

# Ship Arrests in Practice

8th Ed.

**71 jurisdictions covered  
by the ShipArrested.com members**

NetCorporate Manager

## FOREWORD

Welcome to the eight edition of the *Ship Arrests in Practice*. This publication provides a legal analysis of the arrest and release of a ship in 71 countries.

The aim is to assist the maritime community in the understanding of the procedures and practical issues arising from the arrest and release of a ship around the globe. The fact that maritime rules may be interpreted differently in different countries is significant. This publication guides you through the common issues arising from a ship arrest and offers the necessary information to unravel the different procedures.

With the business picking up on the arrest front, this handbook has become a must for the maritime industry; likewise has the [www.shiparrested.com](http://www.shiparrested.com) network gained a recognised global and professional position. Indeed, this annual publication owes its origin to [www.shiparrested.com](http://www.shiparrested.com) and to the original idea of Dr. Felipe Arizon to offer transparency on arrest practices around the globe.

Thanks are due to the members-contributors as well as to P&I clubs and cargo insurers for their continuous stimuli to keep publishing these yearly updates.

The law is stated as at December 1st, 2013.

Valentine de Callatay  
Managing Editor  
[Valentine.deCallatay@shiparrested.com](mailto:Valentine.deCallatay@shiparrested.com)

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how to arrest / release in...



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## SHIP ARREST QUESTIONNAIRE

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# SHIP ARREST IN ALGERIA



By Dr. D. Ben Abderrahmane\*  
BEN ABDERRAHMANE & PARTNERS  
ba@benlawyers.com  
www.benlawyers.com

26, boulevard Zirout Youcef, 16035 Algiers  
Tel: +213 21 74 91 32 / +213 661 80 30 15  
Fax: +213 21 74 89 27

1. Please give an overview of ship arrest practice in your country.

Algeria has a long tradition in maritime law, including maritime arrests. Algerian law is generally not restrictive in allowing conservatory and provisional measures. Algeria, and most specifically the ports of Algiers, Oran, Annaba as well as the oil and gas terminal of Arzew and Skikda has a favourable reputation for being a convenient place to arrest ships.

2. Which International Convention applies to arrest of ships in your country?

Algeria is since August 1964 member of the Brussels Arrest convention of 1952. Some general principles of the convention have been incorporated in the Algerian Maritime Code (hereafter called CMA).

3. Is there any other way to arrest a ship in your jurisdiction?

In practice for the Algerian Courts, the provision of the CMA and the provisions of the Code of Civil procedure (hereafter called CPC) remain the major source of law for the arrest of ships.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

No

5. For which types of claims can you arrest a ship?

A ship can be arrested to secure a maritime claim

Algerian law provides an open list, which may include claims of maritime nature like insurance premiums. A request to obtain authorisation to arrest a sea-going vessel has to be presented before the President of the court which has jurisdiction for the port of call. It is a unilateral request, and the President immediately grants or rejects authorisation. In theory, according to the CPC, the request can be submitted at any time, even out of court hours and during the weekend (in Algeria Friday & Saturday). In practice, the request can be submitted only from Sunday to Thursday.

6. Can you arrest a ship irrespectively of her flag?

In theory there are two regimes:

(i) A sea-going ship, flying the flag of a contracting State can be arrested in an Algerian port as a security for a maritime claim, as specified in littera a to q of Article 1.1 of the Brussels convention of 1952.

(ii) A sea-going ship, flying the flag of a non-contracting State can be arrested in an Algerian port as a security for a maritime claim, as specified in Article 151 CMA. Pursuant to this provision maritime claim means any claims arising out of a contract or an event in connection with the operation or the management of the ship, any loss or damage caused by the ship due to its exploitation. In practice, Algerian courts tend to apply the provision of Article 151 CMA without differentiation.

7. Can you arrest a ship irrespectively of the debtor?

The ship can be arrested even if the owner of the ship is not the debtor of the maritime claim. The owner of the ship, in order to have his ship released from arrest, has to give a guarantee for the payment of the claim of the author of the arrest. This means that the owner of the ship will have to guarantee the payment of the claim, even if a third person (charterer, issuer of the Bill of Lading) is the debtor toward the arresting party.

8. What is the position as regards sister ships and ships in associated ownership?

Pursuant to Article 154 CMA, it is possible to arrest another ship, which is owned by the person who, at the time when the maritime claim arose, was the owner of the particular ship in respect of which the maritime claim arose.

However, to the difference of the jurisprudence of several European States, Algerian courts do not authorise the arrest of a ship owned by another company than the debtor of the claim. This even if the claimant has sufficiently established that the separate corporate personality is only a fiction that does not correspond to reality.

9. What is the position as regards Bareboat and Time-Chartered vessels?

A vessel that is in the ownership of the charterer can be arrested for a maritime claim against a time charterer.

10. Do your Courts require counter-security in order to arrest a ship?

Algerian law impose on the claimant the deposit of a counter-security of ten per cent (10 %) of the amount of the maritime claim; to cover costs, charges, damages, fees or other expenses deriving from a potential wrongful arrest.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

No.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

In practice, two days. Please note that Algeria does not have the universal week end. The Algeria week end is Friday & Saturday, during these days the court is closed;

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No power of Attorney is requested from the attorney representing the claimant.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The documents needed to arrest a ship are those evidencing the claim (such as contracts, bills of lading, letters requesting payments, protest or interim report of a surveyor, etc. Since the President will control very accurately the existence of a maritime claim, it is highly recommended to have as much documentary as possible to prove the alleged maritime claim.

In the first stage of the arrest procedure no original documents are needed.

The above mentioned documents can be filed electronically, notarisation and/or apostille is not required.

The documents shall be submitted along with their translation in Arabic.

If the translation is made outside Algeria the signature of the translator has to be authenticated by a public authority of his country and by the Algerian embassy territorially competent. The translation can be made in Algeria by an official translator; in that case no authentication is required.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Pursuant to Article 350 CPC, the claimant must institute a legal proceeding on the merits before the competent court, within 15 days from the day the Ordinance authorising the is issued, otherwise the arrest will be held null and void.

18. Do the Courts of your country acknowledge wrongful arrest?

The arrestor bears the risk of arresting the ship. If he loses the contradictory summary proceedings or the case on the merits, his arrest may be considered wrongful and he could have to indemnify all costs and damages caused to the ship, as a result of such wrongful arrest.

However in practice, Algerian Judges are reluctant to countenance a claim for compensatory damages for wrongful arrest unless the bad faith or malice of the arrestor is established.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Algerian Courts do not acknowledge the piercing and lifting of the corporate veil.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

It is possible to have a ship sold pendente lite; the timeframe depends on the circumstances of the case.



*\* Dr. Dahman BEN ABDERRAHMANE is the Founder of the law firm Ben Abderrahmane & Partners, which is one of the leading Algerian law firms; active in Algerian maritime law. Our practice focuses on arresting vessels in Algeria Jurisdiction.*

*Education: University of Frankfurt/Main (Germany); University of Paris 2 (Panthéon-Assas, France), University of Munich (Germany); Max Plank Institut für Ausländisches und Internationales Privatrecht, Hamburg (Germany); University of Paris 1 (Panthéon-Sorbonne, France).*

*Career: Attorney at law, since 1985. admitted in Algeria and in France; International Arbitrator.*



# SHIP ARREST IN ARGENTINA



By Dr. Gustavo P. Yusti & Dr. Emilio A. Callegaro\*

ADMIRALTYLAW LEGAL SERVICES S.A.

ecallegaro@admiraltylaw.com.ar

gyusti@admiraltylaw.com.ar

www.admiraltylaw.com.ar

Av. Alicia Moreau de Justo 740 1nd FL - Of. 104

C1107AAP - Dock 5 - Puerto Madero, Buenos Aires

Tel./Fax +54-11-4331-4324



## 1. Please give an overview of ship arrest practice in your country.

Ship arrest in Argentina is a practical and legal alternative designed to ensure that credit holders against national or foreign vessels should collect their debt. Embargo involves the possibility of banning sailing of embargoed vessels, thus ensuring collection preventively while leaving open the possibility of foreclosure. The formality is usually swift and simple, matching the pace of foreign trade and the eventual change of jurisdiction of vessels liable to be embargoed. Let it be noted that embargo can be requested in advance to arrival of a vessel to an Argentine port.

## 2. Which International Convention applies to arrest of ships in your country?

The Argentine Republic has not subscribed any international conventions that regulate ship embargo or arrest. However, these institutions are present in its legislation, namely in Navigation Act N° 20,094 of 1973, published on February 2, 1973, which reflects some provisions of the Brussels Convention of 1952. According to the provisions of the Argentine Navigation Act, ship arrest in Argentine territory is fast, swift and favorable to the creditor's interest.

## 3. Is there any other way to arrest a ship in your jurisdiction?

There are two ways of obtaining an embargo and banning navigation: preventive embargo and foreclosure. Both options require action on the part of a judge with jurisdiction over the issue giving rise to credit justifying the embargo. Both can and should bring about interdiction of sailing. The difference between them is that the former requires court order and the latter requires court ruling following due judicial process.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

Under Argentine legislation we see two types of unavailability, namely: a) legal unavailability – embargo – and/or b) physical unavailability – detention or arrest. Thus our legislation provides the tools to obtain not only legal but also physical unavailability of a ship.

## 5. For which types of claims can you arrest a ship?

In order to answer this question we must first ascertain that no matter the origin of the credit, any claim can lead to ship arrest, following court order or court ruling. Any credit, ordinary or privileged, stemming from a maritime claim or not is valid to request ship arrest or embargo. Requirements for the embargo or arrest to be granted depend on credit origin. Our Act, in sections 531 et al., as well as in section 482, draws the relation between the credit involved and the ship liable to be embargoed or arrested.

## 6. Can you arrest a ship irrespectively of her flag?

Absolutely: ship arrest is irrespective of her flag for privileged credits. Foreign (non Argentine) ships can be arrested due to: i) debts incurred in Argentine territory with respect to the ship involved or to another that belongs or belonged at the time of the credit origin to the same owner (principle drawn from the Brussels Convention of 1952) and ii) debts stemming from ship activity or from credits alien to it when they are recoverable before Argentine courts. This last option widens the chances of arrest and embargo of a ship when it is moored in Argentine territory. Regarding national vessels, the conditions for embargo and arrest are three. i) privileged credits; ii) other credits at the port of the owner's domicile or main facility; iii) credits alien to the ship, in which case the ordinary legal requirements must be filled.

#### 7. Can you arrest a ship irrespectively of the debtor?

Yes. A ship may be arrested irrespectively of the debtor. The prohibition to embargo or arrest does not fall on the character of the debtor but of the ship. According to the provisions of section 541, there is an absolute prohibition to embargo or arrest: a) war ships, national or foreign; ships under construction with a view to join military forces of a State; ships at the service of national, provincial or municipal governments; and there is a relative prohibition to embargo or arrest ships belonging to national, provincial or municipal governments and ships loaded and ready to depart.

#### 8. What is the position as regards sister ships and ships in associated ownership?

There is no mention of sister ships in our legislation. Regarding associated ownership, our legislation says that a ship belongs or belonged to the same owners when all and every part of it belongs to the same owners. E.g. Supposing I intend to embargo and arrest ship Z by virtue of a credit generated by ship Y, which at the time of credit origin belonged to A, B and C, the cautionary measure on Z will be relevant provided Z belongs to A, B and C.

#### 9. What is the position as regards Bareboat and Time-Chartered vessels?

Our legislation deals with this issue under the category "Buque locado". If the ship that caused the credit was at the time chartered, operated by its shipowner/builder or by a time freighter, any other boat owned by the shipowner or the time freighter is liable to embargo, but not another ship belonging to the same owner. In this case the law restricts the possibility of issuing cautionary measures with respect to a ship different from the one that originated the credit owned by somebody who did not have direct or personal intervention in the original obligation.

#### 10. Do your Courts require counter-security in order to arrest a ship?

According to the provisions of the Argentine law, the court, more specifically the judge, who is dealing with the request for embargo or arrest will assess the need or otherwise of requiring counter security. This is in answer to two clashing interests, both relevant. On the one hand is the advisability of clearing obstacles to navigation, which is the main purpose of a ship; on the other hand, releasing the ship to navigate freely would eventually jeopardize the credit generated by its own activity. Let it be noted that the counter security that is customarily is responsibility of the intervening Court.

#### 11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

From a procedural point of view there are no significant differences, except in cases when credit stems from matters alien to the ship activity. In these cases the parties must appear before the court that has jurisdiction in the matter of the credit, e.g. credit stemming from a bank loan to the ship owner, or credit for compensation for damages generated by a car crash due to fault or negligence of the owner of the ship.

#### 12. Does you country recognise maritime liens? Under which International Convention, if any?

Yes. Our country recognizes lien with respect of debt or credit that is relevant to move on to ship embargo.

#### 13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Once in possession of the relevant documents, the time to draw an embargo or arrest will vary depending on the next port of call. The possibility of application in the port of Buenos Aires should take a reasonable time period, in the understanding that we must file the claim before the competent

court, and provided that the ruling is issued before the ship leaves Argentine port.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

To act in the name and representing an individual or a legal entity we need a POA apostilled by The Hague.

15. What original documents are required, what documents can be filed electronically, what documents require notarization and/or apostille, and when are they needed?

The documents required to embargo or arrest a ship are those that prove the existence and nature of a credit (contracts, invoices, etc) in the original and/or notarized, apostilled copy and the POA mentioned above. They must all be submitted at the time of request of arrest, which means that this firm should have access to them in advance.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

The Argentine court dealing with the arrest must take the substantive claim, which means that the preventive embargo must be followed by foreclosure.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

There is no term, only the terms provided for in the context of the statutes of limitation.

18. Do the Courts of your country acknowledge wrongful arrest?

No. Both embargo and arrest are legal remedies and call for immediate compliance, both on the part of the court and the law enforcing agency, in this case the Coastguards.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Argentina has a lengthy sea coast, and Argentine judges have long experience in maritime law. Judges have been in office for many years and are well acquainted with the particulars of the activity. They will bear in mind the best interest of the claimant as well as the rights of the defendant.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

The option to sell a boat for the purpose of collecting the credit that gave way to the embargo involves a court procedure that the parties have to follow. Both parties are entitled to procedural tools which may speed or slow the process of liquidation. The final duration of the process may be influenced by many factors, both intrinsic and external, so much so that we are not in a position to estimate a term.



*\* Dr. Gustavo Pablo Yusti is dedicated to insurance law, and specifically to transport insurance matters. As lawyer of Argentinean Insurance Companies, Freight Forwarders and Importers/Exporters, he daily deals with coverage matters, recovery actions, interpretation of Argentinean General Insurance law & international insurance terms and conditions, solving matters relatives to maritime, air and road carriage, locally and international.*

*Gustavo is also a Maritime Law professor in Moron's National University, as well as at UNLZ University, he is member of Argentinean Maritime Law association, CMI and Ibero-american Maritime law Institute and CMI.*

*He is habitual speaker in conferences, and also assiduous consultant of important relative publications.*

*\* Dr. Emilio Andrés Callegaro is a lawyer specialized in Transport and Insurance law. He graduated of UBA (University of Buenos Aires, Argentina) on International specialization and has developed his professional carrier working both in the public and private sector. His experience includes working with insurance law and specifically with transport insurance matters.*

*As lawyer of Argentinean Insurance Companies, Freight Forwarders and Importers/Exporters, Emilio daily deals with coverage matters, recovery actions, interpretation of Argentinean General Insurance law & international insurance terms and conditions, solving matters relatives to maritime, air and road carriage, locally and international.*

# SHIP ARREST IN AUSTRALIA



By Stephen Thompson, Partner\*

K & L Gates

Stephen.Thompson@klgates.com

www.klgates.com

Level 31, 1 O'Connell Street Sydney NSW 2000, Australia

Tel: +612 9513 23 69

Fax: +612 9513 2399

1. Please give an overview of ship arrest practice in your country.

Initial ship arrest in Australia is fast, simple and inexpensive. All that is required is a Writ, Application for Arrest Warrant, Arrest Warrant and a pro-forma affidavit. There is a filing fee and the court requires a deposit on account of its costs and expenses of the arrest (insurance, travel of court staff, vessel moves etc). Once the papers are filed a court officer or his/her delegate attends on the vessel to effect the arrest. Officers are available to travel to remote ports for that purpose.

2. Which International Convention applies to arrest of ships in your country?

None. Ship arrest is governed by the Admiralty Act 1988 (Cth) (the Act). However, there are many similarities between the Act and the 1952 Convention.

3. Is there any other way to arrest a ship in your jurisdiction?

While freezing orders – which could extend to a ship – are available from Australian courts, they are considerably less attractive than ship arrest under the Admiralty Act. To obtain a freezing order it is generally necessary to demonstrate a strong prima facie case, establish a balance of convenience in favour of the injunction, and give an undertaking as to damages. None of those measures is required for ship arrest.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

See above.

5. For which types of claims can you arrest a ship?

Arrest is available for maritime liens, proprietary maritime claims and general maritime claims.

Maritime liens

Arrest can be made in respect of a maritime lien, being a claim for:

- (a) salvage;
- (b) damage done by the ship;
- (c) wages of the master or member of the crew of the ship; and
- (d) master's disbursements.

Proprietary Maritime Claims

A proprietary maritime claim relates in broad terms to ownership of the vessel, and includes:

- (a) a claim relating to:
  - (i) possession of a ship;
  - (ii) title to, or ownership of, a ship or a share in a ship;
  - (iii) a mortgage of a ship or of a share in a ship; or
  - (iv) a mortgage of a ship's freight;
- (b) a claim between co-owners of a ship relating to the possession, ownership, operation or earnings of the ship;
- (c) a claim for the satisfaction or enforcement of a judgment given by a court (including a court of a foreign country) against a ship or other property in a proceeding in rem in the nature of a proceeding in Admiralty; or
- (d) a claim for interest in respect of a claim referred to in paragraphs (a), (b) or (c).

## General Maritime Claims

A ship may be arrested for a general maritime claim, when the "relevant person" (see Question 8 below):

(a) was, when the cause of action arose, the owner or charterer of, or was in possession or control of the ship; and

(b) is, when the proceeding is commenced, the owner of the ship

A general maritime claim is:

(a) a claim for damage done by a ship (whether by collision or otherwise); or

(b) a claim in respect of the liability of the owner of a ship arising under Part II or IV of the Protection of the Sea (Civil Liability) Act 1981 or under a law of a State or Territory that makes provision as mentioned in subsection 7(1) of that Act; or

(ba) a claim under:

(i) (i) the applied provisions (within the meaning of the Protection of the Sea (Civil Liability for Bunker Oil Pollution Damage) Act 2008); or

(ii) (ii) a law of a State or Territory of a kind referred to in subsection 10(1) of that Act; or

(c) a claim for loss of life, or for personal injury, sustained in consequence of a defect in a ship or in the apparel or equipment of a ship; or

(d) a claim (including a claim for loss of life or personal injury) arising out of an act or omission of:

(i) the owner or charterer of a ship;

(ii) a person in possession or control of a ship; or

(iii) a person for whose wrongful acts or omissions the owner, charterer or person in possession or control of a ship is liable;

being an act or omission in the navigation or management of the ship, including an act or omission in connection with:

(iv) the loading of goods on to, or the unloading of goods from, the ship;

(v) the embarkation of persons on to, or the disembarkation of persons from, the ship; and

(vi) the carriage of goods or persons on the ship; or

(e) a claim for loss of, or damage to, goods carried by a ship; or

(f) a claim arising out of an agreement that relates to the carriage of goods or persons by a ship or to the use or hire of a ship, whether by charterparty or otherwise; or

(g) a claim relating to salvage (including life salvage and salvage of cargo or wreck found on land); or

(h) a claim in respect of general average; or

(j) a claim in respect of towage of a ship; or

(k) a claim in respect of pilotage of a ship; or

(m) a claim in respect of goods, materials or services (including stevedoring and lighterage services) supplied or to be supplied to a ship for its operation or maintenance; or

(n) a claim in respect of the construction of a ship (including such a claim relating to a vessel before it was launched); or

(o) a claim in respect of the alteration, repair or equipping of a ship; or

(p) a claim in respect of a liability for port, harbour, canal or light tolls, charges or dues, or tolls, charges or dues of a similar kind, in relation to a ship; or

(q) a claim in respect of a levy in relation to a ship, including a shipping levy imposed by the Protection of the Sea (Shipping Levy) Act 1981, being a levy in relation to which a power to detain the ship is conferred by a law in force in Australia or in a part of Australia; or

(r) a claim by a master, shipper, charterer or agent in respect of disbursements on account of a ship; or

(s) a claim for an insurance premium, or for a mutual insurance call, in relation to a ship; or

(t) a claim by a master, or a member of the crew, of a ship for:

(i) wages; or

(ii) an amount that a person, as employer, is under an obligation to pay to a person as employee, whether the obligation arose out of the contract of employment or by operation of law, including the operation of the law of a foreign country; or

(u) a claim for the enforcement of, or a claim arising out of, an arbitral award (including a foreign award within the meaning of the International Arbitration Act 1974) made in respect of a proprietary

maritime claim or a claim referred to in one of the preceding paragraphs; or  
(w) a claim for interest in respect of a claim referred to in one of the preceding paragraphs.  
As can be seen, the categories of general maritime claims are very wide, and substantially reflect arrestable categories of claim in other major jurisdictions and under the Arrest Convention.

