



INSTITUTE OF
CHARTERED
SHIPBROKERS

MAY 2025 EXAMINATION SESSION
WEDNESDAY 21ST MAY 2025 – AFTERNOON

SHIPPING LAW

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. Answer **BOTH** parts of the question.
 - a) Critically discuss how Article III of the Hague-Visby Rules regulates the responsibilities of the carrier.
 - b) Discuss the rights and immunities that are available to the carrier in cases of cargo loss or damage.

Support your answer with reference to relevant case law.

2. Trading Company A entered into a contract with Shipping Company B to transport machinery from London to Dubai aboard the MV Horizon. During transit, MV Horizon experienced engine failure due to poor maintenance, leading to significant delays. As a result, the machinery arrived three weeks late, causing Trading Company A to incur financial losses due to penalties from their buyers.

Trading Company A has now filed a claim against Shipping Company B for damages arising from the delay. However, by the time legal proceedings began, MV Horizon had left UK waters. It now transpires that another vessel owned by Shipping Company B, namely, MV Neptune Star, has docked in Southampton. Critically discuss what legal principles govern sister ship arrest in the UK, and if Trading Company A can arrest MV Neptune Star to secure their claim against MV Horizon?

Support your answer with reference to relevant case law.

3. Critically evaluate the legal status of straight bills of lading versus negotiable (order) bills of lading under UK law. Discuss with reference to relevant case laws.

PLEASE TURN OVER.

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

Company A time chartered the bulk carrier MV Freedom for six months from its owners Company B. The charterparty includes a standard off-hire clause, stating that:

'In the event of loss of time from deficiency of men, breakdown of machinery, damage to hull, detention by authorities, or any other cause preventing the full working of the vessel, the hire shall cease for the time thereby lost.'

After three months of service, MV Freedom suffers a main engine failure while discharging cargo at the Port of Southampton. Repairs take seven days, during which the vessel is unable to perform its charter obligations. Company A claims that the vessel is off-hire for the entire repair period, refusing to pay hire for those seven days. On the other hand, Company B argue that the breakdown was due to latent defects in the engine that were not due to their negligence, and therefore, the vessel should remain on-hire.

Critically analyse:

- a) If the MV Freedom was off-hire for the period of repair under the off-hire clause and Company A is entitled to withhold hire payments.
- b) The legal implications of 'latent defects' in the context of an off-hire dispute.

Support your answer with reference to relevant case law.

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

On a foggy evening in the English Channel, the container ship MV Sea Falcon, collided with the bulk carrier MV Ocean Breeze. The collision results in significant hull damage to both vessels, loss of cargo from MV Sea Falcon, and oil pollution affecting the nearby coastline. An investigation reveals that MV Sea Falcon was navigating at excessive speed given the poor visibility, while MV Ocean Breeze failed to maintain a proper lookout. Both shipowners have now filed claims against each other for damages. In addition, the UK authorities are contemplating initiating legal proceedings for environmental damage caused by the oil spill.

- a) Assess critically the potential liabilities of the owners of MV Sea Falcon and MV Ocean Breeze arising under UK laws
- b) Advise the shipowners of their legal rights and the remedies available under the given circumstances
- c) Discuss the remedies available to the affected cargo owners
- d) Discuss the remedies available to the UK port authorities for the environmental damage arising from the oil spill.

Support your answer with reference to relevant case law.

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

Company A voyage chartered the tanker MV Ocean Wave from Company B for the transportation of crude oil from Houston to Rotterdam. The charterparty stipulates as follows:

*Laytime: 72 hours for loading and 72 hours for discharge.
Demurrage rate: \$25,000 per day or pro rata.*

Upon arrival at the Port of Houston, MV Ocean Wave is forced to wait 48 hours before a berth becomes available due to port congestion. Once berthed, loading takes an additional 96 hours over and above the agreed 72 hours. At Rotterdam, the vessel arrives on time but is delayed for 36 hours due to a strike by port workers before discharge begins. The discharge itself takes 80 hours instead of 72 hours. Company B has submitted a demurrage claim for 7 days and 20 hours for the extra time taken during the loading and discharge operations. But Company A are refusing to pay, arguing that the delays were 'beyond their control'.

Critically analyse and advise the parties on:

- a) the total demurrage payable under the charterparty terms
- b) whether Company A could reject the demurrage claim arising out of delays caused by port congestion and strikes.

Support your answer with reference to relevant case law.

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

Critically discuss:

- a) The legal rationale for limitation of liability in maritime law and its significance for shipowners and claimants with reference to 1976 LLMC Convention and the 1996 Protocol
- b) The effectiveness of the 'recklessness and personal fault' exception in preventing shipowners from unreasonably escaping liability.

Support your answer with relevant case law reference.

8. The vessel Ocean Wave was successfully salvaged under the LOF terms and in particular the salvors prevented any leakage of the cargo of oil on board into the sea. Advise the salvors as to the basis of the remuneration with particular reference to the Salvage Convention 1989.

Support your answer with reference to relevant case law.