



TUESDAY 16TH MAY - MORNING

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. Explain what is meant by breach of warranty of authority and use examples to support your answer.

2. Critically discuss the effect of deviation under a contract of affreightment.

3. Answer **ALL** parts of the question.
A vessel under time charter arrives at the loading port ready to load her cargo. Discuss the issues arising in each of the following different circumstances:
 - a) The ship berths, and half-way through her loading the cargo, and without any warning, a strong swell causes the vessel to hit the berth, and repairs are required.
 - b) The ship berths, and half-way through her loading the cargo, her main engines break down and repairs are carried out while loading continues at the normal rate.
 - c) The ship berths, and there is a considerable delay in loading the cargo, due to the Master and crew not being adequately trained to use the ship's pumps.

4. Outline the requirements for a General Average contribution and discuss the scope and use of the amended Jason Clause.

5. What are the common law remedies for breach of contract, and on what legal tests are damages assessed by the Courts?

PLEASE TURN OVER

6. A shipper in London books cargo space on a vessel for some cargo to be delivered in New York. According to the contract of carriage the vessel is to proceed directly to New York, with no intermediate ports of call. A bill of lading is issued and the goods are shipped in "apparent good order and condition". The bill of lading also contains a liberty to deviate clause as well as the following provision:

"The carrier shall not in any event be or become liable for any loss or damage to the goods in an amount exceeding 666.67 units of account in total".

Having sailed from London the master was instructed to deviate to a port en route to collect shipowners' documents. A day before arriving at New York, the ship collides with another vessel and both vessels sink, with total loss of their cargoes. Shipper claims for the loss of the cargo, and shipowners reply that under Article IV rule 2(c) (Hague-Visby Rules) they are not responsible for any loss arising/resulting from "perils, dangers and accidents of the sea".

Answer **BOTH** parts of the question

- a) Shipowners' liability for the loss of shipper's cargo
- b) The effectiveness of the bill of lading clause.

7. Explain what misrepresentation is and discuss its effect on a contract according to the Misrepresentation Act 1967.

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

- a) Advise a carrier whether a cargo should be delivered to a receiver who is not in possession of an original bill of lading
- b) What would you advise a cargo receiver to do in order to take delivery of cargo without producing a bill of lading?