6. Can you arrest a ship irrespectively of her flag?

Yes.

7. Can you arrest a ship irrespectively of the debtor?

Yes, although foreign states are immune from the jurisdiction of Australian courts, unless engaged in commercial transactions.

8. What is the position as regards sister ships and ships in associated ownership?

There is a right to proceed against a sister ship (surrogate ship). A proceeding on a general maritime claim concerning a ship (Ship #1) can be commenced as an action in rem against some other ship (Ship #2) if:

(a) a "relevant person" in relation to the claim was, when the cause of action arose, the owner or charterer of, or was in possession or control of Ship #1; and

(b) that person is, when the proceeding is commenced, the owner of Ship #2.  
A "relevant person", in relation to a maritime claim, means a person who would be liable on the claim in a proceeding commenced as an action in personam.

9. What is the position as regards Bareboat and Time-Chartered vessels?

A ship can be arrested for a general maritime claim, when the "relevant person":

(a) was, when the cause of action arose, the owner or charterer of, or was in possession or control of the ship; and

(b) is, when the proceeding is commenced, the demise charterer of the ship.  
Arrest is not available of a ship under time charter in respect of a liability of the time charterer.

10. Do your Courts require counter-security in order to arrest a ship?

No.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

No.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, see Question 5 above. Australia is not a party to any convention on maritime liens, and the Act provides an inclusive definition.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Provided the required information is provided, the arrest papers can be prepared and filed on the same day. The arrest itself is then in the hands of the court, and the time may depend on the availability of court staff and possibly the location of the ship (eg if there is a need for the Marshal to travel to a remote port). However, arrests can usually be effected within 48 hours.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostile, and when are they needed?

No original documents are required, other than the court documents themselves, which must generally be physically filed with the court (although electronic lodgement by email is permitted out of normal hours). Notarisation is not required.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes, although in some instances the court will recognise and enforce a valid forum clause if the dispute is contractually based.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Australian courts will apply any legislative and contractual limitation periods applicable to the claim in question.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Rarely.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

Yes. The time period depends on how long the claimant takes to make an application, whether the application is contested, and the availability of a reasonable market for the ship.



*\* Stephen leads Middletons' Transport, Logistics & Defence Group and practices exclusively in the transport and logistics sectors. Stephen's practice covers a wide range of transport and logistics activities, including:*

- mergers, acquisitions and disposals of companies, businesses and assets in the transport and logistics sectors;
- negotiating, drafting and advising on key operational agreements such as ship construction, sale and purchase agreements, charters; and contracts of carriage, stevedoring agreements, distribution arrangements, labour supply contracts, and marine fuel supply contracts;
- advising on risk management and contracting process improvement strategies;
- maritime and admiralty dispute resolution including ship arrest.

*Stephen's experience in relation to ship arrest includes acting in many of Australia's most significant Admiralty cases, including the "Iron Shortland", the "Skulptor Kononkov", the "Skulptor Vuchetich", the "Ionian Mariner", the "Zoya Kosmodemyanskaya", the "Turakina" and the "Rangitata".*



# SHIP ARREST IN BAHAMAS



By Anthea Parris-Whittaker\*  
PARRISWHITTAKER Counsel & Attorneys  
info@parriswhittaker.com  
www.parriswhittaker.com  
Suite 10, Seventeen Centre Bank Lane  
P.O. Box F- 43018, Freeport, Grand Bahama  
Tel: 242.352.6110  
Fax: 242.352.6114

1. Please give an overview of ship arrest practice in your country.

The Bahamas occupies a unique geographical position which ensures its status as a major financial player attracting both domestic, international and offshore investment. As one of the world's largest container ports, it is a thriving centre of maritime activity – and, as such, Parris Whittaker undertakes a great deal of maritime and shipping law work on behalf of clients ranging from individual crew members to major multi-national corporations.

2. Which International Convention applies to arrest of ships in your country?

The Bahamas is party to the 1952 Arrest Convention (ratified 1979). The Convention applies to all vessels flying the flag of states which are signatory to the Convention, and (under article 8 of the convention) to vessels flying the flag of states which were not signatory to the Convention where there is a claim for which the contracting state permits a vessel arrest.

3. Is there any other way to arrest a ship in your jurisdiction?

All ship arrests are carried out under the terms of the 1952 Arrest Convention (which is followed by the Supreme Court Act [SCA]). In order to arrest a ship, it is necessary to prove the vessel is connected to the claim, as required by s8 of the SCA.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

(Not applicable; see above)

5. For which types of claims can you arrest a ship?

There is a huge range of claims for which a vessel might be arrested. These include:

- Claims for possession or ownership of a vessel, including disputes between co-owners;
- Claims for damages either suffered by the ship, or caused by it;
- Claims for injury (including fatal injury) caused by negligent behaviour of owners or crew, or defects in the vessel;
- Claims for loss of or damage to cargo;
- Claims relating to an outstanding mortgage or debt secured against the ship;
- Payment of outstanding wages to crew members and others employed on the vessel;
- Payment for repair, equipment, construction and dock charges;
- General costs such as towage and pilotage;
- Claims relating to salvage; and
- Claims for payment relating to use of the ship, such as chartering the vessel.

6. Can you arrest a ship irrespective of her flag?

Yes. It is not necessary for the vessel to be flying the flag of a state which is party to the 1952 Arrest Convention.

7. Can you arrest a ship irrespective of the debtor?

Yes, with the possible exception of ships which are under the ownership of another State. Under these circumstances, the vessel may be considered immune from arrest. It will be for the Bahamian courts to make a decision in these cases.



8. What is the position as regards sister ships and ships in associated ownership?

Under the 1952 Arrest Convention, sister ships (i.e. vessels which are deemed to be in the same ownership as an arrested vessel) may also be arrested, until a satisfactory outcome is achieved. Sister ships constitute a significant financial asset, and are often very important to the settlement of a claim.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Section 3.4 of the Convention provides that in the case of claims made against a Bareboat or Time-Chartered vessel the charterer – and not the owner – is liable. Vessels under the ownership of the charterer may be arrested – but no other ship under the ownership of the registered owner.

10. Do your Courts require counter-security in order to arrest a ship?

It is not necessary to post counter-security in order to undertake a vessel arrest. It is at the discretion of the courts whether the claimant should be required to post counter-security in the event of a wrongful vessel arrest. The courts are more likely to request a counter-security payment if there are substantive doubts that the claim is made on good grounds, and is therefore likely to be successful.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

The procedures by which a vessel may be arrested for either a maritime claim or a maritime lien are the same, and governed by the 1952 Arrest Convention.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes. The Bahamas recognises maritime liens, under the 1952 Convention.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Instructions to the firm should ideally arrive no more than 48 hours before an application to make a ship arrest is submitted. It is best practice to file applications early in the day, with the aim of making a successful arrest of the vessel on the same date. Speedy action is essential because of the nature of maritime law, in which vessels are by their nature likely to move out of port at any time.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Applications are made by virtue of a Power of Attorney.

Once a Claim Form has been issued, a number of documents in support of the claim should be supplied to the court. These must include:

- Details of the nature of the claim or counterclaim, including compensation sought
- The name of the vessel for which arrest is being sought
- Full details of the vessel to be arrested, including the name and port of registry and the ownership of the ship

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

It is not necessary to submit any original documentation in order to undertake a ship arrest. Notarisation is only required to secure Power of Attorney.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes. Under the terms of the 1952 Arrest Convention, the Courts of those states signatory to the Convention have jurisdiction over the claim.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Once the courts have confirmed that an arrest is to be made, the applicant will have a maximum of up to 60 days (the precise deadline to be set by the Court) within which to complete the vessel arrest.

18. Do the Courts of your country acknowledge wrongful arrest?

Claims for wrongful arrest are not specifically covered by the 1952 Arrest Convention, but will be governed by local state law. There are provisions for handling claims for wrongful arrest within Bahamian Law, which will have jurisdiction over the claim. However, it is important to bear in mind that claims for wrongful arrest will generally be based on issues which are hard to prove, such as bad faith or gross negligence.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Recent cases in the Bahamas have demonstrated that the Courts are acknowledging the piercing and lifting of the corporate veil. This matter refers to company owners seeking to conceal their identity by hiding behind the 'veil' of the creation of a corporation, which in effect separates an individual (and their liability) from the corporate entity. Where the Courts decide that this separation of the individual (usually the company owner) and the incorporation should not be maintained, the 'veil' is said to be lifted. Under these circumstances the owner or director of a company may be held liable for the debts of the company, which goes against the usual principle that such individuals would be immune from liability, since the corporation would instead be liable. There is no single legal principle under which the 'corporate veil' might be lifted, but the Bahamian courts will act when it is held to be in the interests of justice to do so – including in cases relating to ship arrests.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

It is possible to sell a vessel pending the outcome of a judgment, but it is usually necessary to make a strong case for a *pendente lite* sale. Generally, this kind of sale will be sought when the value of the vessel is decreasing dramatically, so that it is in the best interests of the claimant to make a sale as soon as possible in order to maximise the asset. If a sale is made *pendente lite*, the proceeds would be frozen under the direction of the Courts until the judgement is made.



*\* Kenra Parris-Whittaker, partner, is a seasoned young litigator with an exceptional track record across all practice areas. Her dedicated and rigorous approach has been crucial to the Firm's success.*

*The Nassau-born, Canadian-educated litigator attributes her success to thinking a few steps ahead of her opponent.*

*The daughter of Bahamas real-estate guru Arthur Parris, Kenra always knew that she would be an attorney. She enrolled in law school (University of Buckingham, 2001, and later Inns of Court School of Law, 2004), then joined Callenders & Co., where she became a senior associate litigating commercial and maritime cases.*

*Now, as an admiralty, maritime, and commercial litigator, Kenra frequently represents crew members, vessel repair shops, shipyard owners, insurers, adjusters and others. She has been uncannily successful in these endeavors.*

*With her reputation for securing successful outcomes for clients across a broad range of practice areas, Mrs. Parris-Whittaker is a wise investment- whether for small firms, major corporations or individuals.*

# SHIP ARREST IN BELGIUM



By Steven D'Hoine\*  
D'HOINE & MACKAY  
steven.dhoine@dm-law.be  
www.dm-law.be

Grote Steenweg 633, B-2600 Antwerp  
Tel: +32-3/470.23.00  
Fax: +32-3/470.23.10

## 1. Please give an overview of ship arrest practice in your country.

Belgium, and most specifically the port Antwerp, has with reason a favourable reputation of being a convenient place to arrest ships. The fact that Antwerp is one of the biggest and busiest ports of the world is not the only reason. The arrest of a ship and the accomplishment of the required formalities are well-organised: a simple, fast and short procedure, an experienced Antwerp Maritime bar, local representation of all P&I Clubs of the world, excellent shipping signalling services and, last but not least, several Judges of Seizure who are at the disposal of the parties at every moment 24 hours a day, 7 days a week for all urgent matters related to the arrest of a ship.

A vessel can be arrested within a few hours after having received instructions. No power of attorney or original documents are required.

The owner of a ship may demand immediate release of the ship upon issuing an acceptable Bank or P&I Club Letter of Guarantee, covering the amount of the claim plus 30% as a retainer for costs and interests. The formalities to lift the arrest are minimal, and can be fulfilled within the hour. The owner of a ship may also request for the withdrawal of the judgement, granting authorisation to arrest the ship. This request has to be filed before the same Judge of Seizure who granted the authorisation. This request is heard on a contradictory basis in summary proceedings.

Moreover, in Belgium some rather unique possibilities with respect to arrest of a ship are available. For instance, a vessel can be arrested for certain maritime claims, even if the owner of the vessel is not the debtor of this claim (see further under n° 7).

## 2. Which International Convention applies to arrest of ships in your country?

All arrests of sea-going ships are subject to the Brussels Convention 1952 relating to the Arrest of Sea-Going Ships, as enacted in the Belgian legislation.

## 3. Is there any other way to arrest a ship in your jurisdiction?

No.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

Not applicable.

## 5. For which types of claims can you arrest a ship?

A sea-going ship can be arrested in Belgian territorial waters as a security for a maritime claim, as specified in littera a to q of art. 1.1 of the Brussels Convention 1952.

It is generally accepted that the claimant only has to present an allegation of right or claim. As soon as the claimant proves that his maritime claim is 'sufficiently probable', i.e. when the judge accepts 'prima facie' evidence presented to him on an ex parte basis, his request for authorisation to arrest a ship will be granted.

## 6. Can you arrest a ship irrespectively of her flag?

A sea-going ship can be arrested in Belgian territorial waters, whatever the flag it is flying.

## 7. Can you arrest a ship irrespectively of the debtor?

The ship in respect of which the maritime claim arose, can be arrested, even if it is not the owner

but another person who is liable for the maritime claim, such as a bareboat charterer, voyage or time charterer or any other third party.

The owner of the ship shall, in order to have his ship released from the arrest, have to give security that guarantees the payment of the claim of the arrestor. In other words, the owner of the ship will have to guarantee the payment of the claim, even if a third person is the debtor towards the arresting party.

The only restriction is that the ship to which the maritime claim relates may not be arrested if it changed ownership between the moment the claim arose and the moment of arrest, unless the claim is secured by a maritime lien or mortgage. The transfer/change of ownership of the vessel is however only opposable against the seizing party when such transfer is opposable to third parties in accordance with the applicable law. If the conditions for the opposability of the transfer against third parties are not fulfilled at the time of the arrest, the arrest shall be allowed.

8. What is the position as regards sister ships and ships in associated ownership?

If the owner is liable for the maritime claim not only the ship, in respect of which the maritime claim arose, may be arrested but also all other ships in the same ownership. Ships will be deemed to be in the same ownership when all the shares therein are owned by the same person or persons (see also under n° 19).

9. What is the position as regards Bareboat and Time-Chartered vessels?

The ship in respect of which the maritime claim arose can be arrested, irrespective whether the vessel is Bareboat – or Time Chartered. See above under n° 7.

10. Do your Courts require counter-security in order to arrest a ship?

The counter-security has fallen into disuse in Belgian law. It is therefore uncommon that Belgian courts impose a counter-security on the arrestor.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is no procedural difference.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Belgium incorporated the Brussels Convention on Maritime Liens and Mortgages of 10 April 1926 in its internal law through Articles 19 to 45 of the Maritime Code. The maritime liens or privileges are listed in Article 23 of the Maritime Code.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Upon receipt of the instructions to arrest the ship, the arrest of the ship can be effected within approx. 4 hours. The unilateral request to obtain authorisation to arrest a sea-going ship can be submitted at any moment of the day, even out of office hours and during the weekend or holidays.

A ship under arrest will not obtain the services of a pilot. More specifically in the port of Antwerp an arrested ship will not be able to leave the port since also the lockkeepers are informed.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No POA is needed. Belgian counsels represent the client without needing to present power of attorney.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

No original documents are required.

It is not required either to have documents notarised or apostilled.

Furthermore, in practice, no complete file of documents of evidence on the merits of the claim is needed in order to obtain an authorisation to arrest a ship. A claimant, requesting authorisation, only has to make his allegation of the existence of the maritime claim reasonably certain. Given the fact that at the time of the request the claim often just arose, the Judges of Seizure do grant authorisations for claims only scarcely documented.

It is advisable – but therefore not always necessary - to have a copy of the Bill of Lading, an invoice, a (general) protest and/or an interim report of a surveyor available.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Art. 7 of the Brussels Arrest Convention 1952 provides that the Courts of the country in which the arrest was made shall have jurisdiction to determine the case upon its merits in certain circumstances. This article has not been incorporated in the Belgian Code on Civil Procedure, but is applicable in Belgium as it is Belgian Private International Law as a result of the ratification of the Brussels Arrest Convention 1952. This implies that the Belgian Commercial Courts will in principle not refuse jurisdiction.

In practice however, claimants rarely make use of the possibility of 'Arresto fundatur jurisdictio'.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

- a) The arrest is valid during three years. The arrest can be renewed for a second period of three years.
- b) The arrest of a ship does not impose upon the arrestor the necessity to start legal proceedings on the merits of the case; nor does Belgian law impose Belgian Jurisdiction for the claim on the merits after an arrest in Belgium.

Obviously, since an allegation of a maritime claim has to be shown, it is necessary to start legal proceedings on the merits before the competent court within the time bar limits related to the claim itself.

18. Do the Courts of your country acknowledge wrongful arrest?

Although the Belgian courts acknowledge wrongful arrest, they are rather reluctant to grant such claims. An unjustified arrest is not sufficient. Proof of a fault/bad faith on behalf of the arrestor is required. A claimant will only be considered as having acted at fault by arresting the vessel if he obtained and put the arrest in a thoughtless and reckless way knowing that he would cause damages (e.g. when the arrestor consciously hid important information from the Judge of Seizures).

If the arrestor loses the contradictory summary proceedings or the case on the merits, this does not automatically result in the arrest being wrongful.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

On several occasions Belgian courts have accepted the piercing and lifting of the corporate veil within the frame of conservative arrest proceedings. If the owner is liable for the maritime claim not only the ship in respect of which the maritime claim arose, may be arrested but also all other ships in the same ownership (see our reply to question 8). This rule can be circumvented easily by creating 'single ship companies'. In this respect Belgian Courts occasionally authorised the arrest of a ship owned by another company than the debtor of the claim. The courts thus lifted the corporate veil and treated ships owned by different companies as if they were in the same ownership as soon as it was sufficiently evidenced that the separate corporate personality is only an artificial screen that does not correspond to reality.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

Belgian case law accepts that a ship under arrest may be sold as soon as the claimant disposes of an enforceable title. This will also be the case if the judgment is not rendered against the owner of the ship but against another person who is debtor of the claim.



\* Steven D'Hoine read law at the University of Leuven. He joined the Antwerp Bar Association in 1990. In 2004, he founded the law firm D'Hoine & Mackay.

D'Hoine & Mackay is a specialised law firm based in Antwerp offering the full range of legal services in the commercial area, with a focus on maritime and transport law, other port related areas and specie and fine art insurance. D'Hoine & Mackay primarily renders services to insurance companies, P&I Clubs, carriers, freight forwarders, logistics providers and trading companies. D'Hoine & Mackay also acts as correspondent on behalf of many law firms abroad for services in Belgium, as well as for Belgian law firms searching for specific services in their specialised field.

Steven D'Hoine has been appointed as a recognized mediator. He is a member of the Belgian Maritime Law Association, the Royal Belgian Association of Maritime Insurers and various transport related organisations.

# SHIP ARREST IN REPUBLIC OF BENIN



By Philippe Pruvot  
3A BENIN  
legal@group3a.com  
01 BP 7391 - Cotonou  
Republic of Benin  
Tel: +221 8 2546 0770

## 1. Please give an overview of ship arrest practice in your country.

The procedure relating to the arrest of sea-going ships is made easy in Benin by the entry into force of a new law namely the Act No 2011-11 dated March 7, 2011 laying down the Maritime Code in the Republic of Benin.

On the basis of that Code, all sea-going ships may be arrested, even ships already set to sail, unlike the previous act.

Among the provisions enabling an arrest of a ship, the condition relating to the claim is outstanding. The creditor must show evidence of a claim that is certain and maritime as well, with a connecting link with the implicated ship, or with the owner of the vessel to be arrested.

For the issuance of the arrest order, judges are very particular about the maritime nature of the claim which must be part of the list of maritime claims provided by Article 156 of the Maritime Code.

Upon reception of instructions, the order for arrest may be obtained within the next twenty-four (24) hours.

Submitting original documents is not necessary unless questions arise on the lawfulness of the arrest, and more specifically on the ownership of the vessel.

The release of an arrested ship may be obtained within a few hours after the issuance of a bank or P&I Club letter of guarantee accepted by the creditor.

By the way, the judge may also allow the ship to leave upon deposit of moneys equal to the principal amount of the claim plus costs and incidental expenses.

Withdrawal of the arrest order may be granted by the enforcement judge dealing with the case in summary proceeding.

## 2. Which International Convention applies to arrest of ships in your country?

Arrests of sea-going ships are subject to the May 10, 1952 Brussels Convention for the unification of certain rules relating to the arrest of Sea-Going Ships, signed by the Republic of Benin, and part of the legal instruments therein available.

## 3. Is there any other way to arrest a ship in your jurisdiction?

No, the law only provides that way for the arrest of sea-going ships.

