air traffic insurance.

Beginning Of the Aircraft Insurance for Specific Travel

Article 125

- (1) Air Traffic Insurance Agreement is concluded for definite time period, and can be concluded for a specific journey.
- (2) Insurance of aircraft for specific journey starts from the moment when the aircraft is set in motion in order to carry out the insured journey from the place of departure specified in the Insurance Agreement, until the aircraft stops immediately after landing at the final destination specified in the Insurance Agreement.
- (3) Setting in motion in order to carry out the insured flight as well as stopping immediately after landing at the final destination is determined in accordance with Article 114, Paragraph 4 and 5 hereof.

Cases Exempt from Aircraft Insurance

Article 126

- (1) Damages caused directly or indirectly due to the deficiencies or inability of aircraft to perform safe air traffic, are exempt from aircraft insurance if insured person knew about it, or must have known, and did nothing to prevent the damage, though they could.
- (2) Provision of the Paragraph 1 hereof does not relate to damages due to deficiencies or inability of aircraft for performing safe air traffic about which the

insurance company was notified or of which they knew in some other way when concluding the insurance agreement.

(3) Inability of aircraft to perform safe air traffic implies the inability due to technical deficiencies or insufficient equipment, inappropriate crew, and forbidden aircraft load.

Exemption of Certain Damages from Aircraft Insurance for Definite Time

Article 127

From the aircraft insurance for definite time, except for the damage from Article 126 hereof, exempt are the damages caused directly or indirectly due to risks outside air traffic scope foreseen by the insurance agreement, except if that exceeding the limit was a result of force majeure, aircraft operation error or rescuing lives and property, or providing medical assistance, as well as in cases of minor exceeding that did not had considerable effect on the damage and its range.

Providing Insurance for Definite Time Period

Article 128

(1) Aircraft Insurance for definite time period is prolonged during period of urgent repairs of the deficiencies covered by insurance that started during the insurance period and are performed without unjustifiable arrest, maximum 15 days from the day of expiration of the agreed insurance deadline, if during that period aircraft cannot be used for safe air traffic.

(2) Insured person is obliged to timely notify the insurance company of the case from Paragraph 1 of this Article.

Damage Compensation up to the Amount of Actual Costs

Article 129

(1) In case the damaged aircraft is repaired or the lost and destroyed parts of aircraft equipment are replaced, the insurance covers the damage in the amount of actual costs which are necessary for the aircraft repair and replacement of spare parts, but not the damage caused due to the aircraft value loss which ensued though the repairing and replacement of parts was performed.

(2) Damage compensation from Paragraph 1 of this Article shall be realized regardless of whether the aircraft repair and replacement of its parts resulted in the increase of aircraft value.

Disappearance of Aircraft

Article 130

According to the Insurance Agreement, the aircraft is considered to have disappeared on the day when all connections between aircraft and competent air traffic control were broken, i.e. on the day to which last reliable information about the aircraft relate.

CHAPTER VI EXPIRATION OF CLAIMS

Expiration and Beginning of Expiration

Article 131

(1) Claims from the contract of carriage and recourse claims from the contract of carriage are considered expired after two years.

(2) Claims from the contracts of performing other commercial activities in air traffic, claims from the aircraft lease agreements and compensation claims from Article 114 hereof, as well as recourse claims relating to such claims are considered to be expired after one year.

(3.) Claims from the insurance agreements are considered to be expired after five years.

(4) Expiration date starts with:

a) contracts of passenger carriage:

- in cases of death, bodily injury of a passenger or delay in carriage from the day the aircraft arrived or should have arrived at the final destination;

- in cases of death which ensued after a passenger disembarkation, as a result of injury sustained during carriage from the day of death, bearing in mind that the claim must be submitted within three years from the day the aircraft arrived or should have arrived at final destination;

b) when transporting hand baggage, from the day the aircraft arrived or should have arrived at the final destination;

c) when transporting hold baggage:

- in cases of loss or damage, from the day it is checked in, i.e. should have checked in

- in cases of delay, from the day it is checked in;

- in cases of other claims, from the day the claim should have been decided upon.

d) with the contract of passenger, baggage and cargo handling, from the day determined by a) to c) of this paragraph;

e) with the contracts of carrying other commercial activities in air traffic and with the aircraft lease agreement, from the day of claim settlement;

f) with the liability from Article 114 hereof, from the day the person sustaining the damage became aware of the damage, and for the person causing damage, three years at the latest from the day the damage was made;

g) with recourse claims, from the day the obligation of claim payment arose on the basis of court decision or other act constituting the right to recourse payment;

h) with insurance agreements:

- for compensation claims for damages sustained by third parties from the day the insured person receives the third party's request for damage compensation;

- for other claims, from the first day following the end of the calendar year in which the claim was filed.

