

THE INSTITUTE OF CHARTERED SHIPBROKERS

APRIL 2007 EXAMINATIONS

MONDAY 23 APRIL – MORNING

SHIPPING LAW

Time allowed – Three hours

Answer any FIVE questions – All questions carry equal marks

1. In the context of international merchant shipping ownership and registration is it more important to consider the flag of registry of the vessel or the company law of the country where the ship owning company is incorporated? Discuss the implications for both national flag and flag of convenience vessels using examples of both.
2. In what circumstances and which English Court has jurisdiction to issue an arrest warrant in respect of a vessel currently located within its territorial waters? Does it make any difference whether the Claimant has a maritime claim or a maritime lien?
3. How and on what basis is liability for collisions regulated under English law? To what extent and in what manner is such liability regulated by the Collision Regulations and 1910 Collision Convention?
4. When, how and in what circumstances does English law allow a party to limit its liability for maritime incidents and how is such limitation calculated?
5. With reference to case law discuss and analyze the circumstances pursuant to which a ship-owner can seek to obtain general average contributions from other parties. Please provide an example of an incident which can give rise to a claim for general average.

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6. A time-charterparty provides for a duration of minimum 50 days plus 10 days more in Charterers' option. On the 49th day of the charterparty, the Charterers declared that they would exercise the option to extend the charter period by 10 days and carry out a final voyage which it was estimated in good faith at the time that the order was given that the vessel would depart on its voyage immediately and the voyage would be completed in such time in order for the vessel to be properly re-delivered at the agreed charterparty location in 12 days. However, on account of a delay for Charterers' reasons, the vessel was delayed for a further 3 days before the Charterers have finally given the go-ahead for the vessel to proceed on its voyage. Please analyse with reference to case law the options available to the Owners of the vessel in respect of the Charterers' voyage instructions.
7. Hardy Ships Enterprises has chartered its vessel, the M/V Sea Bass, to Small Time Food Suppliers Ltd under a voyage charterparty dated 10th December 2006. The Charterparty provides:

Loading place: 1 safe berth, either Abidjan, Cote d' Ivoire or Lagos, Nigeria,
Charts option to be declared prior vessel's arrival off Abidjan.

Laycan: 5th -14th April 2006

NOR: When the vessel has arrived and is ready to load, a notice of readiness shall be tendered to the Charterer or its agent by the Master. Laytime shall commence at the expiration of six running hours after tender of the notice of readiness. Owners do not have the option to tender Notice of Readiness outside the agreed laycan without the Charterers' written consent.

Laytime period at the load port: 4 weather working running days SSHINC.

Demurrage: US\$15,000 per day pro rata, once on demurrage always on demurrage.

While steaming southwards on the West Coast of Africa, the Vessel arrived outside the port limits of Abidjan on the 1st April 2006 at 13:00 hours local time and asked for the Charterers' nomination of the load port which had not been given yet. The Charterers ordered the vessel to wait for orders. Thereafter, on the 11th April 2006 at 13:00 hours local time the Charterers gave instructions to the vessel to proceed to Lagos to load. On the morning of the 14th April 2006 the Charterers intimated that they were thinking about cancelling the charterparty. Eventually, in the face of negotiating pressure from the shippers and the Owners, the Charterers did not cancel the charterparty but reserved all their rights.

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The vessel arrived off Lagos on the evening of the 14th April 2006 at 19:00 hours local time and proceeded to berth. While the vessel was en route to its berth, it tendered its notice of readiness at 19:10 hours local time and it was not rejected. At 19:20 hours local time, just before the vessel actually arrived at its berth, it was ordered by the port authority to proceed to the nearby anchorage and wait for further orders because due to an emergency fire situation the berth was going to be used by a fire extinguishing vessel which would assist with the fighting of the fire. After a few days delay, on the 17th April 2006 the vessel was eventually permitted to berth and the vessel was all fast at the berth and loading commenced on the 17th April 2006 at 14:00 hours local time.

It rained between 19th April at 14:00 hours and 22:00 hours and on the 20th April between 06:00 hours and 12:00 hours. However, loading continued during these rain periods. Loading was completed on the 23rd April 2006 at 16:00 hours and the vessel shifted from the berth and commenced its sea passage.

Please advise the Owner as to the periods of time for which he is entitled to receive compensation and in what form. Also advise him whether he should be concerned about the Charterers' reservation.

8. Careless Owners Ltd has chartered the M/T Rusty Saucepan to International Oil Supplies Ltd for the carriage of 40,000MT of Fuel Oil CST 180 from Bandar Abbas, Iran to Singapore pursuant to a voyage charterparty dated 20th December 2006. The said charterparty provides for arbitration in London pursuant to the LMAA rules and English law to apply.

International Oil Supplies Ltd shipped the cargo on board the vessel at Bandar Abbas and a Bill of Lading was issued which was signed by the vessel's port agents at Bandar Abbas on behalf of the Master of the M/T Rusty Saucepan showing a quantity of 40,000MT. The Bill of Lading has printed at the top in bold letters "International Oil Supplies Ltd Bill of Lading". Further, it identifies International Oil Supplies Ltd as the Shippers of the cargo and in the consignee section it reads "To Singapore Oil and Chemicals Ltd or order." The Bill of Lading contains a standard "Identity of Carrier clause". The Bill of Lading also incorporates a US Paramount Clause and also states measurement, weight, quantity, quality unknown to the vessel and the Master. The Bill of Lading also states that the carriage of the goods under the Bill of Lading is subject to all the terms and conditions of the charterparty dated 20th December 2006 between Careless Owners Ltd and International Oil Supplies Ltd, including the law and arbitration clause.

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Upon arrival at the discharge port on the 17th January 2007 the company, Fast Action PTE Ltd, presents to the vessel the Bills of lading which have on their back the signature of Singapore Oil and Chemicals Ltd and the name of Fast Action PTE Ltd. Fast Action PTE Ltd begins to take delivery of the cargo. Upon completion of discharge on the 20th January 2007 the vessel's tanks are checked and found to be empty and dry of cargo and dry-tank certificates are issued. However, it is found upon measuring the shore tanks where the cargo was discharged that only 39,000MT of cargo have been delivered. The Board of the directors of the company Fast Action PTE Ltd, after having gathered all their evidence in respect of the matter, make a decision on the 18th January 2008 to pursue a claim in respect of the missing 1,000MT of oil. Please advise the company Fast Action PTE Ltd whether they can take legal action and if so against whom and what will be the likely prospects of success.