## 4. Are there alternatives e.g. saisie conservatoire or freezing order?

There are no alternative to the arrest of ships. However a ship may be seized upon requisition of a CID police officer, when that ship is involved in any criminal facts or is carrying goods from criminal origin. This will be the case of a ship carrying goods acquired upon perpetrating an international piracy act.

Such a vessel may be kept under the custody of port authorities to assist in the on-going investigation on the committed crime.

On another lane, in due enforcement of their police powers, the maritime authorities may confine a ship to port, should they notice any discrepancy in endorsements of documents on board, should these documents are lacking, or should they notice that the condition of the ship is a threat of pollution or might be the cause of marine casualties.



5. For which types of claims can you arrest a ship?

Claims allowing ship arrest must be certain and bear the characteristics of maritime claims.

Maritime Claim shall mean a claim arising out of one or more of the following:

- Damage caused by any ship either in collision or otherwise;
- Loss of life or personal injury caused by any ship or occurring in connexion with the operation of any ship;
- Salvage;
- Agreements relating to the use or hire of any ship whether by charter party or otherwise;
- Agreements relating to the carriage of goods in any ship whether by charter party, a Bill of Lading or otherwise;
- Loss of or damage to goods including baggage carried in any ship;
- General average;
- Towage;
- Pilotage;
- Goods or materials wherever supplied to a ship for her operation or maintenance;
- Construction, repair or equipment of any ship or dock charges and dues;
- Wages of Masters, Officers, or crew;
- Master's disbursements, including disbursements made by shippers, charterers or agent on behalf of a ship or her owner;
- Operation or title to earnings of that ship;
- Any maritime mortgage or hypothecation of any ship or more generally any claim arising from any of the causes allowing the application of the limitation of owners or charterers liability.

6. Can you arrest a ship irrespectively of her flag?

The Law provides for the arrest of any vessel irrespectively of her flag. All it takes is that the claim must be connected with the concerned ship.

7. Can you arrest a ship irrespectively of the debtor?

Arrest of a ship can be made irrespectively of the debtor, whether the latter is the ship-owner or the charterer.

8. What is the position as regards sister ships and ships in associated ownership?

Benin case-law does not make any distinction between sister ships and ships in associated ownership. Once the claim is sufficiently evidenced against a ship or her owner, that ship and all other ships of his( the owner) fleet can be arrested.

The law provides that the creditor has a general possessory lien over all of the debtor's properties. It is then up to the creditor to seize any of the debtor's asset.

9. What is the position as regards Bareboat and Time-Chartered vessels?

There is no implication as regards Bareboat and Time-Chartered vessels as far as arrest of ships is concerned. Ships bareboat or time-chartered can be indiscriminately arrested for the same claim.

10. Do your Courts require counter-security in order to arrest a ship?

Counter-security is not required for the issuance of an arrest order of a ship.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is no procedural difference.

12. Does you country recognise maritime liens? Under which International Convention, if any?

The Benin Maritime Code caters for Liens in its Art 114 through 124. Liens are listed in Art 114 of the Code. This listing is inspired by the International Convention for the Unification of certain Rules relating to Maritime liens and mortgages.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Upon reception of the file (meaning instructions and documents), the order for arrest may be

obtained within twenty-four(24) hours. The request may be lodged immediately and the judge may be involved to help having the order quickly signed.

The arrest occurs after that with a bailiff serving the order and the immediate consequence is the confinement of the ship.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No POA is required, the counsel aptly standing for his client without the need to produce any proxy.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

No original documents are required and no notarisation and/or apostille is necessary for documents. And all documents can be sent electronically for filing provided they are readable and such as to evidence the claim.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Once a vessel has been arrested, the Courts of Benin always accept jurisdiction to hear the withdrawal of the arrest order and/or its lawfulness.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The claimant has eight(8) days to refer the case to the Civil Tribunal of the place where the arrest occurred to have the arrest confirmed.

Failing to do that results in the arrest voided.

18. Do the Courts of your country acknowledge wrongful arrest?

The arrest may be declared wrongful when it has been conducted without any claim or when the provisional requirements for such an arrest were not met. In such circumstances, the arrestor incurs liability for costs and damages.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Considering Memoranda of Association and shares held by an individual in a Company presented as owning/operating a ship, the Courts may point out the actual owner of the ship, lift the corporate veil and authorize the arrest of that ship supposedly owned by a company other than the debtor of the claim .

It only takes, apart from endorsements on the vessel ownership certificate, to clearly show the connection between the debtor and the concerned ship.

It is then possible to arrest any ship belonging to the owner once the link is sufficiently evidenced.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

A ship under arrest may be sold pendent lite: (8) days after the arrest, the arrestor may take action on the merits to have his arrest confirmed.

The decision sets a base price and conditions for such an auction.

Actual auction occurs fifteen (15) days after auction notices have been posted and published in the gazette.

Bids are received ten (10) days after the sale order by the court.

The successful bidder is compelled to pay the price within seventy-two (72) hours following the auction. Failing to honour his payment, the ship is reset for sale and auctioned (3) three days after a new notice of sale by auction.





# SHIP ARREST IN BRAZIL (Questions 1 to 9)



By Marcus Alexandre Matteucci Gomes, partner\*  
FELSBERG & ASSOCIADOS

marcusgomes@felsberg.com.br

www.felsberg.com.br

Av. Paulista, 1294 -2 andar Cequeira Cesar Sao Paulo

SP Brazil 01310-915 - Brazil

Tel: (55 11) 3141-9100 - Fax: (5511) 3141-9150

Av. Almirante Barroso 52, 22 andar - Centro Rio de Janeiro

RJ - 20031-000 Brazil

Tel: (55 21) 2156-7500 - Fax: (5511) 2220 - 3182

1. Please give an overview of ship arrest practice in your country.

Under Brazilian law, the arrest of assets is a provisional or interim remedy that may be granted by a court so as to ensure satisfaction of a judgment in a present or future action of law brought to enforce the collection of a debt. It results in a preventive and provisional seizure of assets of a value deemed to be sufficient for providing security to the debt.

The circumstances in general in which such provisional remedy may be granted are listed in Articles 813 and 814 of the Brazilian Code of Civil Procedure. The granting of the arrest also requires evidence of an indisputable and strongly grounded credit.

Specifically in relation to the arrest of ships, pursuant to Article 479 of Brazilian Commercial Code, the arrest may be granted with grounds upon one of the credits that are qualified as "privileged" by Brazilian law. Under the same legal provision, said "privileged" credits have in rem effects, constituting a maritime lien on the vessel.

Thus, the arrest of a ship essentially takes into account whether the claim is grounded on one of the credits that give rise to a maritime lien on the vessel.

2. Which International Convention applies to arrest of ships in your country?

Brazil is only part to the "International Convention for the Unification of Certain Rules of Law Relating to Maritime Liens and Mortgages", signed in Brussels, on April 10, 1926. Such Convention is in force in Brazil by virtue of Decree No. 351, dated October 10, 1935, and, as a matter of Brazilian law, has the same status of any other Brazilian federal laws.

Although the Brussels Convention of 1926 does not dispose about the arrest of ships, its enactment in Brazil not only confirmed but also complemented the list of credits that, under Brazilian Law, are considered to result in a maritime lien on a vessel.

3. Is there any other way to arrest a ship in your jurisdiction?

Brazilian law provides for the arrest of ships as a provisional or interim remedy for the obtaining of security. As a general rule, there are no other ways of arresting a ship under Brazilian law.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

Based on Article 804 of the Brazilian Code of Civil Procedure, the arrest may be ordered by court as an injunctive relief, even before Defendant is served of process and has the opportunity of filing its defense. For such, there must be strong evidence of the satisfaction of the legal requirements for the arrest, as well as reasonable arguments supporting that the granting of the arrest is a matter of utmost urgency.

As a condition for granting said injunctive relief the court may, however, order the posting of counter-security. The requirement or not of said counter-security relies on court's discretion.

5. For which types of claims can you arrest a ship?

The list of credits that gives rise to a maritime lien on the vessel is provided by Articles 470 and 471 of the Brazilian Commercial Code, as amended and complemented by Article 2 of the Brussels Convention of 1926.

Amongst others, the following credits are considered to have in rem effects in relation to a ship, making it possible for the arrest to be required irrespective of the debtor:

- i. Taxes due to the State;
- ii. Salaries or payments due for services rendered aboard ship or in the benefit of the ship;
- iii. Expenses incurred with the ship's costs and maintenance;
- iv. Expenses with depositaries, as well as storage costs relating to the ship's instruments;
- v. Shortages on delivery of cargo and damage thereto;
- vi. Debts deriving from the contracts for construction and purchase of the ship;
- vii. Debts deriving from costs incurred in the repair of the ship and its installations and equipment;
- viii. Salvage indemnity claims;
- ix. Obligations assumed by the master while exercising the powers conferred upon him by law,
- x. Claims for general average;
- xi. Claims for marine accidents;
- xii. Credits secured by marine mortgage;
- xiii. State or private port operators' credits;

Even credits that do not constitute a maritime lien may give rise to the arrest of a ship, however, not irrespective of the debtor. Additionally, the arrest based on such type of credit is enforceable only at the port where the vessel has been registered and, even so, only upon the posting of a bond and after the filing of the applicable collection action.

#### 6. Can you arrest a ship irrespective of her flag?

Pursuant to the Article 482 of the Brazilian Commercial Code, a foreign flag vessel should not be arrested in Brazil unless it is due to: (i) a maritime lien originating in Brazil; or (ii) even if originating abroad, a maritime lien that is grounded in a title that may be considered enforceable in Brazil.

Nevertheless, it has long been a controversial matter whether such Article is still in full force, there being grounds to sustain that it was barred by the Federal Constitutions that superseded the Brazilian Commercial Code.

#### 7. Can you arrest a ship irrespective of the debtor?

Provided that there is a valid maritime lien, the ship may be arrested irrespective of the debtor.

#### 8. What is the position as regards sister ships and ships in associated ownership?

Such arrest is only admitted when the credit is opposable upon owners and not solely upon the ship.

As a consequence thereof, for said purpose it is only admitted the arrest in personam (unless there are grounds for claiming the lifting of the corporate veil of the companies or individuals involved, pursuant to Article 50 of Brazilian Civil Code).

#### 9. What is the position as regards Bareboat and Time-Chartered vessels?

As mentioned above, a ship may be arrested irrespective of the debtor. Thus, subject to the qualifications contained herein, bareboat and time-chartered vessels may be arrested.

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\* Marcus Alexandre Matteucci Gomes is Partner of Felsberg and Predretti Advogados e Consultores Legais. Admitted to Bar, 1999, Brazil. Member of the Monitoring and Research Group of the Department of Roman Law at the Law School of the University of São Paulo (1995-2002). Member of the Teaching Assistance Plan of the University of São Paulo (2000-2002). Visiting researcher at "Istituto di Diritto Romano" of the School of Law of the University of Rome I – "La Sapienza" (2003). Professor of Civil Law at UNICID (1999-2003) and FAENAC (2004-2006). Member of the Legislation, Legal Writings and Case Law Committee ("Comissão de Legislação Doutrina e Jurisprudência") of the Brazilian Bar Association, São Paulo Chapter (2001-2003). Member of São Paulo Lawyers Association.

Background: São Paulo University, School of Law (LL.B. 1998). São Paulo University, School of Law (PhD 2004). Practice Areas: Civil and Commercial Law, including Shipping and Maritime Law, National and International Litigation, Mediation and Arbitration.

# SHIP ARREST IN BRAZIL (Questions 10 to 20)



By Arthur Rocha Baptista\*  
ADVOCACIA ROCHA BAPTISTA  
arthur@rochabaptista.adv.br  
www.rochabaptista.adv.br  
Largo Silveira Martins, 23 – B4  
96200-395 Rio Grande, Brazil  
Tel: +55 (53) 3232.0232  
Fax: +55 53 3231 7787

## 10. Do your Courts require counter-security in order to arrest a ship?

Brazilian Courts may require counter-security in order to arrest a ship in cases where the plea of arrest is lodged as a preliminary or precautionary measure to guarantee a future action of collection or indemnity.

Pursuant to article 804 of the Brazilian Code of Civil Procedures, it falls within the discretion of the Judge to require counter-security either to issue an *in limine* arrest order, i.e. without prior hearing of the defendant party, or to secure an eventual claim for wrongful arrest. In accordance with article 816, II, the Judge shall grant the arrest order without prior justification when the party offers counter-security. Usual means of counter-security are cash deposit or bank guarantees.

Brazilian Courts may also require a security from foreign claimants who do not have assets or branch companies in Brazil, in order to guarantee the satisfaction of judicial costs and legal fees, usually up to 30% of the value of the claim.

## 11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Yes. The arrest for a maritime lien is an action *in rem*, and to this effect it can be exercised against a specific vessel regardless of the fact that the debt was incurred by the owners, charterers or operators of the vessel. Claimant needs only to prove that it holds a valid maritime lien against the vessel.

The arrest for a maritime claim is an action *in personam*. It is subject to proof of the claim (*fumus boni iuris*) and evidence that the debtor does not have other assets in Brazil to satisfy the claim (*periculum in mora*). The arrest for a maritime claim – or for claims of any other nature - is filed against the owner of the vessel for owner's debts only, and it may be addressed against a sister ship.

## 12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes. Brazil is signatory to the International Convention for the Unification of Certain Rules of Law relating to Maritime Liens and Mortgages, 1926, which is in force by Decree nr. 351/35.

## 13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

From 24 hours to 48 hours, depending on the location of the ship.

## 14. Do you need to provide a POA, or any other documents of the claim to the Court?

Yes. A POA is required, together with the company's articles of incorporation, written evidence of the claim and ownership of the vessel.

## 15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Some Brazilian Courts accept electronic based lawsuits, and digital documents can be filed on these Courts. Other Courts will only accept paper-based claims.

A written evidence of the claim and ownership of the vessel must be presented at lodging of the plea of arrest.

The POA needs to be notarised and it can be presented up to fifteen days after the filing of the arrest.

Every document that is not written in Portuguese must be translated by a sworn translator.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

The arrest of ships in Brazil is only possible in cases where Brazilian Courts have jurisdiction over the substantive claim, in one of the following cases: (i) Defendants are Brazilians or have subsidiaries in Brazil; (ii) the obligation has to be fulfilled in Brazil; (iii) the claim originates from facts or acts occurred in Brazil.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Claimants must file a substantive claim within thirty (30) days of the issuance of the arrest order.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes. As a general rule, a wrongful arrest will be acknowledged in cases where the substantive claim is ruled against claimants.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

As a matter of law, Brazil acknowledges the piercing and lifting of a company's corporate veil. However it is unlikely that a Brazilian Court would investigate a foreign company and lift the corporate veil to the effect of granting an arrest order.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

Yes, in cases where the ship is damaged or abandoned, or it is too onerous to maintain the ship afloat. A judicial sale of a ship may take from two to three months.



*\* Arthur Rocha Baptista is a registered lawyer in Brazil since 2001 and the managing partner of shipping law firm Advocacia Rocha Baptista since 2007. Arthur acted as observer for the Brazilian Delegation before the Legal Committee of the IMO in London (2003) and holds a Masters degree in Maritime Law at the University of Southampton, UK (2004).*

*Arthur is a regular speaker for the Lloyd's Maritime Academy's Latin America programmes (2013-2014) and other shipping courses. He was recently listed as a "Transport & Shipping Recommended Lawyer" by the Legal 500 Latin America 2013.*

*Specialties: wet & dry shipping; international trade; environmental law; shipbuilding contracts; corporate law; arbitration & litigation.*

*Memberships: International Bar Association; Brazilian Bar Association; Brazilian Association of Maritime Law; Iberoamerican Institute of Maritime Law.*

# SHIP ARREST IN BULGARIA (Questions 1 to 9)



By Roumen Lyutskanov & Vanya Angelova\*

DOBREV & LYUTSKANOV Law Firm

lyutskanov@lawfirm-bg.org

www.lawfirm-bg.org

25, Khan Krum Str., 1000 Sofia, Bulgaria

Tel: 00359 2 980 38 76

Fax: 00359 2 980 42 61



## 1. Please give an overview of ship arrest practice in your country.

In principal, the arrest of a ship according to the Bulgarian law is a procedure which provides pre-judgment security for future claims. The arrest of a ship shall be allowed, if without it, will be impossible or difficult an eventual future court decision to be executed, until the necessary guarantees are provided by the shipowner. Notwithstanding the relatively formal character of the procedure according to the Bulgarian law, after the country became a party to the International Convention on Arrest of Ships, 1999, the number of maritime claims, grounds for an arrest was increased, as well as the terms and condition for its allowance were unified.

## 2. Which International Convention applies to arrest of ships in your country?

The Republic of Bulgaria is a State party to the International Convention on Arrest of Ships, adopted on March 12, 1999 at the United Nations/International Maritime Organization Diplomatic Conference on Arrest of Ships, held in Geneva ("The Convention"). The Republic of Bulgaria has signed the Convention on July 27, 2000 and ratified it in accordance with the constitutionally established procedure. In accordance with its Article 14 (1), the Convention went into force on September 14, 2011, six months after the Republic of Albania became the 10th State to accede it. State parties include Albania, Algeria, Benin, Bulgaria, Denmark, Ecuador, Estonia, Finland, Latvia, Liberia, Norway, Pakistan, Spain and the Syrian Arab Republic.

## 3. Is there any other way to arrest a ship in your jurisdiction?

In addition to the provisions of the Convention, a ship might be arrested on the grounds of the procedures stipulated in the domestic law. The grounds, as well as the procedure and competent authority to arrest of a ship in order to secure a maritime claim according to the domestic law are regulated by the Bulgarian Merchant Shipping Code and the Code of Civil Procedure.

Arrest of a ship, according to the domestic law might be allowed:

3.1. By the Bulgarian Maritime Administration for specified in the Bulgarian Merchant Shipping Code grounds, namely for claims arising of averages, collisions, rendered assistance, other services or of performance of carriage contracts, until the necessary guarantees are provided by the shipowner. The arrest of the ship shall be terminated after 72 hours, if within this period the district court at the location of the ship does not rule accordingly in a procedure for securing of a future claim;

3.2. By the district court at the location of the ship (the respective port) in a procedure for securing of a claim, including a future claim, by imposing of a collateral measure "arrest of a ship" under the provisions of the Bulgarian Civil Procedure Code for a claim arisen in connection with the ship. In addition to the above, the Bulgarian Merchant Shipping Code stipulates also a specific procedure for arrest of a ship and cargoes only for unpaid sums of customs, port and other fees, taxes and fines.

The Executive Director of the Bulgarian Maritime Administration or the captain of a port may arrest Bulgarian or foreign ships for such claims, if the request is made on behalf of governmental and judicial

authorities, by the State Enterprise "Port Infrastructure" or by a foreign maritime administration. The arrest shall continue until elimination of the grounds of it.

4. Are these alternatives e.g. *saisie conservatoire* or freezing order?

Such instruments are not provided and applicable according to the Bulgarian law.

5. For which types of claims can you arrest a ship?

Grounds for arrest of a ship, according to the Convention are maritime claims, as defined in Article 1 (1) of the Convention. The competent authority is the Court.

The grounds for arrest of a ship, if it is subject of an allowance by the Bulgarian Maritime Administration on the grounds of the Bulgarian Merchant Shipping Code are:

- claims arising of averages, collisions, rendered assistance, other services or of performance of carriage contracts, in case that the procedure is initiated by an interested Bulgarian or foreign physical person or legal entity are or;

- unpaid sums of customs, port and other fees, taxes and fines, in case that the procedure is initiated by governmental and judicial authorities, by the State Enterprise "Port Infrastructure" or by a foreign maritime administration

6. Can you arrest a ship irrespectively of her flag?

The Bulgarian Merchant Shipping Code does not specify exceptions to this general rule, stipulating that authorities "may arrest Bulgarian or foreign ships and cargoes".

Article 8, para 1 of the International Convention on Arrest of Ships, 1999 states that the rules and regulations set by the Convention apply to any ship within the jurisdiction of any State Party, whether or not that ship is flying the flag of a State Party. Article 8, para 2 however makes an exception, declaring that said rules and regulations do not apply to any warship, naval auxiliary or other ships owned or operated by a State and used only on government non-commercial service.

7. Can you arrest a ship irrespectively of the debtor?

The general rule, according to the Bulgarian law is that a ship arrest is permissible for maritime claims, as defined and specified in point 5 above against the shipowner. The shipowner is the owner of the ship, entered as such in the register of the ships or any other person, which utilized the ship on its own behalf on other legal grounds (by example on the ground of a bareboat charter agreement) at the time when the maritime claim arose and the arrest is effected.

