



WEDNESDAY 9th APRIL 2014 – MORNING

LEGAL PRINCIPLES IN SHIPPING BUSINESS

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Read the questions carefully before answering

1. In Charter Parties there are certain terms implied, such as seaworthiness, no deviation, no dangerous goods, etc.

Discuss whether there is any obligation implied on the charterer in relation to safe ports.

2. Answer **both** parts of the question:

X Ltd. is a British shipping company. They have entered into a contract with Rori, a business established in Albania (which has not adopted any of the known international conventions/rules for the carriage of goods by sea) to carry some goods by sea from Albania to the UK. Bills of Lading are issued by the carrier (X Ltd.) to Rori in Albania (at the port of loading). The contract of carriage, as evidenced by Bills of Lading, contains the following clauses:

Clause 1: The Hague-Visby Rules 1968/Carriage of Goods by Sea Act 1971 would apply to any Bills of Lading issued under this carriage agreement.

Clause 2: The carrier (X Ltd.) would be liable for delay to an amount of 8.33 SDRs (Special Drawing Rights) per kilo of the consignment so delayed, payable for every day delivery is delayed beyond the date agreed by the parties.

- a) Discuss and explain whether the Hague-Visby Rules 1968/Carriage of Goods by Sea Act 1971 would apply to such carriage in the absence of Clause 1 above.
- b) Consider whether Clause 2 above would be enforceable, following a delay by the carrier (X Ltd.).

PLEASE TURN OVER

3. Discuss negligence in the Law of Torts. On a claim of damages in negligence, what is the effect of the defendant successfully establishing 'contributory negligence'?
4. There are instances where an agreement may be enforceable even though there is no consideration.
Using your own examples, discuss the above statement.
5. Answer **both** parts of the question:
 - a) Explain the terms liquidated damages and unliquidated damages in the law of contract.
 - b) Explain the term 'Once on demurrage always on demurrage' as compared to laytime.
6. The vessel Dunlop Rider is chartered for six months. The charter-party includes the following clause relating to re-delivery of the vessel:

Charterers to ensure that the last voyage will not exceed the maximum period of six months. If, however, Charterers sent the vessel on a last voyage in excess of the maximum period of six months and the market rises above the Charter Party rate during this excess period, then hire will be adjusted to reflect the prevailing market level 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 was potentially illegitimate, i.e. bringing the re-delivery date beyond the maximum period of six months, and Owners accepted the order. The vessel was redelivered some six days late, i.e. six days in excess of the six months maximum period. During these six days the prevailing market rate had risen above the Charter Party rate.

Charterers paid hire at the charter rate to the maximum period of six months, and at the increased market rate for the six days over the maximum period of six months.

Owners however claim hire at market rate for the 30 day period prior to the maximum period of six months, in accordance to the re-delivery clause provisions.

Discuss whether the owners' claim under the clause would be enforceable.

7. Answer **both** parts of the question:

- a) A Bill of Lading is said to be evidence of the contract of carriage of goods. Discuss any circumstances when a Bill of Lading may become the actual contract of carriage.

- a) Discuss, giving appropriate examples, (i) ratification and (ii) ostensible authority, in the law of agency.

8. Answer **both** parts of the question:

- a) Analyse all the various factors to be considered before the final resolution of General Average.

- b) Discuss the purpose and use of the 'Amended Jason Clause'.