



**WEDNESDAY 4<sup>TH</sup> NOVEMBER 2015 – AFTERNOON**

## **LEGAL PRINCIPLES IN SHIPPING BUSINESS**

**Time allowed – three hours**

**Answer any FIVE questions – all questions carry equal marks**

**Please read the questions carefully before answering**

1. Discuss the key functions and the role of the bill of lading in international trade.

2. Answer **BOTH** parts of the question

Using suitable case law where appropriate explain:

- a) The scope and purpose of awarding damages in the law of torts including the issue of remoteness.
- b) Vicarious liability.

3. Answer **ALL** parts of the question

Under a contract of carriage of goods from the UK to Singapore evidenced by a bill of lading and subject to English law, discuss the following contractual terms:

- (a) The carrier agrees with the shipper that any claim/suit for loss or damage to goods will have to commence within six months from actual delivery of the goods.
- (b) The carrier agrees with the shipper that any claims by the carrier will have to commence within eight years from actual delivery of the goods.
- (c) The carrier agrees with the shipper that the Hague Rules are to apply to the contract of carriage.

**PLEASE TURN OVER**

4. A shipowner is setting up a limited company to operate a shipping business. The company is expected to be formed in a couple of weeks. In the meantime the shipowner (signing as director of the company) instructs a shipbroker, to conclude a charter-party for a vessel. The broker concludes a charterparty as instructed. However, the shipowner is now reluctant to pay the shipbroker the agreed commission since the shipowner claims that at the time of their agreement for the chartering of the vessel, the shipowner was not authorised to act by his principal, as the company was not in existence.

Advise the shipbroker on whether he can recover the brokerage/commission owed to him.

5. Various cargoes are loaded on board a vessel for carriage, subject to the Hague-Visby Rules, and English law. The vessel grounds due to negligent navigation, and in order to refloat it, the master decides to use the ship's machinery and to jettison some of its cargo. Some damage is caused to the ship's machinery during the refloating operation. The vessel is then towed to a nearby port where necessary repairs are to be made so that it can complete the contracted voyage. It became necessary to discharge, warehouse and restow the cargo whilst repairs are carried out.

Identify and consider the potential claim(s) arising from the above scenario.

6. A shipper in London agrees with a ship owner for the export of a number of packages of fresh fish from London to Singapore. Clean bills of lading are issued to the shipper by the ship owner in London. Before reaching Singapore, the ship is grounded and suffers damage. Consequently, the ship calls at Cape Town, as it would be dangerous to continue with the voyage without making some repairs. It is also found that the grounding occurred due to the out-of-date charts carried by the ship, and surveyors advise that repairs will take seven to ten days to complete.

The ship owner tries to contact the shipper on the telephone but cannot reach them. Therefore, the ship's master decides to sell the fish to the local (Cape Town) market, as otherwise it may perish due to the delay. A few days later the shipper learns that the consignment, which had a value of £50,000, has been sold by the ship owner for £40,000.

Critically discuss the implications of the above facts on any possible claims by the shipper.

7. Explain how international conventions become established. Select one of the major international conventions created by the IMO and explain its role and function.
8. TSS Ltd. are ship owners who agreed to carry CCC Ltd.'s consignment of goods in one of its two named ships, at carrier's option. Unfortunately, one of the vessels is lost and TSS Ltd. now claim that the agreement with CCC Ltd. is frustrated because the second vessel is fixed elsewhere and not available.

Advise CCC Ltd. of their legal position.