8. What is the position as regards sister ships and ships in associated ownership?

With regard to the arrest procedure, the Bulgarian Merchant Shipping Code does not stipulate the possibility to be arrested a sister ships and ships in associated ownership for a claims arisen from other ship, notwithstanding that the shipowner is the same person or legal entity.

According to the Convention, under certain terms and condition, the arrest is permissible of any other ship or ships which, when the arrest is effected, is or are owned by the person who is liable for the maritime claim and who was, when the claim arose: (a) owner of the ship in respect of which the maritime claim arose; or (b) demise charterer, time charterer or voyage charterer of that ship.

9. What is the position as regards Bareboat and Time-Chartered vessels?

The ship might be arrested for maritime claims, as defined and specified in point 5 above against the shipowner, irrespectively whether it is the owner of the ship, entered as such in the register of the ships or any other person, which utilized the ship on its own behalf on other legal grounds at the time when the maritime claim arose and the arrest is effected (please see point 7).

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\* Mr. Roumen Lyutskanov is a Partner at Dobrev & Lyutskanov Law Firm. Mr. Lyutskanov graduated from Sofia University, Faculty of Law (LL.M. 1984, Specialization: Maritime Law) and is a member of the Sofia Bar Association, foundation member of the Bulgarian Commission of Jurists – a national branch of the International Commission of the Jurists and member of the Bulgarian Association of International Law. He has extensive experience and practice in the areas of banking and finance; maritime law, transport, insurance; dispute resolution.

\* Ms. Vanya Angelova is a Junior Associate at Dobrev & Lyutskanov Law Firm, which she joined in 2010. Ms. Vanya Angelova graduated from South-west university, Faculty of Law (LL.M. 2011) and is a member of the Sofia Bar Association. Her current practice encompasses the areas of dispute resolution, maritime law, transport, insurance;

Maritime law is an important aspect of the activities of the Law Firm. Its practices include consultations on the conclusion and implementation of maritime transportation contracts, sale and purchase contracts, maritime claims, litigation, and arrest of ships.



# SHIP ARREST IN BULGARIA (Questions 10 to 20)



By Vladimir Penkov\*  
PENKOV, MARKOV & PARTNERS  
lawyers@penkov-markov.eu  
www.penkov-markov.eu  
13B, Tintyava Str., Fl. 6  
Sofia 1113  
Tel: + 359 2 971 3935  
Fax: +359 2 971 1191

The procedure for a ship arrest is regulated in the Bulgarian Merchant Shipping Code, whereby the latter could be enacted within an administrative procedure before the Maritime Administration or within a securitization procedure before the competent court. The Executive Agency "Maritime Administration" may detain ships flying the Bulgarian or a foreign flag, or cargoes upon request of natural and legal persons for claims arising of averages, collisions, rendered assistance, other services or of performance of carriage contracts, until the necessary guarantees are provided by the ship owner or the consignee. Under the administrative procedure the ship arrest would take between one to three days. For this purpose a fee of Euro 1,000 should be paid to the administration, which is applicable notwithstanding the type and freight capacity of the vessel.

10. Do your Courts require counter-security in order to arrest a ship?

Depending on the specific judge's discretion a guarantee (usually up to 20 % of the claimed amount) might be requested.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There are no exact provisions in the Bulgarian law concerning maritime claims and maritime liens.

12. Does your country recognise maritime liens? Under which International Convention, if any?

No.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Usually 2 to 3 days upon receipt of the documents needed.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

The following documents will be needed in general for the ship arrest procedure in Bulgaria:

- a. a copy of the carriage contract or the contract for the services;
- b. invoices regarding the deliveries (copies would suffice at first time);
- c. certificate of good standing of the creditor of the vessel;
- d. excerpt from the Maritime Register about the vessel's owner;
- e. power of attorney.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The document under the item "c" should be verified with apostille as per the requirements of the Hague Convention of 1961, in order to be officially translated and legalized in Bulgaria. The documents under the other items should be officially translated in Bulgarian language, which may be accomplished in Bulgaria upon their receipt.

The set of the documents should be presented to the court as attachments to the claim.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The court order for the arrest of a ship is valid for a term of up to 30 days, unless a lawsuit is filed against the debtor, whereby the effect of the order could last throughout the court procedure. If the claim is not filed within the deadline given by the court, the arrest shall be lifted.

18. Do the Courts of your country acknowledge wrongful arrest?

In case of groundless arrest the liability shall be borne by the person to the request of whom the arrest is imposed.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?  
No.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

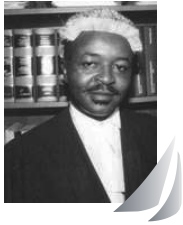
According to the Bulgarian Law it's not possible to sell the arrested ship during the time of the court proceedings. After the court's decision the creditor may apply for an enforced sale of the ship.



*\* Mr. Vladimir Penkov is the founder and Managing Partner of Penkov, Markov & Partners. He is specialized in commercial and company law, banking & finance, competition & antitrust, investment management, project development, IT, media & telecommunications, licenses and know-how, privatization, mergers and acquisitions, concessions, taxation, international commercial arbitration, maritime law. He has handled numerous acquisitions and joint venture establishments, including representation of the Bulgarian government in the privatization of Navibulgar (Bulgarian sea commercial fleet) and the Bulgarian River commercial fleet.*



# SHIP ARREST IN CAMEROON



By Henry Feh Baaboh\*  
HENRY, SAMUELSON & CO  
feh\_law@yahoo.com  
www.henrysamuelson.com

Mcmiriam Tower (top floor), rue Bruix, derriere college de La Sale,  
Akwa, Douala, Cameroon  
Tel: (237) 33 43 87 63 / (237) 99 93 34 47  
Fax: (237) 3343-87-91

## 1. Please give an overview of ship arrest practice in your country.

In Cameroon, ship arrest as a conservatory measure is to ensure the satisfaction of a final judgment in a future action.

Cameroon has 3 (three) major sea ports (Douala, Limbe and Kribi). To these must be added the Tiko and Idenau sea ports and Garoua river port.

The competent authority to order ship arrest is the petition judge (see article 15(2) of Law n° 2006/015 of 29/12/2006 on Judicial Organisation of Cameroon) who happens to be the President of the Court of First Instance. But in practice the President of the High Court in the English Common Law jurisdiction also entertains motions ex-parte.

Ship arrest could arise from several reasons to be enumerated in question 5 below.

Ship arrest is commenced by a motion ex-parte after having sought the consultative opinion of the Department of Merchant shipping and Inland Waterways. The justifying documents are usually the bill of lading and maritime survey report or any other document(s) justifying the maritime claim. Before this petition may be granted, the creditor must first satisfy the court that a notice to pay had been served on the debtor to no avail.

Applications in view of ship arrest are filed on business days (Mondays - Fridays) during working hour (7.30 am -3.30 pm). Once the judge is of the opinion that the maritime debt is justified (if only in principle), s/he grants the application.

Ship arrest in Cameroon is effected in the hands of the captain via the services of a sheriff/bailiff who prepares a report thereof, a copy of which is addressed to the commander of the port, the competent maritime authority as well as the consul of the country of the flag of the ship.

## 2. Which International Convention applies to arrest of ships in your country?

The law governing ship arrest in Cameroon is the regional CEMAC Merchant Shipping Community Code of 3rd August 2001 (the code) which had its inspiration predominantly from the International Convention of 1999 on the Arrest of Ships and the Brussels Convention of 1952 on the Unification of Certain Rules on the Arrest of Ships.

## 3. Is there any other way to arrest a ship in your jurisdiction?

The code being a law of special application prevails over other laws on the attachment of personal and real property in Cameroon.

Although the code is the only law governing ship arrest in Cameroon, it however makes reference to the OHADA Uniform Act relating to Simplified Recovery Procedure and Means of Enforcement of Judgments relating to the procedure for the forceful sale of ships.

## 4. Are there alternatives e.g. saisie conservatoire or freezing order?

Article 114-126 of the code prescribes the modalities for "saisie conservatoire".

## 5. For which types of claims can you arrest a ship?

Article 119 of the code provides that a maritime debt which may give rise to ship arrest are those circumstances which in accordance with the terms of the International Convention of 12th March 1999 relating to conservatory arrest of ships, arise from any or all of the following causes, viz;

1. Material or corporal damage, including loss of human life, on-shore or off-shore, caused by a ship or due to its exploitation;
  2. Assistance or rescue;
  3. Chartering contracts or contracts on the use of a ship;
  4. Contracts on the transport of goods by a ship;
  5. Loss or damage to goods and luggages transported by a ship;
  6. General average;
  7. Towing or piloting of a ship;
  8. Supply of products, materials or services to a ship in view of its exploitation or its maintenances;
  9. Construction, repairs, equipment of a ship or ship yard costs;
  10. Salary of ship captain or crew;
  11. Pre-financed expenses of the captain, charterer, shipper or maritime agent made on behalf of the ship or its owner;
  12. Commission(s) of the agent(s) of the ship;
  13. Contested ownership of a ship;
  14. Rights of co-ownership of a ship or rights to exploitation of a ship, or the proceeds of exploitation of a ship under co-ownership;
  15. Allowance or any remuneration due on the basis of any measure or attempt aiming at preventing, avoiding or limiting a damage, attributable/imputable to a ship, including damage by pollution, by virtue (or not) of an International Convention, a legislative or regulatory text or a contract;
  16. Costs and expenses incurred in the course of removing the remains of a ship or its cargo;
  17. Any/all insurance premium(s) owing by a ship;
  18. Any litigation resulting from the contract of the sale of a ship.
- So far however, the following debt items, *inter alia*, have given rise to the arrest of ships in the Cameroonian jurisdiction; viz:
- a) Premiums owing as a result of insurance contracts of ships;
  - b) Supply of paint to ships;
  - c) Delivery of various products such as petroleum and food items to ships;
  - d) Supply of petrol, gas oil and advance payment to the owner of a ship;
  - e) Execution of a contract of representation and ship consignment;
  - f) Claim by the crew of a ship who prove they had been abandoned by the captain without any protection;
  - g) Damage caused to goods in transit, etc.

#### 6. Can you arrest a ship irrespectively of her flag?

Article 1 of the code has broadened its scope of application to include the arrest of any ship irrespectively of her flag, provided such a ship is found within the CEMAC territorial waters. The only exception provided by article 114 refers to a ship belonging to a state or exploited by a state, which was doing exclusively a government (and not commercial) service at the time the maritime claim arose.

#### 7. Can you arrest a ship irrespectively of the debtor?

Article 119 of the code prescribes different circumstances whereby a ship can be arrested. This contemplates a situation where a ship can be arrested irrespectively of the debtor. That he is a national or foreigner is of no moment. He could also be a physical or moral person.

#### 8. What is the position as regards sister ships and ships in associated ownership?

According to article 114 of the code, the ship which caused the maritime claim to arise or a sister ship, meaning any other ship belonging to the person who was owner of the ship which caused the maritime claim to arise, may be arrested as a conservatory measure. However, the code is silent on ships in associated ownership.

#### 9. What is the position as regards bareboat and time chartered vessels?

The code, in its article 119(3) provides for the arrest of a ship as a conservatory measure, if the maritime claim arose from a chartering contract or contract on the use of a ship. Along the same lines, article 2(2) seems to have given a broader definition to chartering a ship to include bareboat and time chartered vessels. In effect, a ship can be arrested in Cameroon if the maritime claim arose from bareboat or time chartered vessel.

10. Do your courts require counter-security in order to arrest a ship?

As soon as a maritime debt appears justified (if only in principle) a ruling may be granted for the arrest of ship as per article 120 of the code. By necessary implication there is no requirement for counter security. It is rather the debtor who shall be required to provide security under article 116 & 117 of the code if s/he desires to make one or two quick voyages for emergency purposes.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Article 119 provides a list of maritime claims for which a ship may be arrested. Arguably a lien may be given to secure the claim. In addition article 73 of the code provides a list of maritime claims which are privileged. If the maritime lien provides enough security, an arrest may not be necessary. Yet a maritime lien arising from a privileged maritime claim under article 73 is good reason to arrest a ship here and the procedure is the same.

12. Does your country recognize maritime liens? Under which International Convention if any?

Cameroon recognizes maritime liens under article 73-86 of the code and she is a signatory to this code which is an International Convention signed on 3rd August 2001 by the CEMAC member states.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

An arrest order can be obtained within the same day of filing the requisite court processes if pressure is put. So if the applicant through counsel, sees the private secretary or registrar-in-chief (and talk convincingly), the application could be put on top for the urgent attention of the President of the court who may also be interested in such a file.

14. Do you need to provide a POA or any other documents of the claim to the court?

There is no requirement to provide a POA. Article 120 of the code is to the effect that the claimant must produce justifying documents relating to the maritime claim to the competent court before such petition can be granted. These justifying documents would include the bill of lading, maritime survey report assessing the claim and a notice to pay addressed by the claimant to the debtor, which notice was either simply ignored, or, the claimant was not satisfied with any reaction the debtor might have shown.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille and when are they needed?

The code is silent as to whether originals of justifying documents should to be filed, or whether they may be filed electronically, or whether any document need notarisation. However, practice and procedure in the Cameroonian courts require an applicant to either make and file certified true copies of justifying documents or produce and file the originals depending on the circumstances of each case. Yet in the English Common Law jurisdiction, mere photocopies are accepted. Whether they be originals, certified copies, or photocopies, justifying documents are required at the moment of filing the motion.

16. Will your courts accept jurisdiction over the substantive claim once a vessels has been arrested?

Yes. Pursuant to article 7 of the Brussels Convention of 1952, Cameroon courts will assume jurisdiction over the substantive claim once a vessel has been arrested within its territorial waters. Indeed article 125 of the code provides that the creditor must file a substantive matter within a limited period if the arrest order would stand.

17. Which period of time will be granted by the courts in order for the claimants to take legal action on the merits?

Article 125 of the code is unambiguous that under pain of forfeiture, the claimant(s) have a statutory period of 01 (one) month to institute legal action or file the necessary court processes leading toward obtaining an executory formulae.

18. Do the courts of your country recognize wrongful arrest?

Yes. Article 126 of the code gives its blessings to a ship owner whose ship was wrongfully arrested

and he obtained a release order thereafter. Thus the ship owner is entitled to sue for damages if he has suffered loss as a result of immobilization of the ship.

19. Do the courts of your country acknowledge the piercing and lifting of the corporate veil?

Article 52-72 of the code provide for co-ownership of a ship, meaning the ship could be owned by a corporation. The OHADA Uniform Act provides for the piercing and lifting of the corporate veil and the courts here do enforce it.

20. It is possible to have a ship sold pendente lite; if so, how long does it take?

It is logically unwarranted to sell a ship, the object of litigation, pendente lite. If that were to be the case, the litigation would commit abortion instantly after such a premature sale. However under some special circumstances yet to be contemplated by our legislations and practice and procedures, a ship may arguably be sold pendente lite.



*\* Born in Cameroon and admitted to the Cameroon Bar as Barrister & Solicitor of the Supreme Court of Cameroon, Feh Henry Baaboh holds an LLM Degree in Business Law (University of Douala) and LLB Degree in English Private Law (University of Yaoundé II, Soa). These only came later to add to the three other University Degrees (one Bachelors and two Masters) he had earned before in the old University of Yaoundé. Such educational career, with a broad base, has earned him the distinction of a sound and solid solicitor of international renown. He is quick to discern legal issues and seek practical solutions to them.*

*He gave up teaching in the University of Douala where he lectured law of Torts and civil procedure to concentrate on legal practice wherein he specializes in International Commercial and Corporate Law besides his day to day General Practice. The firm's clients say he is reliable. As Maritime Lawyer, he arrests up to 20 ships per year*

# SHIP ARREST IN CANADA



By Shelley Chapelski & Jason Kostyniuk\*  
BULL, HOUSSEY & TUPPER LLP  
sac@bht.com & jrk@bht.com  
www.bht.com  
900 - 900 Howe Street  
Vancouver, BC, Canada V6Z 2M4  
Tel: 604.687.6575  
Fax: 604.641.4949



## 1. Please give an overview of ship arrest practice in your country.

Ship arrest in Canada is usually simple and relatively inexpensive. Three documents are required:

- a. Statement of Claim to commence the action briefly setting out the relevant facts to establish in rem jurisdiction.
- b. Affidavit to Lead Warrant, which can be sworn by the solicitor upon information and belief; and
- c. Warrant for Arrest issued by the Court to the Sheriff.

In Canada, it is not required that the Sheriff go into possession of the ship following arrest, unless specifically ordered by the Court. Therefore, the only costs to arrest are disbursements to the Court and Sheriff and the legal costs to prepare the documentation. If a straightforward matter, it can be done for as little as Cdn.\$2000 to \$3000 in all.

## 2. Which International Convention applies to arrest of ships in your country?

Canada has not acceded to the Arrest Conventions. The grounds for arrest are found in domestic legislation.

## 3. Is there any other way to arrest a ship in your jurisdiction?

There is no other way to arrest a ship but it may be seized through other processes described in the next answer.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

In appropriate circumstances, Canadian Courts may grant Mareva Injunctions with respect to seizure of a defendant's assets within the jurisdiction. A vessel may also be seized and sold as an asset of a judgment debtor to satisfy a debt.

## 5. For which types of claims can you arrest a ship?

S. 22(2) of the Federal Courts Act provides for in rem jurisdiction for:

- (a) any claim as to title, possession or ownership of a ship or any part interest therein or with respect to the proceeds of sale of a ship or any part interest therein;
- (b) any question arising between co-owners of a ship as to possession, employment or earnings of a ship;
- (c) any claim in respect of a mortgage or hypothecation of, or charge on a ship or any part interest therein or any change in the nature of bottomry or respondentia for which a ship or part interest therein or cargo was made security;
- (d) any claim for damage sustained by, or for loss of a ship including, without restricting the

generality of the foregoing damage to or loss of the cargo or equipment of or any property in or on being loaded on or off a ship;

(e) any claim arising out of an agreement relating to the carriage of goods on a ship under a through bill of lading or in respect of which a through bill of lading is intended to be issued, for loss or damage to goods occurring at any time or place during transit;

(f) any claim for loss of life or personal injury occurring in connection with the operation of a ship including, without restricting the generality of the foregoing, any claim for loss of life or personal injury sustained in consequence of any defect in a ship or in her apparel or equipment, or of the wrongful act, neglect or default of the owners, charterers or persons in possession or control of a ship or the master or crew thereof for of any other person for whose wrongful acts, neglects or defaults the owners, charterers or persons in possession or control of the ship are responsible, being an act, neglect or default in the management of the ship, in the loading, carriage or discharge of goods on, in or from the ship or in embarkation, carriage or disembarkation or persons on, in or from the ship;

(g) any claim for loss of or damage to goods carried in or on a ship including, without restricting the generality of the foregoing, loss of or damage to passengers, baggage or personal effects;

(h) any claim arising out of any agreement relating to the carriage of goods in or on a ship or to the use or hire of a ship whether by charter party or otherwise;

(i) any claim for salvage including, without restricting the generality of the foregoing, claims for salvage of life, cargo, equipment or other property of, from or by an aircraft to the same extent and in the same manner as if such aircraft were a ship;

(j) any claim for towage in respect of a ship or of an aircraft while such aircraft is waterborne;

(k) any claim for pilotage in respect of a ship or of an aircraft while such aircraft is waterborne;

(l) any claim in respect of goods, materials or services wherever supplied to a ship for her operation or maintenance including, without restricting the generality of the foregoing, claims in respect of stevedoring and lighterage;

(m) any claim arising out of a contract relating to the construction, repair or equipping of a ship;

(n) any claim by a master, officer or member of the crew or a ship for wages, money, property or other remuneration or benefits arising out of his employment;

(o) any claim by a master, charterer or agent of a ship or shipowner in respect of disbursements or by a shipper in respect of advances, made on account of a ship;

(p) any claim in respect of general average contribution;

(q) any claim arising out of or in connection with a contract of marine insurance; and

(r) any claim for dock charges, harbour dues or canal tolls including, without restricting the generality of the foregoing, charges for the use of facilities supplied in connection therewith.

## 6. Can you arrest a ship irrespectively of her flag?

Yes, although the Canadian Courts will recognize sovereign immunity but not for government-owned commercial ships.

## 7. Can you arrest a ship irrespectively of the debtor?

As a general principle, other than for maritime liens and certain statutory rights in rem, the ship owner itself must be liable for the debt in order to arrest. One exception is if it can positively be shown that the charterer was acting as the ship owner's agent when incurring the debt. Additionally, if the law of the contract governing the supply of ship's necessities grants a maritime lien to the supplier, then the supplier can arrest in Canada to enforce the lien even if that same claim would not otherwise constitute a maritime lien under Canadian law. Finally, pursuant to a recent amendment to Canadian law, Canadian suppliers of goods, materials or services (other than stevedoring and lighterage) to foreign ships now may also claim a maritime lien even if the debt was incurred by the charterer of the ship. See also the answer to Question 9 below.