**PART THREE
LEGAL PROPERTY RELATIONS REGARDING AIRCRAFT**

CHAPTER I

Aircraft characteristics

Article 132

Aircraft is a mobile object.

Property Rights to Aircraft

Article 133

- (1) Property and other rights can exist in relation to an aircraft.
- (2) Legal property rights regarding aircraft, not regulated by this Law, are governed by general legal property relation regulations.

Legal Activity Form

Article 134

- (1) Ownership and other property rights to aircraft are acquired on legal basis, legal activity, court decision or other competent authority and succession.
- (2) Contract of ownership right acquirement in relation to an aircraft must be concluded in written form.
- (3) Contract not concluded in the written form shall not have legal action.

Ownership Right in Relation to Aircraft

Article 135

Aircraft owner has the right to keep the aircraft, use it and dispose with it within the limits set out by Law.

Co-Ownership over Aircraft

Article 136

- (1) Aircraft and aircraft being designed can be under co-ownership, and co-ownership is determined in shares.
- (2) Each co-owner can, in accordance with provisions hereof, alienate or encumber his share in aircraft

Acquiring Ownership Right over the Aircraft on the Basis of Legal Activity

Article 137

- (1) Ownership right over aircraft on the basis of legal activity is acquired by entering into the Registry of civil aircraft of Montenegro (herein after referred to as: Registry) in accordance with the Law.
- (2) As an exception to paragraph 1 of this Article, rights on the basis of lease agreement with the duration of less than six months period, need not be entered into the Registry.

Presumption Regarding Correctness of the Information Entered Into the Registry

Article 138

- (1) Information entered into the Registry are considered to be correct.
- (2) Acquirer who, acting with trust in the Registry, has acquired the ownership right over aircraft on the basis of legal activity is considered to have acquired that right as if there are no other person's rights, duties or limitations that were not entered at that moment, neither it could be seen that their entering into the Registry was required.
- (3) Acquirer who, acting with trust in the Registry, has acquired the right of ownership cannot refer to the presumption regarding the correctness of information entered into the Registry in relation to those rights, duties or limitations that exist on legal basis, and are not entered into the Registry.

Acquiring Rights of Ownership over Aircraft through Court Decision or Other Competent Authority

Article 139

- (1) Person who acquires right of ownership through court decision or other competent authority is authorised to request the entry into the Registry of the acquired ownership right.
- (2) Right of ownership over aircraft acquired by court decision or other competent authority cannot be opposed to the acquirer's right who, acting with trust in the Registry, entered his right over aircraft at the time when ownership right acquired through court decision or other competent authority was not registered yet.

Acquiring Right of Ownership over Aircraft through Succession

Article 140

- (1) Successor acquires the right of ownership over aircraft in accordance with the Law regulating succession.
- (2) Successor is authorised to request the entry into the Registry of rights of ownership over aircraft.
- (3) Acquiring the rights of ownership through succession actual rights over aircraft that belonged to other persons do not cease, except if specified otherwise by Law.

Acquisition on Legal Basis

Article 141

- (1) Person who acquires the right of ownership over aircraft on the basis of the Law is authorised to request the entry into the Registry of the acquired ownership right.
- (2) Right of ownership over aircraft acquired on the legal basis cannot be opposed to the acquirer's right who, acting with trust in the Registry, entered his right over aircraft at the time when ownership right acquired through court decision or other competent authority was not registered yet.

Priority of Entry into the Registry

Article 142

- (1) Legal action of entry into the Registry starts from the moment the request for entry into the Registry is submitted
- (2) The priority of entry is determined by the moment the request for entry into the Registry was submitted.

CHAPTER II LIEN OVER AIRCRAFT

The Right of Lien

Article 143

(1) The right of lien over the aircraft authorises lien creditor to secure the payment from aircraft sales price achieved by aircraft sale, if the secured claim is not settled through lien after the due date.

(2) Provisions hereof relating to lien shall apply to the transfer of property in the aim of securing, as well as to any other securing the settlement of claim by aircraft of the debtor or third party, if not specified otherwise by law.

