



THURSDAY 17th MAY – 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. A ship carrying various cargoes under bills of lading subject to the Hague-Visby Rules is grounded due to negligent navigation, suffering some damage to her hull. In order for the ship to get off, the Master uses the ship's engines excessively, thereby causing some damage. The operation is successful, and the ship proceeds to the port of destination.

Discuss whether the carrier/shipowner would be able to claim a general average contribution from cargo owners for damages suffered by the ship.

2. A tanker is chartered for the carriage of oil from “one safe port Antwerp” to Limassol in Cyprus. The charter party provides among other things for:
 - a minimum quantity of 90,000 tonnes to be loaded, and
 - Charterers to have an option to load/discharge via lightering/ship-to-ship transfer.

The ship is only able to load approximately two thirds of her intended cargo because a severe storm shortly before her arrival silted up the channel/port, thus imposing a draught restriction. The master therefore serves a Notice of Readiness stating that he does not expect to load a full cargo, but rather a maximum of approximately 67,000 tonnes. Therefore, although the charterers were able to tender for loading 90,000 tonnes of oil, the vessel loads only 67,000 tonnes.

Identify and discuss any potential claims the ship's owners may have in the above scenario.

PLEASE TURN OVER

3. Discuss and use your own examples in answering the following questions:
 - a) What are the legal implications of contributory negligence?
 - b) What is the Himalaya clause?
4. Discuss giving appropriate examples, (i) ratification, and (ii) ostensible authority, in the law of agency.
5. A time charter-party contains the following clause relating to re-delivery of the vessel:

“Charterers are to ensure that the last voyage will not exceed the maximum period of six months. If, however, the vessel is sent on a last voyage in excess of the maximum period of six months; and the market rate rises above the Charter Party rate during this excess period, then hire will be payable on the prevailing market rates from the 30th day prior to the maximum period date until actual re-delivery of the vessel to the Owners.”

Charterers gave a last order for a voyage, which would bring the re-delivery date beyond the maximum period of six months, and owners accepted the order. The vessel was redelivered some six days in excess of the six-month maximum period. During these six days the prevailing market rate had risen above the Charter Party rate.

Advise the parties as to the basis on which hire will be payable in the circumstances.

6. There are instances where an agreement may be enforceable even though there is no consideration.

Using your own examples, discuss the above statement.

7. A shipowner agrees with a shipper for the carriage of some goods from London to Piraeus. A bill of lading is issued to the shipper in London. After loading the goods, the shipper sells the goods to a third-party buyer by endorsing the bill of lading accordingly. Although not mentioned in the bill of lading, the goods were actually carried on the ship's deck, and on the voyage to Piraeus the ship encountered heavy weather and some of the goods suffered damage.

Discuss and consider the position of the shipowner, shipper and bill of lading endorsee.

8. A bill of lading is said to be evidence of the contract of carriage of goods and a receipt for the cargo.

Explain and discuss the two functions.