## 8. What is the position as regards sister ships and ships in associated ownership?

Section 43(8) of the Federal Courts Act permits sister ship arrest. However, absent fraud, the ownership interests of the two ships must virtually be identical to establish the right to claim against a sister ship.

## 9. What is the position as regards Bareboat and Time-Chartered vessels?

Subject to the exceptions described in 8, above, in the instance of both bareboat and time chartered vessels, and claims for necessities, the claimant bears the onus to prove that the charterer was



acting as agent of the owner in order to advance a claim in rem. This is easier to establish with bareboat chartered vessels. As well, with respect to stevedoring services, it is deemed by domestic legislation that the creditor may arrest the ship for unpaid services incurred by a bareboat charterer, so long as the ship remains under charter to the bareboat charterer.

10. Do your Courts require counter-security in order to arrest a ship?

Countersecurity is not required for the arrest. However, if the plaintiff is a foreign entity without any assets in the jurisdiction, security for costs of the litigation, should that party lose the case and be ordered to pay costs to the defendant, is often ordered (if such an order is sought by the defendant).

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

The procedure is the same. However, if ownership of the ship has changed subsequent to the action in rem arising but before being arrested, the in rem liability of the ship is extinguished (subject to certain statutory exceptions).

12. Does your country recognise maritime liens? Under which International Convention, if any?

Canada recognizes the traditional English maritime liens but is not a party to a Convention with respect to them. Canada also recognizes maritime liens for pilotage and if a foreign claim constitutes a maritime lien under the applicable foreign law, Canada will recognize the lien even though the same claim would not constitute a lien under Canadian law.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

If we are provided with all the documents evidencing the debt or claim enabling the solicitor to swear the Affidavit to Lead Warrant, and the vessel is located in the port of Vancouver during normal business hours we can arrest in as little as 90 minutes. Otherwise, it can require up to 24 hours depending on the ship's location in Canada.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No, but to swear the Affidavit to Lead Warrant, we need written or oral advice from the claimant or his representative of the specific amount owing and the reason for the claim.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

No original documents are required to arrest. Should the matter eventually proceed to a trial, original documents may then be required.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Subject to an application from the defendant on the basis of forum conveniens, the Court will generally keep jurisdiction. If the Court agrees to stay the proceeding in favour of forum conveniens, it will generally require that the arrest security be transferred to that alternate jurisdiction so that the Plaintiff is not prejudiced. In the instance of an arbitration agreement, the court may order a stay to enforce the arbitration agreement, but again the arrest security should stand wherever the arbitration is taking place. For cargo claims, Canada exercises Hamburg Rules - style jurisdiction, subject again to arguments of forum conveniens.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Except as where otherwise provided, Canada's Marine Liability Act requires that claims for all maritime matters be commenced no later than three years after the day on which the cause of action arose. By statute Canada applies the Athens Convention, LMCC, Hague Visby Rules, Bunker Convention and others. These specific time limitations will trump the general 3 year provision. The effect of contractual limitation periods under the Maritime Liability Act is not yet clear.

18. Do the Courts of your country acknowledge wrongful arrest?

Canadian law on wrongful arrest follows that of the UK. Damages for wrongful arrest can be

awarded only when the owner of the arrested ship proves that the action was commenced with malice or gross negligence.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil? Canadian Courts will generally respect the corporate veil except in the instances of fraud.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

The Court will consider sales *pendente lite*, especially if the ship is a deteriorating asset that the interested parties are not maintaining, and is likely to be sold in any event. The length of time to sell is largely determined by the degree of resistance from the ship interests. It can be done in as little as two months – the Court order must be obtained for the sale, the ship appraised, the sale advertised and bids accepted and Court approval of the specific sale granted.



*\* Shelley has practiced maritime law for more than 20 years and has been involved in dozens of ship arrests and priority disputes. Her practice includes all aspects of maritime law. She is the Western Vice President of the Canadian Maritime Law Association and is recognized by Best Lawyers, LEXPERT and Who's Who in Shipping as one of the top maritime lawyers in Canada. She is ranked Band 1 for Shipping law in Canada by Chambers Global, as is the firm's maritime practice group.*

*\* Jason is a partner at Bull, Housser & Tupper LLP in Vancouver, Canada and has practiced maritime and transportation law for over 10 years. He acts for clients in a wide range of commercial maritime, transport and insurance matters. He has given presentations in the United States and Europe on arrest practice and enforcing maritime claims in Canada. He is a Member of both the Canadian and US Transportation Lawyers Associations. He is a Member of Canadian Maritime Law Association and has been ranked as a leading lawyer in Canada in the field of maritime law.*



# SHIP ARREST IN CHILE



By Leslie Tomasello Weitz\*  
TOMASELLO Y WEITZ  
ltomasellow@tomasello.cl  
www.tomasello.cl

Almte. Señoret 70, of. 85 - Valparaíso  
Tel: 56 (32) 2252555 – Fax: 56 (32) 2254495  
Av. Nueva Tajamar 555, oficina 201 - Santiago  
Tel: 56 (2) 3611070 – Fax: 56 (2) 3611070

1. Please give an overview of ship arrest practice in your country.

The list of privileged credits (i.e. credits which enjoy a special status and may be deemed to be statutory lien) is contained in Articles 844 to 846 of the Code of Commerce. The creditor or titleholder of a listed privileged credit may request the duty Civil Court of the port where the vessel presently is or is expected to arrive to place the vessel under arrest.

2. Which international Convention applies to arrest of ships in your country?

Chile has neither ratified nor acceded to any of the International Conventions regulating the arrest of ships. However, according to the “travaux préparatoires” of Book III of the Code of Commerce, the drafting committee took into consideration the International Conventions of 1926 and 1967 on maritime liens and mortgages. In any event, the grounds for arrest are found in Book III of the Code of Commerce.

3. Is there any other way to arrest a ship in your jurisdiction?

There is no other way to arrest a ship other than through the process described in the next answers.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

Under the Code of Civil Procedure it is possible to obtain a court ruling ordering the retention of goods. The retention (in this case, of a vessel) requires counter-security from the petitioning party as well as evidence for the petition to be granted. In addition, only a vessel under the ownership of the debtor may be retained.

5. For which types of claims can you arrest a ship?

In Chile a vessel may be arrested in order to exercise a privileged credit or to enforce a final judgment that may result in the judicial sale of a vessel. The list of privileged credits is contained in articles 844 to 846 of the Code of Commerce.

These are:

Art. 844: The following credits enjoy the privilege over the vessel, with preference over the mortgages and in the order set down hereunder:

1. - Legal costs and other disbursements caused by reason of a suit, in the common interest of the creditors, for the preservation of the vessel or for its forced alienation and distribution of the yield;
2. - The remunerations and other benefits arising from the contracts of embarkation, in accordance with labour and civil law, which regulate the concurrence of these credits, together with the emoluments paid to the pilots at the service of the vessel.

This privilege shall apply to the indemnities which are due for death or personal injuries of the servants who may survive ashore, on board or in the water, and always provided that they arise from accidents related directly from the trading of the vessel;

3. - The charges and rates of ports, channels and navigable waters, together with fiscal charges in respect of the signaling and pilotage;
4. - The expenses and remunerations due in respect of salvage services rendered and general average contributions. This same privilege shall be applied to the reimbursement of expenses incurred by the authority or third parties, in order to prevent or minimize pollution damages or oil

spills of polluting substances to the environment or third party property, when the fund of limitation of liability has not been constituted as established in Title IX of the Law of Navigation, and

5. - The indemnities for damages or losses caused to other vessels, to port works, piers or navigable waters or to cargo or luggage, as a consequence of the collision or other accidents during navigation, when the respective action is not susceptible to be founded upon a contract, and the damages in respect of personal injury to the passengers and crew of these other vessels.

Art. 845: Mortgage credits shall be preferred to those detailed in the following article and shall be regulated by the provisions contained in paragraph 5 of this Title. This same preference shall be applicable to the pledge of minor vessels.

Art. 846: Moreover, the following shall enjoy privilege over the vessel in the order numerated, but in subsequent degree to those indicated in article 844:

1. - The credits in respect of the sale price, construction, repair and equipment of the vessel;
2. - The credits concerning the supply of products or materials, which are indispensable for the trading or conservation of the vessel;
3. - The credits arising from contracts of carriage of passengers, charter parties or carriage of goods, including the indemnities for damages and short delivery of cargo and luggage, and the credits deriving from damages in respect of pollution or other polluting substances.
4. - The credits in respect of disbursements incurred by the master, agents or third parties, on account of the owner, for the purpose of trading the vessel, including agency services, and
5. - The credits in respect of insurance premiums concerning the vessel, be the hull & machinery or third party liability insurance.

6. Can you arrest a ship irrespectively of her flag?

Yes, the flag a ship flies is irrelevant provided that the requisites for granting the arrest are met.

7. Can you arrest a ship irrespectively of the debtor?

In the event the vessel is arrested in order to exercise a privileged credit, yes. In case of a retention under the Code of Civil Procedure, no; since only vessels under the ownership of the debtor may be retained.

8. What is the position as regards sister ships and ships in associated ownership?

It is possible to arrest a sister ship provided she is under the same ownership, management, or is operated by the same person. In few words, with regard to liability in rem under Chilean law, there is no need to have the connection between the relevant person (the person liable in personam) who also owns the ship to be arrested. As a creditor, you only need to have a credit that falls within the list of privileged credits, which is the basis for arresting a vessel according to the Code of Commerce. Provided that you have a privileged credit, you can arrest either the offending vessel or any sister ship. Under Chilean law, the definition of a sister ship is wider than that under English law. Sister vessels are not only those under the same ownership (as if both vessels are owned by the debtor) but also vessels under the same management and/or operation. Consequently, it is possible to successfully arrest vessel "x" as a sister ship of vessel "y" on condition that both vessels are managed or operated by the same company, and even if they are owned by different companies.

9. What is the position as regards Bareboat and Time-Chartered vessels?

In Chile there is no special position in regards to Bareboat and Time - Chartered Vessels. The title holder of a privileged credit may arrest a vessel provided that she is the material object on which the privilege is exercised or if she falls within the definition of a sister ship as mentioned in N° 8 above.

10. Do your Courts require counter-security in order to arrest a ship?

No, Courts do not require counter-security in order to arrest a ship to exercise a privileged credit. However, in the case of a retention under the Code of Civil Procedure, the Court will require counter-security.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Yes, since in Chile it is only possible to arrest invoking a privileged creditor to enforce a final judgment that may result in the judicial sale of the vessel.

12. Does your country recognize maritime liens? Under which International Convention, if any?

The maritime liens recognized by Chile are only those listed in N° 5 above.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

All things considered (preparation of the application, preparing free translations of the supporting documents, filing the application for arrest with the Court, notifying the Harbor Master the Court ruling placing the vessel under arrest, etc.), it may take at least two days, and this is subject to N° 14 below.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Yes, a POA is mandatory. This occasionally proves to be a problem if the arresting party does not have permanent legal representation in Chile, or if none of its vessels have called at Chilean Ports (in which case the port agent or the master of the vessel may grant the POA.) In this scenario, the POA needs to be granted abroad before a Notary or the Chilean Consulate, and in either case the legalization of a POA may be quite lengthy thereby defeating the natural quickness required in case of an arrest.

15. What original documents are required, what documents can be filed electronically, what documents require notarization and/or apostille, and when are they needed?

In general, provided that the petitioning party attaches sufficient documents or evidence that "constitutes a presumption of the right being claimed", the Court must accede to the petition without further formalities. As a result, provided the petitioning party has same evidence, which the Court may deem to be a good presumption of the privileged credit, the Court should grant the arrest. Consequently, other than the POA, no particular original documents need to be attached. However, if original documents are available they should be used.

16. Will the Court accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes, the substantive claim will normally go to arbitration unless there is an agreement (usually an arbitration clause) submitting disputes to a foreign Court and provided that such an agreement resulted to be enforceable according to Chilean law. In that situation, the Court will not assume jurisdiction.

17. Which period of time will be granted by the courts in order for the claimants to take legal actions on the merits?

Once the arrest has been granted, there is a 10 working day time limit (which may be extended to a maximum of 30) to present the lawsuit along with the petition for the appointment of an arbitrator, as referred in N° 16, and request the arrest to be maintained. This may present a substantial problem when the arrest is obtained in Chile to secure the enforcement of a future judgment or award issued abroad. Namely, if the creditor wants to start substantive proceeding abroad, within the time limit of 10 or 30 working days the creditor will need to prove to the satisfaction of the Chilean Court that granted the arrest, that the relevant substantive proceeding has been started abroad. For this the documentation required abroad to start the proceeding will need to be legalized up to the Chilean Consul abroad. Subsequently, the documentation will need to be sent to Chile to complete its legalization and then presented (duly translated) to the Court which granted the arrest. If the arrest has been obtained to enforce a foreign judgment or award the exequatur from The Supreme Court may be sufficient to comply with this requirement.

18. Do the courts of your country acknowledge wrongful arrest?

Yes, especially in case of failure to commence substantive proceedings within the time limit of 10 or 30 working days, this results in the immediate cessation of the arrest and in liability for the arresting party.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?  
The possibility to pierce that corporate veil exists. However, there is some very incipient case law that could be invoked to try to pierce the corporate veil.
20. It is possible to have a ship sold pendent lite, if so how long does it take?  
No, it is not possible to sell the ship pendent lite, unless the Court authorizes it or the claimant provides his consent.



*\* Leslie Tomasello Weitz is a lawyer and a partner with Tomasello y Weitz, a firm which in addition to its important experience in the field of shipping, presently advises its clients in a wide range of legal, commercial, financial, insurance and taxation matters. The firm has offices in Valparaiso, Santiago and Puerto Montt. He has specialized in maritime law and international trade since he joined the firm. He also litigates insurance and P&I disputes in both arbitration proceedings and before the Civil Court of Chile. He is a professor of Maritime Law with the Law Faculty of the University of Valparaiso from 1997 until present and has been published on maritime and international trade both national and international publications.*

# SHIP ARREST IN CHINA (Questions 1 to 9)



By Weidong Chen\*  
DACHENG LAW OFFICES LLP  
weidong.chen@dachenglaw.com  
www.dachenglaw.com  
24F Shanghai World Financial Center  
100 Century Avenue, Pudong New Area, Shanghai 200120  
Tel: +86 21 2028 3055  
Fax: +86 21 2028 3853

1. Please give an overview of ship arrest practice in your country.

The Maritime Procedure Law of the People's Republic of China, 1999 (hereinafter referred to as MPL) provides specific rules for the arrest of ships. The Maritime Court shall grant a ruling within forty-eight hours upon receipt of an application for ship arrest. In particular, the Chinese laws permit a movable arrest of a ship, i.e. a ship may, with the consent of the claimant, be allowed to resume operations subject to restrictions on disposing of the ship or creating a new mortgage on the ship.

2. Which International Convention applies to arrest of ships in your country?

China has not acceded to the Arrest Conventions.

3. Is there any other way to arrest a ship in your jurisdiction?

NO, there is no other way to arrest a ship with the purpose of security of the claim. However, a ship may also be arrested and sold for enforcement of a judgment, arbitration award or other enforceable legal document.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

Apart from arrest, no other alternatives are available.

5. For which types of claims can you arrest a ship?

The following maritime claims give rise to a right of arrest of a ship:

- (1) property loss or damage caused by the operation of the ship;
- (2) loss of life or personal injury occurring in direct connection with the operation of the ship;
- (3) salvage operations;
- (4) damage or threat of damage caused by the ship to the environment, coastline or related interests; measures taken to prevent, minimise or remove such damage; compensation for such damage; costs of reasonable measures of reinstatement of the environment actually undertaken or to be undertaken; loss incurred or likely to be incurred by third parties in connection with such damage; and damage, costs or loss of a similar nature to those identified in this sub-paragraph;
- (5) costs or expenses relating to the raising, removal, recovery, destruction or the rendering harmless of a ship which is sunk, wrecked, stranded or abandoned, including anything that is or has been on board such ship, and costs or expenses relating to the preservation of an abandoned ship and maintenance of her crew;
- (6) any agreement relating to the use or hire of the ship;
- (7) any agreement relating to the carriage of goods or passengers on board the ship;
- (8) loss of or damage to or in connection with goods (including luggage) carried on board the ship;
- (9) general average;
- (10) towage;
- (11) pilotage;
- (12) materials supplied or service rendered to the ship for its operation, management, preservation or maintenance;
- (13) construction, reconstruction, repair, converting or equipping of the ship;
- (14) port, canal, dock, harbour and other waterway dues and charges;
- (15) wages and other sums due to the crew including costs of repatriation and social insurance contributions payable on their behalf;

- (16) disbursements incurred on behalf of the ship or its owners;
- (17) insurance premiums (including mutual insurance calls) in respect of the ship, payable by or on behalf of the shipowner or demise charterer;
- (18) any commissions, brokerages or agency fees payable in respect of the ship by or on behalf of the shipowner or demise charterer;
- (19) any dispute as to ownership or possession of the ship;
- (20) any dispute between joint-owners of the ship as to the employment or earnings of the ship;
- (21) a mortgage or a charge of the same nature on the ship; or
- (22) any dispute arising out of a contract for the sale of the ship.

6. Can you arrest a ship irrespectively of her flag?

Yes. However, Chinese Courts recognize sovereign immunity for ships engaged in military or governmental services.

7. Can you arrest a ship irrespectively of the debtor?

No. An arrest will not be granted if the time charterer or voyage charterer is the debtor of the claim.

8. What is the position as regards sister ships and ships in associated ownership?

The claimant may apply to arrest a sister ship which, when the arrest is effected, is owned by the person who is liable for the maritime claim. However, basing upon the claims concerning ownership or possession of a ship, it is only the offending ship may be arrested. There is no express legal definition for “associated ownership” in Chinese law.

9. What is the position as regards Bareboat and Time-Chartered vessels?

According to the MPL, the Maritime Court may arrest a bareboat chartered ship when the bareboat charterer of the ship is liable for the maritime claim and is the bareboat charterer or owner of the ship when the arrest is effected. And the arrested bareboat chartered ship also could be sold by the court with the application of the claimant. A time chartered ship may not be arrested for a claim against the time charterer.



*\* Weidong Chen is a partner of the international firm of Dacheng Law Offices LLP, heading its shipping department in the Shanghai Office.*

*Mr. Chen specializes in bill of lading, charterparty, ship sale & purchase, shipbuilding, collision, personal injury, international sale of goods, and insurance matters. Mr. Chen has been working for the world's major shipowners, charterers, P&I clubs, insurance companies and traders for more than 13 years and is one of the most highly recommended shipping lawyers in China (Mr. Chen was recommended by Chambers and Partners as a Leading Lawyer in Shipping in China in 2013).*

*Mr. Chen is a supporting member of the London Maritime Arbitrators Association.*

# SHIP ARREST IN CHINA (Questions 10 to 20)



By Wang Zhonghua\*

YOUHUA Law Firm

Wangzhonghua@youhualaw.com

2nd Floor, Block B, Building Ruinakangdu,  
69 Haimen Road, Qingdao, P.R.China 266071

Tel: +86 532 8197 8792

Fax: +86 532 8197 6819

## 10. Do your Courts require counter-security in order to arrest a ship?

In principle, the maritime court, having entertained an application for ship arrest, may require the claimant to provide counter-security. The form and amount of counter-security are determined by the maritime court. However, if the shipowner proves that the amount of counter-security is obviously low, they may apply the court for increasing it. In practice, such counter-security can be made in form of cash, negotiable instruments or a guaranty letter from a Chinese bank or other Chinese financial institution. However, in some circumstances the maritime courts do not require the claimant to provide counter-security, e.g. in the case of a crew wages claim or a personal injury claim.

## 11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Yes. There is a clear difference between claims which give rise to a maritime lien and other types of claim. The distinction is:

With regard to the claim with maritime lien, the arrest shall be allowed provided that it is against the ship giving rise to the maritime lien. As far as other types of claim are concerned, because there is not a concept of "action in rem" but "action in personam" in the Chinese legislation, the ship may not be arrested unless it is the property of the liable person.

## 12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes. There are five types of maritime claims for which maritime liens can be exercised:

- (1) Payment claims for wages, other remuneration, crew repatriation and social insurance costs made by the Master, crew members;

- (2) Claims in respect of loss of life or personal injury occurred in the operation of the ship;

- (3) Payment claims for ship's tonnage dues, pilotage dues, harbor dues and other port charges;

- (4) Payment claims for salvage payment;

- (5) Compensation claims for loss of or damage to property resulting from tortious act in the course of the operation of the ship.

China is not a party to any conventions on maritime liens.

## 13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

It depends on how fast the claimant may arrange for a required counter-security. If we are provided with all the documents evidencing the debt or claim, an arrest may be done within 48 hours. Usually, an application for arrest of a ship should be presented to the court within its normal working hours. However, in urgent cases the court may, at its discretion, decide and execute the arrest after normal working hours.