(3) With the exception to paragraph 1 of this Article, when aircraft sustains damage or is in such a state that the settlement of claims cannot be granted through lien, each lien creditor whose lien is entered into the Registry can demand the settlement of claims before the due date, if debtor does not provide him with some other appropriate security for the difference that ensued.

Permanent Withdrawal from Air Traffic Operations of the Aircraft Charged With Lien

Article 144

(1) Lien debtor is not entitled to permanently withdraw from air traffic the aircraft encumbered with lien without prior written consent of all lien creditors, whose lien rights are entered into the Registry.

(2) Lien debtor can request from the court that the aircraft be sold on auction, if all lien creditors did not give consent from Paragraph 1 of this Article.

Application of the Right of Lien to Accessory

Article 145

(1) The right of lien over aircraft refers to accessory of the aircraft, compensation for the carriage owned by the party ordering carriage, compensation for other commercial aircraft services owned by the party ordering service and rent.

(2) The right of lien over aircraft secures the settlement from aircraft of certain financial claims, three-year contracts or legal interests, which are due by the initiation of enforcement procedure, interest rates which are due during the procedure, as well as the costs of lien, law and other proceedings registration.

Application of Right of Lien Compensation from Insurance

Article 146

(1) The right of lien over aircraft refers to the compensation that belongs to the owner from the aircraft insurance.

(2) The right of lien over compensation from the insurance ceases if the insurance company pays the compensation before it is informed by lien creditor of the existence of right of lien over aircraft.

(3) Insurance company must not pay the compensation to the insured person without the consent of the lien creditor, if he was informed of the right of lien over compensation from the insurance.

Lien Entered on Behalf of Foreign National

Article 147

In case the right of lien over aircraft has been registered on behalf of a foreign national or foreign legal person, for claims in foreign currency, such persons are free to dispose with resources obtained from the aircraft value, or from resources obtained by operation of the aircraft on the basis of Article 151, paragraph 2 hereof.

Establishing Right of Lien over Aircraft

Article 148

Right of lien over aircraft is established on the basis of legal activity (voluntary lien), court decision (judicial lien), or law (statutory lien).

1. Voluntary Lien (Mortgage)

Acquiring Mortgage

Article 149

- (1) Voluntary lien (mortgage) is acquired by a creditor by entering into the Registry.
- (2) If all presumptions required by special registration regulations are not fulfilled, and the right of registering of mortgage has been required, the mortgage shall be entered as a conditional registration of mortgage under condition of prior justification of that registration, if presumptions allowing conditional registration have been fulfilled.

Mortgage Deriving From Ownership

Article 150

- (1) If the aircraft is co-owned by more persons, right of mortgage over entire aircraft can be established on the basis of consent of all co-owners.
- (2) Owner of the ideal part of aircraft can protect his part without other owners' consent.

Obligation from the Contract of Mortgage over Aircraft

Article 151

- (1) By contract of mortgage over aircraft debtor or other third party (lienee) is obliged for the purposes of establishing mortgage securing the relevant creditor's claim, allow the creditor to register his mortgage as a burden of pledged aircraft, while pledgee is obliged after the settlement of claims to undertake necessary actions for deleting mortgage from Registry.
- (2) Contract of mortgage can contain the authorization of hypothecary creditor, if the debt has not been paid, to settle his due and unsettled claim by operating the aircraft, as well as the authorisation of hypothecary creditor to register this right as a burden on debtor's aircraft.
- 3) Contract of mortgage is valid if made in written form.

Compensation for the Damage Caused On the Ground by Aircraft in Flight In Case Of Forced Aircraft Sale

Article 152

In case of forced aircraft sale, the compensation claim for damage sustained by death, bodily injury on the ground from Article 114 hereof, shall be settled before

mortgage creditors' requests are settled, but at maximum of 20% of the achieved aircraft sales price.

Voluntary judicial lien

Article 153

(1) Judicial lien over aircraft is attained voluntarily on the basis of contract of lien which is concluded between parties before court in the form of court record for the purposes of granting financial claim.

(2) Person who has acquired the right from Paragraph 1 of this Article is authorised to request the registration of right.

(3) Right of lien from Paragraph 1 of this Article cannot be opposed to the right of conscientious person who, acting with trust in the Registry, has registered his right over aircraft during the period when the right from Paragraph 1 of this Article was not registered yet.

Simultaneous Mortgage

Article 154

(1) Mortgage can be registered for the same claim over two or more aircrafts (simultaneous mortgage).

(2) In case from Paragraph 1 of this Article, creditor is authorised to demand the settlement of the entire claim from each aircraft burdened by mortgage.