## 14. Do you need to provide a POA, or any other documents of the claim to the Court?

Yes, the following documents should be submitted to the maritime court:

- (1) A written application signed and affixed with a company stamp.

- (2) Preliminary and basic supporting evidence.

- (3) Counter security. This is what the maritime court gives the most weight to. In most cases the amount of the counter security should be equal to the hire or loss of earning of the ship on a one-month basis. The maritime court usually only accept the letter of guarantee issued by a Chinese bank or insurance company or P&I club rather than that of a foreign party.

- (4) Power of attorney.

- (5) Certificate of identity of legal representative.



15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The maritime court will require the original application, POA and Certificate of identity of legal representative to be submitted. In the urgent circumstances, the court may be persuaded to accept a faxed application followed by the original.

Power of attorney and Certificate of identity of legal representative forwarded from outside the territory of China should be notarized by the notary public of the country of origin and the legalized by the Chinese embassy or consulate general in that country. However, our experience is in an urgent case, we may try to persuade the court to accept the original Power of attorney and Certificate of identity of legal representative first and then those in notarized and legalized form after the arrest has been done.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes. The claimant may bring an action in respect of the maritime claim in the maritime court ordering arrest, unless the jurisdiction agreement or arbitration agreement between the parties provides otherwise.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

A time of 30 days will be granted by the Courts.

Where the claimants bring an action or applies for arbitration within 30 days, or where the claimants apply for arrest of a ship during legal proceedings or arbitral proceedings, the arrest of the ship is not subject to 30 days time limit.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes. However, there is no definition for wrongful arrest or unjustified arrest under Chinese laws, but it may include a situation, where, although the arrest is reasonable at the time of arrest, it later proves to be unjustified because the claims fail ultimately on their merits. Under Chinese judicial practice, a wrongful arrest exists where: (a) the applicant has no maritime claim for arrest; or (b) the owners of the ship arrest are not liable for the claim; or (c) security demanded by the applicant is unreasonably high. If the claimants' claim ultimately fails and constitute a wrongful arrest, the shipowner can bring a claim against the claimant for wrongful arrest and losses caused thereof, which can be secured by the counter-security provided by the claimant.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

In principle, the piercing of the corporate veil is recognized at Chinese judicial practice. However, at Chinese laws, there is no specific provision for the concept of piercing of the corporate. The Chinese Company Law provides that where any of the shareholders of a company evades the payment of its debts by abusing the independent status of legal person or the shareholder's limited liabilities, if it seriously injures the interests of any creditor, it shall bear several and joint liabilities for the debts of the company. Under Chinese judicial practice, some courts have introduced the concept of piercing of the corporate to their cases from the angle of jurisprudence. However, it varies from court to court and from judge to judge how to determine the issue. Most courts commonly rely on the facts of mixture of assets between the shareholders and the corporation.

For your information, we have successful experience in dealing with such issues in Chinese Maritime Courts.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

Where the respondent fails to provide security within one month, and it is not appropriate to keep the ship under arrest, the claimants, having brought an action or applied for arbitration, may file an application for sale of a ship *pendente lite* with the maritime court. The maritime court shall, after the receipt of a written application for sale of a ship, examine the application and make an order to allow or disallow the sale. Usually, it will take about two months for a forced sale of the ship.

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*\* Mr. Wang has extensive experience in shipping and trade, including dry shipping, wet shipping, international sale of goods, international collection of debts etc. He particularly has extensive litigation experience in all Maritime Courts in China, the Appellate Courts and the Supreme Court in Beijing. He always finds the best way for resolving disputes on a cost-effective basis. At the same time, Mr. Wang is devoted to legal research. His papers has published in the Chinese shipping and law periodicals.*

# SHIP ARREST IN COSTA RICA



By Abraham Stern Feterman\*  
PACHECO COTO  
abraham.stern@pachecocoto.com  
www.pachecocoto.com  
Forum II, Edificio Pacheco Coto, 4º  
San Jose, Costa Rica  
Tel: +506 2505 0900  
Fax: +506 2505 0907

## 1. Please give an overview of ship arrest practice in your country.

Arresting a ship in Costa Rica represents a valuable tool to enforce maritime claims against ship owners and other related operators due to a lengthy process, which in turn, obligates actual Maritime Debtors to react quickly in order to release a detained vessel.

The whole process is regulated and governed under the International Convention Relating to the Arrest of Sea-Going Ships (Brussels, May 10, 1952) and is executed as a preventive or precautionary attachment. This preventive attachment, which also constitutes a physical arrest of the ship, operates in the absence of a valid title claim with plaintiff's right of execution (Referred in our laws as "Título Ejecutivo"). Under the precautionary attachment process, the creditor holding in his favour a legitimate maritime claim, is compelled by law to post a cash bond equal to 25% of the total value of the claim or 50% for non-monetary pledges (Such as a Letter of Credit or Bank Warranties). The holder of a "Título Ejecutivo", together with a formal ruling from a Court of Law, exonerates the Creditor to post any type of bonds or warranties.

It is imperative to take into consideration that the creditor filing a preventive attachment shall file the merits of the claim within a month following the precautionary arrest, providing that its non-compliance would result in losing the posted bond in benefit of the alleged debtor.

## 2. Which International Convention applies to arrest of ships in your country?

The International Convention Relating to the Arrest of Sea-Going Ships (Brussels, May 10, 1952)

## 3. Is there any other way to arrest a ship in your jurisdiction?

Yes. With a valid Maritime Lien as provided by the Maritime Commercial Code of 1853. However take into account that this Code is integrated by many outdated laws and regulations.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

Not as a legal institution per se. However, the precautionary attachment as regulated by our Procedural Civil Code has the same effects and consequences as a "saisie conservatoire", freezing order and a Mareva Injunction, but not as extensive as the United States Federal Rule B Attachment.

## 5. For which types of claims can you arrest a ship?

- (a) Damage caused by any ship either in collision or otherwise;
- (b) Loss of life or personal injury caused by any ship or occurring in connexion with the operation of any ship;
- (c) Salvage;
- (d) Agreement relating to the use or hire of any ship whether by charter party or otherwise;
- (e) Agreement relating to the carriage of goods in any ship whether by charter party or otherwise;
- (f) Loss of or damage to goods including baggage carried in any ship;
- (g) General average;
- (h) Bottomry;
- (i) Towage;
- (j) Pilotage;
- (k) Goods or materials wherever supplied to a ship for her operation or maintenance;
- (l) Construction, repair or equipment of any ship or dock charges and dues;

- (m) Wages of Masters, Officers, or crew;
- (n) Master's disbursements, including disbursements made by shippers, charterers or agent on behalf of a ship or her owner;
- (o) Disputes as to the title to or ownership of any ship;
- (p) Disputes between co-owners of any ship as to the ownership, possession, employment, or earnings of that ship;
- (q) The mortgage or hypothecation of any ship.

6. Can you arrest a ship irrespective of her flag?

Yes, the vessel can be arrested irrespective of her flag.

7. Can you arrest a ship irrespective of the debtor?

Not in all cases. There has to be a legal and economic link between the claim and the debtor. Proof of ownership or use rights (for chartered vessels) shall be presented to the Court within a month following the precautionary arrest

8. What is the position as regards sister ships and ships in associated ownership?

Yes, sister ships and ships in associated ownership can be arrested as long as there is a legal and economic link between the claim and sister ship and associated ship debtor. Proof of ownership or use rights (for chartered vessels) shall be presented to the Court within a month following the precautionary arrest.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Any owner, bareboat charterer, operator and/or time charterer can be subject to the arrest of their vessel if there is a link between the claim and the debt. Proof of ownership or use rights (for chartered vessels) shall be presented to the Court within a month following the precautionary arrest.

10. Do your Courts require counter-security in order to arrest a ship?

Yes. A creditor can only file a preventive or precautionary arrest by posting a cash bond equal to 25% of the total value of the claim or 50% for none monetary pledge (Such as a Letter of Credit or Bank Warranties).

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

No. From a procedural point of view, there is no difference. However, no counter-security is required if the arrest is made based on a legitimate maritime lien.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes. Costa Rica recognizes maritime liens. The Maritime Commercial Code of 1853 provides list of the privileged maritime liens. Costa Rica has not ratified any international convention on maritime liens.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

It may take up to 7 working days after taking into consideration the preparatory steps, e.g. drafting the claim, translating supporting documents, if any, filing the arrest claim with the Court, notifying the Harbour Master and placing the vessel under arrest.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Yes, we require a POA duly apostilled in order to act on behalf any Legal Entity or Person.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Since Costa Rica follows a preventive or precautionary attachment, in which posting a bond or counter-security is mandatory, the initial filing only requires sufficient evidence to create a presumption of the alleged maritime claim. However, within a month following the precautionary arrest, the

creditor must file the merits of its claim and all the evidence, proof and documentations has then to be presented with all the formalities of the Law e.g. notarized, apostilled and translated into Spanish.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Not necessarily. Costa Rica ratified the International Convention Relating to the Arrest of Sea-Going Ships (Brussels, May 10, 1952) with an expressed reserve over article 7 and as such the competent Court to address the substantive claim is the court in which the plaintiff is domiciled or the court of the vessel's flag. The reserve does not include disputes as to the title to or ownership of any ship; disputes between co-owners of any ship as to the ownership, possession, employment, or earnings of that ship and the mortgage or hypothecation of any ship.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

One month.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes. Plaintiff bears the risk of arresting the ship. If he loses the preventive attachment or the case on the merits, his arrest may be considered wrongful and he could have to indemnify all costs and damages caused to the ship, as a result of such wrongful arrest.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Yes but it is a rarely practice. The burden of proof is very high in order to lift the corporate veil

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

If a ship has been arrested and the arrest is not lifted in injunction proceedings or by way of alternative security, the arrest will be maintained until the creditor has obtained a title (judgment or arbitration award). Once such title is obtained, the conservatory arrest will automatically be transformed into an executory arrest. This may be followed by a judicial/public sale of the vessel before the court, if so requested, in which case the court will determine the pre-conditions for such auction.



*\*Abraham Stern Feterman is a partner at PACHECO COTO, a multinational firm which in addition to its important experience in the field of shipping, presently advises its clients in a wide range of legal, commercial, financial, insurance and taxation matters. The firm is headquartered in San José, Costa Rica, with full operative offices in Guatemala, Honduras, El Salvador, Nicaragua, Switzerland, Spain and New Zealand.*

*Mr. Stern has a Masters of Laws in Admiralty from Tulane University. He has specialized in maritime law and international since 1995 and was admitted to practice law in the State of Louisiana in 1997. Prior to joining Pacheco Coto, he worked at Chaffe McCall in New Orleans, Louisiana, where he focused his practice on maritime law, aviation accident law and international corporate transactions.*

# SHIP ARREST IN CROATIA



By Miroslav Macesic\*  
Law Offices MACESIC & PARTNERS  
macesic@macesic.hr  
Pod kastelom 4,  
51000 Rijeka, Croatia  
Tel: +385 51 215 010  
Fax: +385 51 215 030

## 1. Please give an overview of ship arrest practice in your country.

According to Croatian law the arrest of ships is one of the "interim measures of security of a claim" that ensures future collection of the outstanding debt that is in dispute.

Apart from the arrest of ships other interim measures of security of a claim on ships are possible, but in practice are very rare.

The objective of the arrest of a ship is to make available to the creditor assets of the debtor for future enforcement. Therefore, arrested ships may be released if another security is given as replacement. The other security may be a monetary deposit, bank guarantee, P & I Club or other corporate letter of undertaking or other values that are available for enforcement if accepted by the creditor. If the creditor does not accept the offered security, the acceptability of the offered security will be decided by the court. Monetary deposits and bank guarantees are always accepted, while P&I Clubs/corporate letters of undertaking and other values on a case to case basis.

Because of various issues with international elements, and in particular the applicability of foreign laws, that are involved in the arrest of ships there are sometimes inconsistencies in the interpretation of the rules of law and in-court practice. However, such cases are exemptions, and it may be said that it is possible to obtain the arrest of a ship or obtain the release of an arrested ship in accordance with accepted international standards.

## 2. Which International Convention applies to arrest of ships in your country?

Croatia has adopted the continental legal system. It is a member-state of the Arrest Convention 1952. The Enforcement Act applies as a subsidiary source of rules of law to the Maritime Code that regulates arrest of ship proceedings. There is a significant court practice and number of books and articles that deal with various relevant issues with regard to the arrest of ships. Maritime Code applies. Maritime Code Amendments in few provisions slightly differ from the Convention.

## 3. Is there any other way to arrest a ship in your jurisdiction?

No, there is no other way to arrest a ship with the purpose of security of the claim. According to the Paris Memorandum the Harbor Master Office Inspectors, exercising Port State Control authorities, can order the detention of a ship. The Custom authorities and the Criminal Court can hold the ship in temporary seizure for customs clearance or criminal proceedings purposes, but in practice very rarely and under very restricted terms.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

Not in the sense of these alternatives and as these alternatives are known internationally. However, the Maritime Code provides that every interim measure that would achieve the objective of security of a particular claim may be granted. In other words, subject to the nature of the claim, various injunctions with regard to the ship are possible, but rare in practice.

## 5. For which types of claims can you arrest a ship?

A ship can be arrested for:

- maritime claims as provided by Art. 1 of the Convention; apart from bottomry and ownership claims, that are not provided in the Maritime Code, when Convention is not applicable,
- maritime liens as maritime privileges (separately provided in the Maritime Code),
- claims secured with mortgage, pledge or other similar registered encumbrances on the ship

according to the laws of flag (separately provided in the Maritime Code).  
For all other claims notwithstanding to the nature, if there is no reciprocity between Croatia and the state of flag.

6. Can you arrest a ship irrespectively of her flag?

Yes, there are no limitations for the arrest of ships with regard to the flag of the ship. The Flag of ship affects to the applicability of the Convention or the Maritime Code, the existence of maritime privileges and registered encumbrances. It also possibly affects some other underlining issues subject to particular matters.

7. Can you arrest a ship irrespectively of the debtor?

For maritime privileges and registered encumbrances, yes.

For maritime claims depends. The main principle, of the Maritime Code as regard to the relation of the debtor and the arrested ship, is that the arrested ship as an asset is the property of the debtor. The assets that are not the property of the debtor are not suitable to be the object of the enforcement. Consequently such ship is not suitable for arrest. In Croatia there is no "in rem" proceedings. The Maritime Code since the Amendments of 2004 varies in relation to the respective provision to the Convention, and according to the 2004 Amendments it is not possible to arrest the ship irrespectively to the debtor. The debtor must be the registered owner of the ship. In the case of the direct applicability of the Convention, the answer is yes, as it is provided in the Convention.

8. What is the position as regards sister ships and ships in associated ownership?

Sister ship and ship in associated ownerships may be arrested although in these cases the Maritime Code also slightly varies to the Convention.

9. What is the position as regards Bareboat and Time-Chartered vessels?

According to the Maritime Code ships in Bareboat or Time Charter cannot be arrested, unless they are in the ownership of the debtor. In this regard the Maritime Code also varies from the Convention.

10. Do your courts require counter-security in order to arrest a ship?

No, the Courts do not require a counter-security in order to arrest a ship.

However, the ship's interests may apply for counter-security in case of wrongful arrest as condition for maintenance of already ordered arrest. If the application is accepted and the counter-security is not placed within the ordered time period, the arrest will be lifted and the arrested ship released.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

No, from the procedural point of view there is no difference.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, Maritime Code defines maritime liens as maritime privileges. Provisions on maritime liens of the Maritime Code correspond to the International Convention on Maritime Liens and Mortgages, Geneva 1993. Croatia has not ratified any convention relating to maritime liens. However, since Maritime Code provides that a ship may be arrested for maritime liens and since according to the conflict of law rules the law of flag applies to maritime liens, a ship can be arrested for maritime liens.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

In principal several hours are needed for the preparation of the application, translation of supporting documents by a licensed court interpreter (one is part of our office staff) and to file the application for arrest with the Court. The Court will check with the Harbor Master Office the expected time of sailing and will decide on the application urgently before sailing, if in pressure of time. Arrest matters are always considered urgent and in most cases the Court will decide within one or two days. The ship is arrested when the Harbor Master Office serves the Master with the arrest order and takes away the Ship's documents which remain in custody of Harbor Master Office during the arrest.



14. Do you need to provide POA, or any other documents of the claim to the Court?

Yes, the POA is a mandatory requirement of the arrest proceeding. For the arrest application a faxed or e-mailed copy is sufficient, while the original must be submitted to the Court within few days. No special form or legalization is required to grant a POA to an attorney at law. The applicant must make the claim probable. Probability is a lower level of proof. The difference between a claim made probable and a proven claim is qualitative. Therefore it is recommendable that as stronger as possible evidences of the claim are provided. The applicant should make probable that the ship in question can be arrested, usually meaning evidence of ownership. There is no need to submit an extract from the Ships' Register, but any other public or private document, including electronic data is sufficient.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

No original documents are required, copies are sufficient, apart from the application for arrest that must be in original, as well as POA that must be submitted within reasonable time after the filing of the application. Electronic filings with the Court are not possible for time being, but there are preparations in course and electronic filings with the Courts will be possible in the future. There are no documents that should be notarized or with apostille.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes, unless there is agreed or exclusive jurisdiction of another country, or if no arbitration is agreed between the parties. In latter cases the courts will accept that the arrest is properly justified if the litigation or arbitration are initiated in other jurisdictions.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

As a matter of law it is mandatory that the arrest is justified by initiating the proceeding in the merits within 15 days from the service of the Arrest Order, and notification of the Court. In case the applicant fails to undertake legal action within the time limit, on motion of the ship's interests the Court will set aside the Arrest Order and release arrested ship.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes, the Courts acknowledge the wrongful arrest. In case of a wrongful arrest the ship's interests are entitled to claim indemnity from the applicant who wrongfully arrested the ship. The claim for indemnity should be placed in the same arrest proceedings if it is still in course. If the arrest proceedings is terminated the claim should be placed in a separate litigation proceedings.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Piercing (lifting) of the corporate veil is know to domestic law, however there is not sufficient and proper court practice that acknowledges this institute. The same is in arrest matters. There have been very few cases with regard to the piercing of corporate veil. However, it may be expected that in future there will be more cases that will clarify this institute and the terms of applicability.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

Maritime Code has no provisions on pendente lite sale. Enforcement Act, that is subsidiary source of law in arrest of ships proceedings, provides pendente lite in certain circumstances that might be applied also in the case of arrested ships. It may be said that there a legislative frame for pendente lite sale exists. It is also an issue that will be clarified in future.

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*\* Miroslav Macesic (1954) is the founder and Senior Partner at Law Offices Macesic and Partners. Mr. Macesic holds a law degree from Rijeka University. The Law Offices assist in all maritime and related matters in Croatia through the offices in Rijeka and Zagreb. The maritime team includes six lawyers.*

*Mr. Macesic has more than 37 years of professional experience, especially in maritime, dispute resolution, insurance, banking & finance, energy and corporate law. He is listed correspondent to all major P&I Clubs (members of IG) and acts on case to case basis to other liability, H&M and cargo underwriters, insured interests, shipowners, operators and other maritime related interests. He assisted all major financings in Croatian shipping and shipbuilding industry by foreign banks, major bankruptcies and restructuring processes. He also acts as the trial lawyer in court, arbitrations and mediation proceedings. With Croatian EU membership he also focuses on EU law.*



# SHIP ARREST IN CURACAO



By Jan A.M. Burgers\*  
BURGERS ADVOCATEN  
jan.burgers@burgersadvocaten.com  
www.burgersadvocaten.com  
Bramendiweg 21 (Kintjan)  
Willemstad, Curacao  
Tel: + 599 9 46 51 605  
Fax: + 599 9 46 51 604

## 1. Please give an overview of ship arrest practice in your country.

In Curacao, as in the other (is) lands of the Netherlands Caribbean and in the Netherlands, the procedure for arresting a vessel is straightforward and quick. When petitioning for an arrest a claimant can suffice with only a brief substantiation of its claim. Normally the Curacao Court will allow the arrest for the principal increased by 30% for interest and costs. The attachment is made on board the ship by the bailiff. Ships under arrest in the Port of Curacao will not be able to sail without the cooperation of local authorities (pilot service, towage etc.), which cooperation will not be given without confirmation from the arrestor that the arrest has been lifted. A conservatory arrest is to be lifted against sufficient guarantee. In summary proceedings the arrestee may demand lifting of the arrest. In case of wrongful arrest the arrestor will be liable for damages. A conservatory arrest will establish local jurisdiction in case elsewhere a judgment executable in Curacao cannot be obtained.