Registration of mortgage registered into the foreign aircraft registry

Article 155

(1) Mortgage, entered into the foreign aircraft registry over aircraft that subsequently acquires Montenegrin nationality, shall be entered into the Registry as a conditional mortgage registration, if listed in the document deleting aircraft from foreign aircraft registry, bearing in mind that it shall be recognized the priority order according to time applicable for determining its priority order in the foreign registry.

(2) Mortgage creditor from Paragraph 1 of this Article is obliged to justify the conditional mortgage within 60 days from the day of conditional mortgage registration.

2. Judicial Lien

Compulsory Judicial Lien

Article 156

(1) Compulsory judicial lien is acquired on the basis of court decision reached in the process of compulsory securing of claims in accordance with law.

(2) Acquirer of right from Paragraph 1 of this Article is authorized to demand the registration of that right.

(3) The right of lien from Paragraph 1 of this Article cannot be opposed to the right of conscientious person who, acting with trust in the Registry, has registered his right over aircraft during the period when the right from Paragraph 1 of this Article was not registered yet.

Registration of Judicial Lien which was registered Into Foreign Aircraft Registry

Article 157

- (1) Judicial lien, entered into the foreign aircraft registry over aircraft that subsequently acquires Montenegrin nationality, shall be entered into the Registry as a conditional judicial lien registration, if listed in the document deleting aircraft from foreign aircraft registry, bearing in mind that it shall be recognized the priority of order according to time applicable for determining its priority of order in the foreign registry.
- (2) Lien creditor from Paragraph 1 of this Article is obliged to justify the conditional lien registration within 30 days from the day of conditional lien registration.

Simultaneous Judicial Lien

Article 158

- (1) Judicial lien can be registered for the same claims regarding two or more aircraft (simultaneous judicial lien).
- (2) In case from Paragraph 1 of this Article, creditor is authorised to demand the settlement of entire claim from each aircraft burdened by lien.

3. Statutory lien

Existence of Statutory Lien

Article 159

Judicial lien over aircraft exists for:

- judicial costs incurred in common interest of all executors and proposers of security during process of execution and security for the sake of preventing forced aircraft sell;
- claims pertaining to payment of costs and rewards owned for search and rescue of aircraft; and
- claim of the person who having extra expenses necessary for aircraft protection.

Registration of Statutory Lien

Article 160

- (1) Person who has acquired the statutory lien over aircraft, is authorised to demand the registration of the acquired right.
- (3) Statutory lien from Paragraph 1 of this Article cannot be opposed to the right of conscientious person who, acting with trust in the Registry, has registered his right over aircraft during the period when the judicial lien was not registered yet.

Settlement of Claims Secured by Statutory Lien

Article 161

Claims secured by judicial lien are settled before all other rights.

Priority of Claims Settlement

Article 162

- (1) Claims secured by statutory lien are settled by priority order from Article 159 hereof.
- (2) With claims from Article 159 hereof stated by indents, the claim that ensued later has the priority before the earlier, and in case of doubt claims are considered to have ensued simultaneously, until the opposite is proved.

(3) In case the claims from Article 159 hereof, stated by indents, have ensued simultaneously, and cannot be all settled, they shall be settled proportionally.

Forced Aircraft Sale

Article 163

In case of forced aircraft sale, claims for compensation of damage sustained by death, bodily injury on the ground from Article 114 hereof are settled after claims from Article 159 hereof.

Cessation of Statutory Lien

Article 164

(1) Statutory lien over aircraft ceases:

1. when claims secured by statutory lien including all other secondary claims, interests, and expenses cease;
2. when one year period starting from the date of establishment terminates;
3. by forced sale during execution and insolvency procedures;
4. by voluntary sale, under condition:
 - that transfer of rights is entered into the Registry;
 - if creditor who has the statutory lien within the period of 90 days from the date of registering transfer of rights, and before the end of period of one year from the date of establishment of statutory lien, does not initiate judicial proceedings for settlement of that claim.

(2) Statutory lien over aircraft does not cease when the aircraft is deleted from the Registry.

Exceptions to the Cessation of Statutory Lien

Article 165

Statutory lien does not cease by termination of time period of one year from the establishment date, if before that termination:

- the claim is entered into the Registry in which the aircraft is signed;
 - parties agree about the claim amount and enter the statutory lien into the Registry;
- and
- procedure for the recognition of that claim is initiated before the commercial court, in case of which the court determines whether there exist justified reasons for terminating or cancelling that time period.

Calculating the Time Period

Article 166

The time period from Article 164, Paragraph 1, Point 2 hereof is counted, in case of statutory lien for costs and rewards for search and rescue from the date the actions were completed, and in case of lien over other claims from Article 159 hereof, from their due date.

Termination of time period

Article 167

(1) Time period from Article 164, Paragraph 1, Point 2 hereof starts with filing the claim for settlement of claims, under condition that aircraft is stopped, or that the filed claim is entered into the Registry.

(2) When the verdict on the basis of filed claim, that was the subject of registration, becomes executive, statutory lien ceases within 60 days from the date of executivity

of verdict, if creditor within that time period does not demand the forced sale or stopping of aircraft, i.e. does not enter the statutory lien into the Registry.

Unlawful Seizure of Aircraft

Article 168

Provisions from Article 159 to Article 168 apply to aircraft used by person who is not its owner, except if the aircraft was unlawfully taken away from the owner, and lien creditor knew or must have known about the aircraft being used by person who unlawfully seized the aircraft.

PART FOUR

PROCESS OF EXECUTING AND SECURING ON AIRCRAFT AND CARGO ON BOARD

Executing and securing on aircraft

Article 169

- (1) The court decision made out to obligation fulfillment as well as claims securing is executed on aircraft that is on Montenegrin territory.
- (2) Execution and securement can be allowed on the aircraft on Montenegrin territory but it shall not entered into the Registry.

Exemption from Execution or Securing

Article 170

- (1) The subject of execution or securing cannot be:
 - state aircraft, aircraft used for providing medical assistance in air traffic and firefighting aircraft; and
 - foreign aircraft that, in accordance with applicable regulations, flies over the territory of Montenegro or lands at the airport at Montenegrin territory as a result of force majeure, for air traffic security and safety reasons (aircraft in distress), during the force majeure or traffic security reasons, as well as in cases of landing at the order of competent authority.
- (2) Aircraft from Paragraph 1, Indent 2 of this Article can be the subject of execution or securement, if the proceedings is carried out in order to execute or secure the claim that ensued during flyover or aircraft stay on the territory of Montenegro.

Protection of Aeronautical Activities

Article 171

- (1) The execution on the aircraft cannot be performed by aircraft sale, if it represents the basic means and is necessary for performing basic activities by natural or legal person against which/whom the execution is directed.
- (2) With the exception to Paragraph 1 of this Article, aircraft can be the subject of execution if an appropriate aircraft can be leased on the market.
- (3) The provision of Paragraph 1 of this Article does not refer to the execution by sale for purposes of attaining the claim secured by contract lien, or if the settlement of a claim secured by statutory lien is in question
- (4) Aircraft owner cannot oppose to the execution on the aircraft in accordance with Paragraph 1 of this Article, if he acquired the aircraft from the person demanding execution or his legal successor, in order to settle the claims resulting from the acquirement of aircraft.

(5) Natural and legal person from Paragraph 1 of this Article cannot oppose to the execution of aircraft sale, if the execution is demanded in order to settle the claims for:

- the damage sustained by death on the ground, bodily injury of a person, caused by aircraft in flight on which the execution is performed, or damage sustained by persons on board an aircraft during operation of that aircraft.
- search and rescue, providing medical assistance or guarding aircraft;
- from contract of carriage or some other contract of aircraft operation that is the subject of execution and,
- supply, repair and equipment of the aircraft that is the subject of execution.

Temporary Measure of Retaining and Guarding Aircraft

Article 172

(1) Temporary measure of retaining and guarding aircraft cannot be allowed during its performing regular line operations and charter operations, if the aircraft is about to take off or continues the already begun carriage.

(2) Exceptional, aircraft retention and guarding from Paragraph 1 of this Article can be allowed if the proceeding is carried out in order to settle the claim that arouse in relation to that carriage.

(3) Provisions of Paragraph 1 and 2 of this Article apply also to foreign aircraft under the reciprocity condition.

Exception from Retention and Guarding Of Aircraft

Article 173

(1) If temporary measure is determined for purposes of providing for financial claims, the aircraft shall be exempt from retention and guarding, if air carrier gives provision in the amount of claim for which the retention is sought, under condition that such securement is available and tranferable for the benefit of the creditor.

(2) The amount of provision from Paragraph 1 of this Article cannot exceed the amount of limited liability, if it is about claims for which the debtor can limit his/its liability.