## 2. Which International Convention applies to arrest of ships in your country?

Curacao is party to the 1952 Brussels Arrest Convention. The Convention is not incorporated in Curacao Law and only applies when a conservatory arrest is sought of a ship flying the flag of a country being a party to this convention.

## 3. Is there any other way to arrest a ship in your jurisdiction?

In case the 1952 Brussels Arrest Convention does not apply conservatory arrest of a vessel is allowed for all claims recoverable on the vessel including any claim against the owners.

Executory arrests are allowed with regards to judgments rendered within the Kingdom of the Netherlands.

## 4. Are there alternatives e.g. saisie conservatoire or freezing order?

No.

## 5. For which types of claims can you arrest a ship?

In case the 1952 Brussels Arrest Convention is applicable arrest of a ship is only allowed for maritime claims as defined in the Convention. If Dutch law applies a ship may be arrested for any type of claim.

## 6. Can you arrest a ship irrespective of her flag?

Except for Russian State Owned vessels; yes.

## 7. Can you arrest a ship irrespective of the debtor?

In principle, according to Curacao Law, if according to applicable law a claim is recoverable on the vessel, then an arrest is allowed. In certain cases recovery on a vessel is possible for claims against others than the owner, for instance the bare boat or time charterer, or for claims that attach to the vessel irrespective of the identity of the owner.

## 8. What is the position as regards sister ships and ships in associated ownership?

According to Curacao law in principle any asset of a debtor may be arrested in order to obtain

security for a claim, and thus, according to Curacao law, a sister ship may be arrested. If a ship is owned by more than one owner, the ship can still be arrested for a claim against one of the associated owners.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Vide answer to question 7.

10. Do your Courts require counter-security in order to arrest a ship?

The Curacao Court may require counter-security, in practice this rarely happens.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

The common law concept of "maritime lien" is unknown in Curacao law. However, if a maritime lien means that according to the applicable law a certain claim attached to a vessel irrespective of the question in whose hands (under whose control) that ship may be, arrest for such claim is possible.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Curacao is not party to any convention on maritime liens. Claims having the legal status of being attached to the ship, may qualify for an arrest.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

In straight forward matters it may take no more than one or two hours to have a ship arrested.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

To petition for conservatory arrest, claims are only to be demonstrated summarily. POA is not required. In ensuing injunction proceedings further substantiation might be required.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

In principle original or notarized documents are not required.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

The arrest establishes local jurisdiction which serves as a residual jurisdiction in case elsewhere a judgment which is executable in Curacao cannot be obtained.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Standard period is 2 weeks, but normally longer or prolonged periods can be obtained without much difficulty.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

In very limited circumstances; yes

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

After an executory title has been obtained which is immediately enforceable, by operation of law a conservatory arrest will transform into an executory arrest, also pending continuation of the proceedings in for instance appeal.

*\*Jan A.M. Burgers worked as a mate in the Netherlands merchant navy and in the North Sea off-shore industry. Served as a pilot in the Netherlands royal navy. Joined the bar in 1999. Acquired extensive experience in the fields of construction and maritime law and in local and international (arbitration) proceedings. Is part-time lecturer maritime law at the University of Curacao.*

# SHIP ARREST IN CYPRUS (Questions 1 to 9)



By George Zambartas\*  
L. G. Zambartas LLC, Law Offices  
gz.law@cytanet.com.cy  
www.zambartaslawoffices.com  
Euro House, 1st Floor, 82 Spyrou Kyprianou Street,  
Limassol 4043, Cyprus  
Tel: 00357 25373734  
Fax: 00357 25725502

## 1. Please give an overview of ship arrest practice in your country.

The Cypriot Legal system was developed on the basis of English Law from 1878 until its independence in 1960. Thereafter, even though new Cypriot Laws and regulations were enacted and Cypriot case law was applied, the Cypriot Legal System was to a large extent modelled on its English counterpart. Furthermore, although the divisions of the English courts are not binding to the Cypriot Courts, they are very persuasive. In order for a claimant to apply for a warrant to arrest the ship, he must bring an action in rem against the vessel or property in question or an action in personam (as the case may be).

The Cyprus Admiralty jurisdiction is exercised by the Supreme Court of the Republic of Cyprus which by virtue of rule 50 of the Cypriot Admiralty Jurisdiction Order gives an absolute right for arrest of the vessel or property once the Admiralty Court. However, by virtue of an amendment to the Courts of Justice Law (Law 136 of 1991), any admiralty case, irrespective of the amount of the claim, will be tried by the District Courts of Cyprus (together with the Supreme Court mentioned above referred to as the "Admiralty Court"), if the subject matter of the action relates "to loss of life or personal damage caused as a result of a defect in the vessel or its equipment..." In addition, where the claim is for less than EUR 17,086.01, the District Courts of Cyprus will also adjudicate claims:

- a) in respect of goods supplied to the vessel for its maintenance;
- b) for loss or damage to goods carried on board the vessel;
- c) in respect of construction, repair or supply of the vessel;
- d) for crew wages; and
- e) in respect of expenses incurred on behalf of the vessel by her captain or any other supplier.

It is necessary for the Admiralty Court to be satisfied that there is a serious matter of trial and that on the facts presented there is a probability that the claimant is entitled to relief. In the event that the application for the arrest of a vessel is successful, the Admiralty Court will require the following from the claimant:

- a) Lodgement of a deposit for the expenses which may be incurred by the Admiralty Marshal in connection with the custody and supervision of the vessel whilst under arrest;
- b) Lodgement of any other amount of money required by the Registrar for the expenses of the arrest; and
- c) Posting a security bond by way of a Cyprus bank guarantee. The amount of the guarantee varies. Usually a figure of the guarantee is between 10%-15% of the claimed amount.

Failure to comply with the above requirements will automatically result in the release of the vessel.

## 2. Which International Convention applies to arrest of ships in your country?

Cyprus is not a party to the 1952 Arrest Convention nor to the Brussels Liens and Mortgage Conventions. As the United Kingdom signed the said Arrest Convention in 1952 and the Administration of Justice Act Part 1 was subsequently passed in order to enable the United Kingdom to ratify the Arrest Convention. The above Administration of Justice Act is applicable in the Republic of Cyprus by virtue of its Constitution and section 29 of Law the Courts of Justice Act (14/60).

### 3. Is there any other way to arrest a ship in your jurisdiction?

No, there is no other way to arrest the vessel with regard to the purpose of security of the claim. However, in cases where the claimant cannot proceed with the arrest of a vessel, for example due to the fact that Admiralty Court does not have jurisdiction, he may seek a "freezing" Mareva injunction which is normally granted when the defendants have no further assets in the Republic of Cyprus and there is risk of alienation, dissipation of the assets. The application for a Mareva injunction is made *ex parte*.

### 4. Are there alternatives e.g. *saisie conservatoire* or freezing order?

As stated above a "freezing injunction" is an option.

### 5. For which types of claims can you arrest a ship?

The Admiralty Court has jurisdiction to hear any of the following claims or questions:

- a) any claim to the possession or ownership of a vessel or to the ownership of any share therein;
- b) any question arising between the co-owners of a vessel as to the possession, employment, or earnings of that vessel;
- c) any claim in respect of a mortgage of or charge on a vessel or any share thereof;
- d) any claim for damage done by a vessel;
- e) any claim for damage received by a vessel;
- f) any claim for loss of life or personal injury sustained in consequence of any defect in a vessel or in her apparel or equipment, or of a wrongful act, neglect, or default of the owners, charterers, or persons in possession or control of a vessel or of the master or crew thereof or of any other person for whose wrongful acts, neglects, or defaults the owners, charterers, or persons in possession or control of a vessel are responsible, being an act, neglect or default in the navigation or management of the vessel, in the loading, carriage, or discharge of goods on, in, or from the vessel or in the embarkation, carriage, or disembarkation of persons on, in or from the vessel;
- g) any claim for loss or damage to goods carried in a vessel;
- h) any claim arising out of any agreement relating to the carriage of goods in a vessel or to the use or charter of a vessel;
- i) any claim in the nature of salvage;
- j) any claim in the nature of towage in respect of a vessel;
- k) any claim in the nature of pilotage in respect of a vessel;
- l) in respect of goods or materials supplied to a vessel for her operation or maintenance;
- m) any claim in respect of the construction, repair, or equipment of a vessel or dock charges or dues;
- n) any claim by a master or member of the crew of the vessel for wages and any claim by or in respect of a master or member of the crew of a vessel for any money or property which, under any of the provisions of the Merchant Shipping Acts 1894-1954, is recoverable as wages in the court or in the manner in which wages may be recovered;
- o) any claim by a master, shipper, charterer, or agent in respect of disbursements made on the account of a vessel;
- p) any claim arising out of an act which is or is claimed to be general average act;
- r) any claim arising out of bottomry; and
- s) any claim for the forfeiture or condemnation of a vessel or of goods which are being or have been carried, or have been attempted to be carried, in a vessel, or for the restoration of a vessel or any such goods after seizure, or for *droits of admiralty*.

### 6. Can you arrest a ship irrespective of her flag?

You can arrest a ship in the Republic of Cyprus irrespective of her flag.

### 7. Can you arrest a ship irrespective of the debtor?

You can arrest a ship in the Republic of Cyprus irrespective of the debtor unless the debtor is in a position to claim sovereign immunity.

### 8. What is the position as regards sister ships and ships in associated ownership?

As mentioned in item 2 above, the Administration of Justice Act 1956 is applicable in the Republic of Cyprus. However, it should be noted that although section 3(3) of the Administration of Justice

Act 1956 enables a claimant to arrest a vessel to which a maritime lien attaches, no provisions are contained therein in respect of the arrest of a "sister vessel". However, this situation is compensated by section 3(4) of the 1956 Act which provides that the admiralty jurisdiction of the High Court may be invoked (whether the claim gives rise to a maritime lien over the vessel or not) by an action in rem against "..... (b) any other ship which, at the time when the action is brought, is beneficially owned as aforesaid". However, it should be distinguished that in such cases a person who possesses a maritime lien in respect of that "other ship" has no higher right or priority than that enjoyed, under the circumstances by a statutory lien.

#### 9. What is the position as regards Bareboat and Time-Chartered vessels?

Bareboat Owners and Time Charterers are viewed as 'disponent owners' of vessels. Therefore, in the case of any of the claims mentioned in (d) to (r) above, being a claim arising in connection with the vessel, where the person who would be liable on the claim in an action in personam was, when the cause arose, the owner or charterer of, in possession or in control of, the vessel, the Admiralty jurisdiction of the Supreme Court may be invoked by an action in rem against:

- a) the vessel, if at the time when the action is brought it is beneficially owned in respect of all the shares therein by that person; or
- b) any other ship which, at the time when the action is brought, is beneficially owned as aforesaid.



*\* Mr. George Zambartas holds a Bachelor of Arts degree in Law and Politics from the University of London's Queen Mary College and has over 20 years experience as a lawyer in England and in Cyprus.*

*He has extensive experience in shipping encompassing ship financing, maritime claims (including ship arrest), ship management and purchase/sales of ships, including new builds. He has been instructed by leading international law firms and banks to provide legal opinions on high value shipping transactions on matters of Cyprus Law. He has undertaken ship registration, re-flagging, re-naming and parallel registration in all major registries around the world.*

*He has also given presentations on numerous shipping topics at various seminars. He moved to Cyprus in 1999 to take up the position as in house Legal Advisor of a global Shipping Company with a fleet of over 100 vessels. In August 2008 he set up his own law firm L.G. Zambartas LLC.*

# SHIP ARREST IN CYPRUS (Questions 10 to 20)



By Alkisti Kannidou\*  
E. ECONOMIDES & PARTNERS LLC  
alkisti.kannidou@totaljuris.eu  
www.totaljuris.eu

Totalserve House, 17 Xenopoulou Street, 3106 Limassol  
P.O. Box 54425, 3724 Limassol  
Tel.: + 357 25866000  
Fax: + 357 25866466

10. Do your Courts require counter-security in order to arrest a ship?

The Claimant is required to post a security bond by way of a Cyprus Bank Guarantee in respect of damages that the defendant vessel might suffer if the arrest proved to be wrongful. The amount of the security to be provided is at the discretion of the court which will take into account all of the circumstances of the case in assessing this amount.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is no difference in the procedure between a maritime lien and a maritime claim. However, it should be noted that under Cyprus Law, Maritime Liens enjoy certain advantages over all other permitted actions in rem.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Under the English administration of Justice Act 1956, the following Maritime liens are recognised under Cyprus Law:

- Bottomry
- Salvage
- Wages
- Master's Wages
- Damage done by a ship

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

If you have all the information by the arresting party, then it will normally take one day to arrest a vessel.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No, a POA is required to bring the claim and present the Arrest Application to the Court

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

All Admiralty actions whether in rem or in personam are instituted with the issue of a writ of summons.

The name, place of residence, occupation of every claimant and defendant and a concise statement of the claim made or the relief or remedy sought, should be included in the structure of the writ. The issue of the writ permits the claimant a right against the vessel, which originates from the courts of action in rem and materialises upon the arrest of the vessel.

The claimant should file with the court an affidavit appertaining to the nature of the claim and stating that the aid of the Court is required. The deponent to this Affidavit could be us in our capacity as the instructed law firm but this is not advisable as the respondent to the Arrest Application has the right to cross examine the deponent as to the subject matter of the Affidavit. For this reason, it is highly preferable that a representative of the claimant with direct knowledge of the claim comes to Cyprus to swear the Affidavit.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?  
Once a vessel is arrested, Cyprus courts accept jurisdiction immediately.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

That would depend on the Judge, the Lawyers and any delay by the court.

18. Do the Courts of your country acknowledge wrongful arrest?

Cyprus courts do acknowledge the concept of wrongful arrest.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Cyprus courts will only pierce and lift the corporate veil in very exceptional circumstances (basically fraud).

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

It is possible to have a ship sold *pendente lite*; the court will order the sale of a vessel that remains under arrest and against which expenses are accumulating and which is deteriorating, if in the interest of all parties a speedy sale would appear to be desirable. Typical grounds for an application are that a vessel is costing a disproportionate amount in daily expenses or is deteriorating owing to being under arrest for a long time or that a cargo is perishable. Therefore, the continuing and mounting expenses of arrest and the fact that goods are deteriorating are among the good reasons that a court may consider in ordering the property to be sold *pendente lite*. It is very difficult to advise on the precise timescale involved as this will largely be determined on a case by case basis and any objection by the Respondent to the Application will greatly prolong the process.



*\* Alkisti Kannidou obtained a Bachelor of Arts Degree in Politics and International Relations from the University of Kent at Canterbury, UK. She then went on to earn a Bachelor of Laws Degree with Honours. She has many years of experience in shipping and she is dealing with all matters relating to ship registration, shipmanagement, P&I Insurance, and operation of ships. She has also been closely involved with the handling of claims such as cargo claims in respect of loss or damage to cargo, and FDD Legal Affairs, such as claims under the Voyage and Time Charter. She has been extensively involved in Arbitration Proceedings. Mrs. Kannidou is presently dealing with various contract and corporate matters and she is also involved in the preparation of Legal Opinions under Cyprus Law. She is a member of the Cyprus Bar Association, a member of the Society of Trust and Estate Practitioners (STEP) and a member of WISTA (Women's International Shipping & Trading Association).*



# SHIP ARREST IN DENMARK (Questions 1 to 9)



By Henrik Kleis\*  
DELACOUR LAW FIRM  
hk@delacourdanialaw.dk  
www.Delacourdanialaw.dk  
Aaboulevarden 11  
8000 Aarhus C, Denmark  
Tel: +45 7011 1122  
Fax: +457011 1133

1. Please give an overview of ship arrest practice in your country.

Arrest of vessels in Denmark can be made very fast and on an informal basis, i.e. without POA, original invoices and notarized and authenticated documents. The rules are quite flexible and the Danish court system works efficiently. The costs of an arrest in Denmark are low.

2. Which International Convention applies to arrest of ships in your country?

Denmark is party to the 1952 Arrest Convention and the provisions of this convention have been implemented in Chapter 4 of the Danish Merchant Shipping Act. The Danish law on arrest of vessels thus to a high extent reflects the provisions of the Arrest Convention.

3. Is there any other way to arrest a ship in your jurisdiction?

Yes. An arrest according to the Danish Administration of Justice Act prevents the owner from transferring title to the vessel or issuing new mortgages when the arrest is registered in a Ship Register but the vessel is not detained in a port or otherwise prevented from operating. Therefore, an arrest of a vessel according to the Administration of Justice Act is often of no interest; however, it may be applied when there is no maritime claim or when an arrest is made in cargo, freight, or bunkers etc.

4. Are there any alternatives e.g. saisie conservatoire or freezing order?

No. The only alternative is an arrest according to the Danish Administration of Justice Act which the courts only grant in rare circumstances.

5. For which types of claims can you arrest a ship?

Maritime claims are the basis for arrests according to the Merchant Shipping Act and are defined in accordance with the Arrest Convention. For a list of the individual maritime claims reference is made to Arrest Convention art. 1.

6. Can you arrest a ship irrespective of her flag?

Yes.

7. Can you arrest a ship irrespective of the debtor?

Contrary to the Arrest Convention and the laws of some other countries, arrest in Denmark requires that execution of the claim can be levied against the owner of the vessel, meaning that the registered owner of the vessel must be liable for the claim/the debtor of the claim, unless the claim is secured by a maritime lien. Consequently, claims for which a charterer of the vessel is liable, do not form basis for arrest of the vessel as the owner of the vessel is not liable and no execution of the claim against the owner is possible. However, assets owned by the charterer, e.g. bunkers, may be arrested in accordance with the Administration of Justice Act.

8. What is the position as regards sister ships and ships in associated ownership?

Sister ship arrest is possible, i.e. vessels that are owned by the same legal entity. Arrest of vessels in associated ownership is not possible as the vessel is not owned by the same legal entities.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Arrest of a vessel under a bareboat or time charter party is not possible as the registered owner is not liable for the claim/the debtor of claim. Only in case the owner is found to be the debtor of the claim an arrest is possible.



*\* Henrik Kleis is head of DELACOUR DANIA's department specialising in Transport and Trade which consists of 10 attorneys. What is distinctive about the department's size and the scope of tasks is that DELACOUR DANIA to a larger extent than other Danish law firms represents all imaginable businesses within transport and shipping.*

*Henrik primarily deals with transport and shipping and international commerce, and is engaged in conventional transport law cases. Hence, he represents a large number of shipping agents, freight forwarding companies, ship brokers and road carriers. Furthermore, Henrik Kleis represents most of the Danish ports and handles a long line of varied cases for the ports. The Danish association Danish Ports has thus appointed Henrik Kleis as their representative in ESPO - European Seaports Organisation - Legal Committee.*

*As Henrik deals with matters of the business world, he therefore holds positions in a number of boards home and abroad. Moreover, he is Honorary British Consul.*

# SHIP ARREST IN DENMARK (Questions 10 to 20)



By Peter Schaumburg-Muller\*  
HAFNIA LAW FIRM  
psm@hafnialaw.com  
www.hafnialaw.com  
Nyhavn 69,  
1051 Copenhagen K, Denmark  
Tel: +45 33 34 39 00  
Fax: +45 33 36 39 20

## 10. Do your Courts require counter-security in order to arrest a ship?

The courts have a discretionary right to demand counter security. Pursuant to the MSA such security should not exceed the equivalent of 5 days charter hire for the vessel in question. The courts invariably demand counter security equivalent to 5 days charter hire. In order to determine the relevant daily hire a shipbroker should be requested to provide an estimate. In this regard it is sufficient to provide an exchange of emails with a shipbroker.

## 11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

The formal requirements are the same but as mentioned above arrest for a maritime lien can be made irrespective of the owner of the vessel.

## 12. Does your country recognise maritime liens? Under which International Convention, if any?

Danish law recognises maritime liens. The rules regulating maritime liens are found in the MSA and are based on the 1967 Brussels Lien Convention.

In order to determine whether a claim creates maritime lien it may not be sufficient to resort to Danish law. The maritime liens may be determined according to the law of the flag of the relevant vessel. Scandinavian case law supports that the law of the flag is relevant in this regard although the issue is untested under Danish law.

## 13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

An arrest can typically be obtained within a day. Certain local courts may need further time and may not be available for an arrest during the weekend or nights.

## 14. Do you need to provide a POA, or any other documents of the claim to the Court?

No POA is required. In order to establish the claim only copies of the pertinent documentation is required.

## 15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

No original documents are required nor apostille. Documents can be faxed to the courts.

## 16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

The courts will accept jurisdiction over the merits. However, if the underlying agreement supporting the claim is subject to arbitration or litigation in a foreign forum the courts will not assume jurisdiction. In such case validation proceedings must nonetheless be commenced as a formal requirement but they will immediately be postponed pending the outcome of the arbitration or foreign litigation. Arbitration or foreign litigation must be pursued without unreasonable delay.