(3) In case one of domestic courts, on the basis of provision from Paragraph 1 of this Article exempts the aircraft from retention, no other domestic court can allow the retention of such or anz other aircraft for the same claim and for the same creditor, under condition that such provision is available and transferable for creditor's benefit.

Court Competency for Deciding Upon Execution on Aircraft and Cargo On Board

Article 174

(1) The commercial court on the territory of which the Registry is kept has the exclusive authority to decide upon proposal for execution on aircraft.

(2) Execution is carried out by the court on the territory of which the aircraft which is the subject of execution is situated

(3) The commercial court on the territory of which the aircraft is situated is authorised to decide upon the proposal of execution at the time the execution is being decided upon.

(4) The commercial court on the territory of which the subject of execution is situated decides upon the subject of execution on foreign aircraft and on the aircraft not entered into the Registry and carries out the execution at the time the proposal for execution is submitted.

Court Competency for Security Measures on the Aircraft and Cargo on Board, And Claims In Relation To Passenger and Baggage Carriage

Article 175

The commercial court on the territory of which the Registry in which the aircraft is registered is kept is authorised to decide upon the proposal of securing the aircraft, except if it is about the provision for claims regarding passenger carriage.

Compulsory Sell Proposal

Article 176

(1) Compulsory sell proposal which is entered into the Registry, proposal for establishing compulsory lien, or for conditional registration of the lien over aircraft is submitted to Agency which is obliged to make the note on execution, i.e. on provision in the Registry waybill.

(2) Agency is obliged to urgently submit the proposals from Paragraph 1 of this Article to the competent authority.

(3) the time of the proposal submittal from paragraph 1 of this Article is considered by Agency to be the time of submittal of proposal to the competent court.

PART FIVE

APPLICABLE LAW AND APPROPRIATE APPLICABILITY OF REGULATIONS

Relations Created in International Civil Aviation

Article 177

Provisions hereof on contracts of carriage of passengers, baggage and cargo and providing services in the air are applied to international air traffic, if parties did not agree th application of some other law, or if it is not determined otherwise by international agreement.

Determining Applicable Law with the Contract of International Civil Aviation

Article 178

(1) If the Law the application of which was agreed between parties cannot be applied to the entire contract, or to some of the relations arising from the contract, or if the parties did not specifically determined the right to be applied, and their intention regarding the application of certain law cannot be clearly determined from the case circumstances, the law which is closely related to the contract or contractaul relation shall be applied to that contract.

(2) If nothing else arises from crucial circumstances, the closest law in the State in which the carrier at the time of the conclusion of contract had the seat shall apply to main rights and obligations.

(3) To secondary rights and obligations, applied shall be the Law of the place where such actions were performed, i.e. where they should have been performed.

Determining Applicable Law with the Insurance Agreement

Article 179

(1) The Law regarding the insurance company in the place of the company shall apply to the contract of air traffic insurance and relations arising thereof, under condition:

- that parties did not clearly indicated the Law that shall be applied to the contract, and their intention regarding application of certain Law cannot be determined from the circumstances surrounding the case; and
- that the law the application of which was agreed between the parties cannot be applied to the part of that contract or to some other relation from that contract.

(2) With exception from Paragraph 1 of this Article, domestic law shall be applied to the relations in air traffic insurance agreement, if all interested parties in such an agreement are Montenegrin nationals with the residence in Montenegro or legal persons registered and with their seat in Montenegro, and it is about insured objects exposed to covered risks exclusively on Montenegrin territory.

Determining Applicable Law According To Which the Type of Contract Is Evaluated

Article 180

Contract and any other legal action performed in the aim of realization of that contract are valid regarding the form, if the contract was concluded, i.e. the action performed in the form prescribed by the law of the State in which the contract was concluded, i.e. the action performed, or the Law according to which the main rights and obligations in the contract are assessed.

Applicable Law When Determining the Actual Rights over Aircraft

Article 181

Regarding property law and other actual laws applied to aircraft, the law of the state in which the aircraft is registered shall be applied.

Determining Applicable Law according To Which Damage on the Ground Caused by Aircraft in Flight is Assessed

Article 182

The law of the state in which the damage was caused shall apply to the damage liability from Article 114 hereof.

PART FIVE A

Penalty Provisions

Article 182a

(1) Air carrier or other entity shall be fined in the amount of 2,000 to 10,000 EUR for the offence in case:

- 1) it expects denial of boarding, and it does not ask the passengers to voluntarily withdraw their reservation under the terms agreed between the passengers and actual air carrier (Article 6, par. 1);
- 2) insufficient number of passengers wants to voluntarily withdraw its reservation, while the actual air carrier denies boarding of a number of passengers, that exceed the aircraft capacity, against their will, and denies to pay them compensation with no

delay in accordance with Article 10 to this Law and it does not provide them with rights referred to in Art. 11 and 12 to this Law (Article 6, par. 3 and 4);

3) the flight is cancelled, it does not provide the passengers with:

a) right to reimbursement or re-routing in accordance with Article 11 to this Law, by the actual air carrier;

b) right to care by the actual air carrier in accordance with Article 12 paragraph 1 points b and c to this Law, as well as the right to care referred to in Article 12 paragraph 1 points b and c to this Law in case of re-routing when the published departure time for new flight is at least one day after the departure time planned for the cancelled flight;

c) compensation by the actual air carrier in accordance with Article 10 to this Law, unless the passengers have been:

- informed about cancellation of the flight at least two weeks before the published departure time for flight;

- informed about flight cancellation within two week period before the published departure time for flight and offered with re-routing at least seven days before the published departure time for flight, which enables them to depart no more than two hours before the published departure time for flight and to arrive at the destination point within four hours from the planned departure time;

- informed about cancellation of the flight within seven day period before the published departure time for flight and offered with re-routing, which enables them to depart no more than one hour before the published departure time for flight and to arrive at the destination site within two hours from the planned time of arrival (Article 7, paragraph 1).

4) if upon the flight cancellation, it fails to inform passengers about alternative transport capabilities (Article 7 Paragraph 2);

5) it expects flight delay in departure, out of the published departure time for flight, of two hours and more for flights up to 1500 km, and it does not provide passengers with the care referred to in Article 12 paragraph 1 point a and paragraph 2 to this Law (Article 8 paragraph 1 point a);

6) it expects flight delay in departure, out of the published departure time for flight, three hours or more for all flights of more than 1500 km, and for other flights between 1500 km and 3500 km, and it does not provide passengers with the care referred to in Article 12 paragraph 1 points a, b and c to this Law when the real expected departure time is at least one day after the previously published departure time (Article 8 paragraph 1 point b);

7) it expects flight delays in departure out of the published departure time for flight of four or more hours, for all flights other than flights from the points a and b, and it does not provide supplies from Article 12 par. 1 and 2 to this Law, and in case of flight delay at least five hours does not provide right to reimbursement in accordance with Article 11 paragraph 1 point a to this Law (Article 8 paragraph 1 point c).

8) it places the passenger in a class lower than that for which the ticket was purchased, and fails to provide right to reimbursement referred to in Article 13 paragraph 2 to this Law by the means provided for in Article 10 paragraph 4 to this Law, within seven days from the day of placement;

9) it does not give priority to transport of persons with reduced mobility, and their accompanying persons or recognized assistance dogs, and to transport of children without accompanying persons (Article 14 paragraph 1);

10) of denied boarding, flight cancellation or flight delay of minimum two hours, it fails to hand over written justification containing rules for compensation and care in accordance with this Law, as well as information on means and place where the passenger may exercise his/her rights (Article 17 paragraph 2);

11) it with no delay, and not later than 15 days from the day of determining the identity of the natural person with the right to compensation of damage, does not

perform advance payment proportional to the suffered material damage, in order to meet direct material needs of that person (Article 28 paragraph 1);

12) when providing transport services it does not inform passengers about its responsibility regarding the passengers and their baggage, including deadlines for filing an action for compensation and possibility of providing special statement on baggage, and it does not make available to passengers, at all selling places, including telephone sale or sale via internet, the summary of basic provisions on responsibility of the air carrier (Article 30 paragraph 1);

13) it denies to accept reservation of the disabled person or the person with reduced mobility for the flight with departure or arrival airport referred to in Article 37 to this Law and it refuses to board him/her on that airport, if this person has a travelling ticket and reservation (Article 36b);

14) it fails to submit the request for assistance, which is received not later than 48 hours before published flight departure time (Article 36e paragraph 2), within period of 36 hours before published departure time for flight, to the operators of airports of departure, arrival or transit or actual air carrier if reservations were not received by that air carrier, unless the identity of actual air carrier is known in time of receiving request for assistance, which shall be delivered as soon as possible;

15) it does not provide transport of recognized assistance dogs in the aircraft cabin in accordance with the Law (Article 36n paragraph 1);

16) it does not ensure, in addition to medical equipment, transport of up to two pieces of mobility equipment per disabled person or person with reduced mobility, including electric wheelchair, subject to advanced warning of 48 hours and to possible limitation of space on board the aircraft and subject to the application of relevant legislation concerning dangerous goods (Article 36n paragraph 2);

17) it fails to ensure that flight information are made available to the disabled person or to the person with reduced mobility (Article 36n paragraph 3);

18) upon the request of the disabled persons, it fails to take required measures regarding the arrangement of seats to meet needs of the persons, while taking care of safety requirements and availability, and if it fails to enable access to the toilet facilities, if required (Article 36n par. 4 and 5);

19) it fails to ensure, if possible, seat for the accompanying person of the disabled person or person with reduced mobility, next to the disabled person or person with reduced mobility (Article 36n paragraph 6).

(2) For offences referred to in the paragraph 1 to this Article, both, a responsible person of the air carrier or of other legal entity shall be also fined with the amount of 300 to 1000 EUR.

(3) For offences referred to in the paragraph 1 to this Article, the entrepreneur shall also be fined with the amount of 300 to 3.000 EUR.

(4) For offence referred to in the paragraph 1 to this Article, the natural person shall also be fined with the amount of 150 to 1000 EUR.

Article 182b

(1) The airport operator or other legal entity shall be fined in the amount of 2.000 to 10.000 EUR for the offence in case:

1) in cooperation with airport users, or board of airport users and organizations standing for rights of disabled persons or persons with reduced mobility, in accordance with local conditions, it fails to determine place of arrival and departure within the airport limits or in the building and outside the terminal building, which is under the surveillance of the airport operator, where disabled persons or persons with reduced mobility can easily announce arrival to the airport and require a help (Article 36d paragraph 1);

2) it fails to provide assistance and arrangements necessary to enable disabled persons and persons with reduced mobility to:

- Communicate their arrival at the airport and their request for assistance at the designated points inside and outside the terminal buildings, referred to in Article 40 to this Law;
 - move from the designated point to the check-in counter;
 - check-in and register baggage;
 - to proceed from the check-in counter to the aircraft, with completion of emigration, customs and security procedure;
 - board the aircraft with the provision of lifts, wheelchairs or other assistance needed, as appropriate;
 - to proceed from the aircraft door to their seats;
 - to store and retrieve baggage from the aircraft;
 - to proceed from their seats to the aircraft door;
 - to disembark from the aircraft, with the provision of lifts, wheelchairs, or other assistance needed, as appropriate;
 - to proceed from the aircraft to the baggage hall and retrieve baggage, with completion of immigration and customs procedure;
 - to proceed from the baggage hall to a designated point;
 - to reach connecting flights when in transit, with assistance on the air and land sides and within and between terminals as needed;
 - move to the toilet facilities if required (Article 36m paragraph 1);
- 3) it does not ensure required help to the disabled person or to the person with reduced mobility accompanied by another person helping him/her, upon request of that person at the airport with embarking and disembarking the aircraft (Article 36m paragraph 2).
- 4) it fails to provide ground handling of all necessary mobility equipment, including equipment such as electric wheelchairs, to the disabled person or to the person with reduced mobility, subject to advance warning of 48 hours before flight and to possible limitation of space on board the aircraft, and subject to the application of relevant legislation concerning dangerous goods (Article 36m paragraph 3);
- 5) it fails to provide temporary replacement for damaged or lost mobility equipment, albeit not necessarily on a like-for-like basis (Article 36m paragraph 4);
- 6) it fails to ensure use of recognized assistance dog, when relevant, and when it fails to make flight information available, to disabled persons and persons with reduced mobility (Article 36m par. 5 and 6).
- (3) For offences referred to in the paragraph 1 to this Article, the entrepreneur shall also be fined in the amount of 300 to 3000 EUR.
- (4) For offences referred to in paragraph 1 to this Article, the natural person shall also be fined in the amount of 150 to 1.000 EUR.
- (5) The Agency shall inform European Commission on imposed penalties determined by this Law.

PART SIX TRANSITIONAL AND FINAL PROVISIONS

Application of Law

Article 183 “Deleted”

Termination of Application

Article 184

Upon entry into force hereof, the Law on Obligations and Property Relations in Air Transport ("Official Gazette of Federal Republic of Yugoslavia", No. 12/98) shall cease to be valid.

Entry Into Force

Article 185

This Law shall come into force on the eighth day from the date of its publication in the "Official Gazette of the Republic of Montenegro".