## 17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Validation proceedings must be commenced within one week from the date on which the arrest has been granted.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes. The arrestor is liable for wrongful arrest on a strict liability basis for any loss caused by the arrest. There is no relevant case law regarding liability but it cannot be ruled out that the right to compensation is influenced by the fact that the owner can avoid the effects of an arrest by providing a guarantee for the amount in dispute.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

The notion of piercing the corporate veil exists under Danish law but is limited to very special circumstances where there has been e.g. a mix of funds between the companies or where business has been otherwise conducted as if two companies were one.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

If the claim is not paid and no security is lodged for the claim the arrestor may ultimately sell the vessel by way of forced sales proceedings. It is a prerequisite for an auction that the arrestor has obtained an attachment against the vessel. Such attachment can only be obtained once the validation proceedings (whether litigation or arbitration) have been completed. Arrest based on a mortgage does not require validation proceedings and an attachment can be obtained immediately. Depending on the case load of the relevant local court it may take from 3 months up to 1 year until forced sales proceedings have been carried out. Certain notification requirements exist in respect of auction of foreign vessels (notification to the flag state and advertisement in the flag state).



*\* Peter Schaumburg-Müller is a partner with HAFNIA LAW FIRM. Peter was born in 1950 and obtained his law degree from the University of Copenhagen in 1976. Additionally, Peter has studied maritime law with the Scandinavian Institute of Maritime Law in Oslo and studied international law at the University of Aix en Provence.*

*Throughout his career Peter has been specialised in shipping related matters. Peter has worked with Skuld P&I Club. In 1981 Peter established the law firm of Schaumburg-Müller & Co. – the predecessor of HAFNIA LAW FIRM. Peter is a member of the board of Danish shipping companies including suppliers, ship owners and operators and he has an extensive network in the Danish shipping industry.*

*Hafnia Law Firm is a boutique law firm dedicated to shipping law. The firm acts in all types of disputes and transactions within the field of shipping and transportation.*

# SHIP ARREST IN EGYPT



By Nabil Farag\*  
NABIL FARAG LAW FIRM  
nbllaw@interlink.com.eg  
www.nbllaw.com

23, July & Abou El Feda St., Second Floor, El – Shark,  
P.O. Box: 1036. Port Said, Egypt  
Tel: +20663320263  
Fax: +2 0663 355061

## 1. Please give an overview of ship arrest practice in your country.

To proceed with an arrest order against an owing vessel in Egypt, in accordance with the Egyptian Maritime Trade Law No 8/1990, Article No 60, It's required to prepare some steps such as filling an arrest application (an arrest petition) to the competent court by their jurisdiction, This petition must explain the matter. A brief of the relation between the claimant and defendant, and the nature of debit which must be one of the debits indicated in the Article No 60, of the Egyptian Maritime Trade Law No 8/1990.

The required documents relating to these debits in order to arrest a vessel as indicated in clause no (1) must be presented and attached to a certified translation into Arabic for all documents, for example (In case the arrest application was relating to outstanding invoices for insurance installments issued by a marine insurance policy, We have to present all outstanding invoices, Insurance Policy and other documents such as mutual correspondents, faxes, e-mails and other agreements which prove this debits).

A legalized power of attorney must be granted by the client (The claimant) who is filling an arrest application. This power of attorney must be signed by the client, certified by the Apostil then legalized by the Ministry of Foreign Affairs and by the Egyptian consulate in the client's country. This power of attorney must be translated into Arabic by the Ministry of Justice in Egypt.

## 2. Which International Convention applies to arrest of ships in your country?

The 1952 Brussels' Convention of the ship arrest is applied on the ship arrest in Egypt.

## 3. Is there any other way to arrest a ship in your jurisdiction?

The first applicable law for the arrest procedures is the Egyptian Maritime and Trade Law No 8/1990, In addition to the Egyptian Commercial law and the Egyptian substantiation law, Otherwise, There are some other applicable laws can be applied on the ship arrest in Egypt such as the Egyptian administrative law which allows the governmental authorities and public establishments to arrest a ship if it has been owed to them as example for a port dues or any other governmental debits, Then the governmental authority or the public establishment has the legal right to arrest the vessel directly by their order and without getting an arrest order form the judge.

## 4. Are these alternatives e.g. saisie conservator or freezing order?

No, these alternatives do not saisie conservator or freezing the ship arrest order but both procedures are compatible with them.

## 5. For which types of claims can you arrest a ship?

The legal recognizing liens in Egypt as indicated in the Egyptian Maritime and Trade Law No 8/1990, the Article No 60, as follows:

- (a) Port and water courses duties.
- (b) Expenses outlaid for removal, pick up, or lifting the wrecks and merchandise.
- (c) Damages caused by the ship by cause of collision, pollution or other similar marine incidents.
- (d) Casualties of lives or bodily injuries caused by the ship, as a result of using and exploiting it.
- (e) Contracts and deeds for using or renting the ship.
- (f) Insurance on the ship.

- (g) Contracts for transport of goods by virtue of a rental contract or bill of lading.
- (h) Destruction of goods and luggage which transported by the ship, or their damages.
- (i) Salvage and rescue works.
- (j) Joint losses.
- (k) Tugging the ship.
- (l) Piloting works.
- (m) Supplies of materials or tools necessary for operating the ship or its maintenance, whatever the source of supplies being obtained.
- (n) Ship-building, repairing or furnishing the ship, and expenses incurred for the ship in dry-docks and dockyards.
- (o) Incurred salaries and wages for captain, ship-officers and the crew members by the shipping agencies.
- (p) Incurred money by the captains, Ship-forwarders, Ship-Charterers, or shipping agencies for the account of ship or ship-owners.
- (q) Disputes about the ownership of ship.
- (r) Disputes about the common ownership of ship, or about holding or exploiting and operating it, or the rights of ship-owners in common to the amounts resulting from using and exploiting the ship.
- (s) Marine mortgage.

#### 6. Can you arrest a ship irrespective of her flag?

The arrest procedures are applicable irrespective of the flag of the ship whatsoever, also irrespective of the claimant or debtor's residency.

#### 7. Can you arrest a ship irrespective of the debtor?

The arrest procedures are applicable irrespective of the Debtor's residency or nationality.

#### 8. What is the position as regards sister ships and ships in associated ownership?

The procedures are also applicable on the sister-ship and a ship associated with the same ship-owners. The sister ship of the owing vessel is allowed to be arrested in Egypt in accordance with the Egyptian Maritime and Trade Law No 8/1990, Article No 61, which allows the claimant to arrest the sister ship through the same procedural requirements as mentioned above. The referred Article No 61 stated that:

*"Whoever holds any of the debits specified in the previous article, can levy an arrest on the ship with which the debit is connected or any other ship owned by the debtor if such ship was in his possession at the time of instituting the debit".* However, no attachment may be levied on another ship than the one to which the debit is related if the debit is one of those prescribed in items Q, R and S of the previous article".

These referred items as indicated in the article No 60 are as follows:

- (q) Disputes about the ownership of vessel.
- (r) Disputes about the common ownership of vessel or about holding or exploiting and operating it, or the rights of ship-owners in common to the amounts resulting from operating and exploiting the ship.
- (s) Marine mortgage.

#### 9. What is the position as regards Bareboat and Time-Chartered vessels?

These arrest procedures are also applicable for the bareboat charters, Yachts, Fishing boats, Submarines and time-chartered or Voyage chartered vessels as explained.

#### 10. Do your Courts require counter-security in order to arrest a ship?

A counter security is not required under the new Egyptian Maritime and Trade Law No 8/1990.

#### 11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is no difference between the maritime claim and the maritime lien in respect to arresting a ship which is subjected to the same procedures.



12. Does your country recognize maritime liens? Under which International Convention, if any?

The maritime liens are recognized by the Egyptian Maritime and Trade Law No 8/1990, also, the 1952 Brussels' Convention of the ship arrest is applied on the ship arrest in Egypt.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

The required time to arrest a ship starting from the moment of the referred documents arrival to our law firm is 24 hours.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

A legalized power of attorney must be granted by the client (the claimant) who fills the arrest application. This power of attorney must be signed by the client and certified by the Apostil or the local authentication office then legalized by the Ministry of Foreign Affairs and by the Egyptian consulate in the client's country. This power of attorney must be translated into Arabic by the Ministry of Justice in Egypt which takes from three to five days to be finished.

15. What original documents are required, what documents can be filed electronically, what documents require notarization and/or apostille, and when are they needed?

The required documents relating these debts as indicated above in clause no (1) must be attached with the arrest application in addition to a certified translation into Arabic for all documents (Our law firm usually advises clients to send the documents by e-mail first to start the translation process urgently in order to save time for preparing the arrest application in proper time), for example (In case the arrest application relating to outstanding invoices for insurance installments issued by a marine insurance policy, We have to present all outstanding invoices, Insurance Policy and other documents such as mutual correspondents, Faxes, E-mails and other agreements which prove this debit).

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

The Egyptian courts accepts jurisdiction over the substantive claim once the vessel has been arrested. Also all claims against the arrested vessel will be accepted in respect to the jurisdiction.

17. Which period of time will be granted by the Courts for the claimants in order to take legal action on the merits?

The Egyptian Maritime and Trade law No 8/90 gives the claimant 8 days exactly to take the legal action on the merits starting from the day of arrest, or otherwise the arrest will be cancelled by law. The Egyptian courts usually take time approximately one year to issue her award in the legal action of merits.

18. Do the Courts of your country acknowledge wrongful arrest?

The claims for wrongful arrest are allowed and organized by the Egyptian Civil Law No 131/1948, article No 163, which indicated as follows:

"Every fault was caused damages to the others shall required the indemnity"

So, the wrongful arrest is protected by the Egyptian Civil Law, and if someone arrests a vessel by wrong or by false documents. The claimant will be claimed by the ship-owners, Charters or operators to pay them all damages incurred as a result of the wrongful arrest. These damages will be determined by the court which has all rights and free to assume the value of damages including fines, Incurred port dues and all other incurred expenses caused by this wrongful arrest.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

As a basic rule, the shareholders of a company with limited liability are not personally liable for the obligations of the company, but, the Egyptian maritime and trade law is organizing this point on the basis that rules of the Egyptian trade law which is depend on the type of company, so, If the ship-owner's company was established as a "Joint stock company". So, the shareholders will not be personally responsible for any obligations at all, But, if the ship-owner's company was established as a "corporate company". So, the shareholders will be personally responsible for the obligations and then the piercing and lifting of the corporate veil will be applied.



20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

When a vessel has been arrested, so that the ship-owners can't sale it at all without the court permission unless the arrest is removed, and if the ship-owners was sold the vessel while it arrested so this sale contract is considered null and void.



*\* Mr. Nabil M Farag, Maritime Lawyer, Advocate, Arbitrator and Mediator.*

*Admitted to Court of appeal and the Supreme Court, Founder partner of "Nabil Farag Law Firm", Legal consultant of Arab Federation of Chambers of Shipping of the Arab State, Port-Said Chamber of Shipping, Egypt, Member of LCIA, London, LMAA, Chartered Institute of Arbitration, London, The Egyptian bar Association, Association of European Lawyers, Spain, Arab Federation for Freight Forwarders and Logistics, Legal Consultants Association Port-Said Chamber of Shipping, Arab Institute of Navigation, Managing director of IMAC, International Maritime Arbitration Center. Branch Manager of Midleast for Arbitration Center, Lecturer of Arab Academy of sciences, technologies and maritime transport, Lloyd's Maritime Academy, International research Transport Center "INTREC", Arab Institute of navigation "AIN" Egypt, Owner of suggestion of " The Maritime courts in the Arab states" approved by the Arab Ministers of transport on to 07th, October 2010.*

# SHIP ARREST IN ENGLAND & WALES (Questions 1 to 9)



By Lewis Moore & Tony Swinnerton\*  
SWINNERTON MOORE LLP  
lewis@swinmoore.com  
www.swinmoore.com  
Cannongate House, 64 Cannon Street  
London EC4N 6AE  
Tel +44 (0) 207 236 7111

1. Please give an overview of ship arrest practice in your country.

Ship arrest in England is relatively straightforward and it involves lodging an application and supporting witness statements with the Admiralty Marshal and it does not involve any hearing.

The Court fee depends on the amount of the claim and is usually some £1,750 and the arresting party must give a personal undertaking to pay the fees of the Admiralty Marshal but these can be recovered when the ship is sold because the Admiralty Marshal's costs and expenses are a first priority of the claims against the proceeds of sale of the vessel.

2. Which International Convention applies to arrest of ships in your country?

The UK is a party to the Convention Relating to the Arrest of Seagoing Ships, Brussels, 1952, which is in broad terms applicable in the U.K.

3. Is there any other way to arrest a ship in your jurisdiction?

No.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

It might be possible to arrest by seeking an injunction but this is more difficult and more expensive than an arrest.

5. For which types of claims can you arrest a ship?

Section 20(2) of the Senior Court Act 1981 lists 19 types of maritime claim within the admiralty jurisdiction of the High Court and in respect of which a vessel may be arrested.

These include claims relating to the possession or ownership of, or mortgage on, a ship, claims for damage done by or to a ship, claims for loss of life or personal injury due to a defect in a ship, claims for loss of or damage to goods carried on a ship, other claims relating to the carriage of goods on a ship, claims relating to the use or hire of a ship, claims for salvage, towage and pilotage, claims for goods and materials supplied to a ship, claims in respect of the construction or repair of a ship, claims by the master or crew for wages, claims arising out of a general average act, and claims arising out of bottomry and collisions. Notable exceptions to this list, i.e. where arrest is not possible, include claims for insurance premiums and claims for legal costs.

English law treats both English and foreign flag vessels equally and it does not distinguish between "convention" and "non-convention" vessels either.

6. Can you arrest a ship irrespective of her flag?

Yes.

7. Can you arrest a ship irrespective of the debtor?

Yes.

8. What is the position as regards sister ships and ships in associated ownership?

It is possible to arrest sister ships but not associated ships. Sister ships are vessels that at the time when action is brought are owned by the same person who was the owner of the ship in connection with which the claim arises at the time when the cause of action arose.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Bareboat yes; Time-Chartered no.



*\* Lewis Moore has been a practising solicitor since 1976 and under his own account since 1987.*

*Lewis specialises in ship sale and purchase, ship finance and all shipping related and contentious matters. Lewis acted for the (ultimately successful) charterers in the case of the ACHILLEAS and has been involved in a number of other reported cases. Lewis takes an active role in the management of the firm and was responsible for taking the firm through its Lexcel Accreditation in 2004. He is an accredited CEDR mediator.*

*Tony Swinnerton has been a practising solicitor since 1973 and set up Swinnerton Ashley-Claydon & Co. in 1980 specialising in arbitration and litigation of shipping, insurance and trade disputes.*

*Mr. Ashley-Claydon was obliged to retire on health grounds in 1993 and Tony Swinnerton continued practicing as Swinnertons until he merged with Lewis Moore in December 2001 and now practise under the name of Swinnerton Moore LLP.*

## SHIP ARREST IN ENGLAND & WALES (Questions 10 to 20)



By Russell Kelly\*  
LA Marine, Lester Aldridge LLP  
Russell.Kelly@LA-law.co.uk  
www.la-marine.co.uk  
Alley House, Carlton Crescent  
Southampton, SO15 2EU United Kingdom  
Tel: +44 (0) 2380 827415  
Fax: +44 (0) 2380 827452

10. Is counter-security required in order to arrest a ship?

No. All that is required is an undertaking by the solicitor instructed to make the arrest to pay the Admiralty Marshal's reasonable costs in serving the arrest warrant. However, it may be necessary to pay expenses incurred as result of the ship being detained, including for example berthing charges throughout the period of arrest. These can be added to the claim and be recovered out of the proceeds of sale if the matter proceeds to that stage.

11. Is there any difference between an arrest for a maritime claim and an arrest for a maritime lien?

Maritime claims are dependant upon the ownership of the ship. The ship can only be arrested provided that the party who was the owner at the time that the cause of action arose is still the owner at the time of arrest. Maritime liens can be enforced irrespective of ownership and entitle the claimant to issue a claim and to arrest the ship despite a change of ownership. The procedure for arrest is the same however.

12. Does your county recognise maritime liens?

Yes, but only in respect of claims for salvage; crew wages; damage done by a vessel; Master's wages and disbursements; and bottomry and respondentia - which are claims in which the ship is pledged as security in return for monetary advances and usually during times of distress and are uncommon today as a result of modern mortgage agreements.

13. What period of time is required in order to arrest a ship following receipt of instructions by your law firm?

Subject to the receipt of all documentation relevant to the claim, the application to the court can take place within a matter of hours. The actual arrest will be dependent on the availability of local court marshals and bailiffs in the area that the ship is located but should be effected within 24 hours of the warrant being issued.

14. Do you need to provide a POA, or any other documents in support of the claim to the Court?

A Power of Attorney is not required in order to arrest a ship. Documents in support of the claim should be filed with the claim form, together with details of the ship's location and port of registration. Prior to the arrest, the arrestor should determine whether there is a caution against arrest in force against the ship in question.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

All original court documents (the warrant of arrest and a claim form) must be filed with the court before the arrest. The warrant of arrest must be accompanied by an admiralty claim form detailing the particulars of the claim, together with a signed declaration to confirm the ownership of the ship, the level of security sought and confirmation that the claim has not been satisfied. A signed undertaking from the solicitor must also be submitted to cover the Admiralty Marshal's expenses in serving the arrest and claim form.

At present, no documents can be filed electronically. Certification or apostille by a Notary is not required although if supporting documents need translating then the translations should be certified by a Notary.

16. Will your Courts accept jurisdiction over the substantive claim once the vessel has been arrested?

This will depend on the circumstances. If the claim arises out of a contract which contains an exclusive foreign jurisdiction clause it may be the case that the proceedings are stayed in favour of the relevant foreign court. However, for most other claims the Court will usually accept jurisdiction.

17. What period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The claim form must be issued at the same time as the arrest warrant. There is accordingly no period of delay between the arrest taking place and the action on the merits being commenced. The defendant has 14 days to acknowledge service and a further 14 days to file a defence if settlement is not concluded immediately.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes, but damages will only be recoverable if the defendant can show that the arrest was made in bad faith or with gross negligence.

19. Do the Courts of your country acknowledge piercing and lifting of the corporate veil?

The courts will be prepared to accept the piercing and lifting of the corporate veil in very limited circumstances. Usually there must be an element of improper conduct with intent to defraud. The use of the corporate structure must have been established to evade liabilities imposed by the law.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

Yes, but the court will only make an order for sale if there is good reason to do so. The fact that the costs of maintaining the arrest may exceed the value of the claim and therefore diminish or extinguish the value of the claimant's security may be deemed to be sufficient grounds for a sale *pendente lite*.



*\* Russell Kelly qualified as a solicitor in 1986 and worked for 12 years with a well known shipping law firm in London before moving to Southampton and establishing LA Marine, the shipping and marine law team at Lester Aldridge. Russell's practice encompasses both the commercial shipping and the leisure marine and yachting markets, advising in particular on vessel sale, purchase and finance and on new building and repair disputes as well as dealing with crew and passenger personal injury claims, vessel arrests and criminal prosecutions. He also conducts on board investigations following incidents on vessels, collecting evidence and advising owners and crew members in relation to investigations by the MAIB and MCA. Russell is a supporting member of the London Maritime Arbitrators Association (LMAA) and a regular speaker at various industry conferences and seminars.*

# SHIP ARREST IN ESTONIA (Questions 1 to 9)



By Martin Männik\*  
POHLA & HALLMÄGI  
phlaw@phlaw.ee  
www.phlaw.ee

Kentmanni 4, 10116 Tallinn, Estonia  
Tel: +372 6009 920  
Fax: +372 6009 921

1. Please give an overview of ship arrest practice in your country.

Ship arrest in Estonia is normally handled speedily and by a judge who specializes in maritime matters. Normally a ship will be arrested in Estonia within 1-2 working days as of submitting an application to arrest the ship, provided that the application is well grounded and the necessary fees have been paid.

In case of urgency, it may be possible to arrest the ship even on the same day when the application was submitted. Pohla & Hallmägi has successfully arrested a ship in the morning and managed to release the ship from the arrest in the evening after the outstanding payment has been made.

2. Which International Convention applies to arrest of ships in your country?

Estonia is a party to the following conventions, which regulate the arrest of ships and their possible sale:

- a. International Convention on the Arrest of Ships (1999) which specifies maritime claims;
- b. International Convention on Maritime Liens and Mortgages (1993) which specifies maritime liens;
- c. International Convention on Civil Liability for Oil Pollution Damage (1969) and amendments;
- d. Convention on Limitation of Liability for Maritime Claims (1976).

3. Is there any other way to arrest a ship in your jurisdiction?

If the ship owner is an Estonian company, the court may arrest the ship under Estonian Code of Civil Procedure.

4. Are these alternatives e.g. saisie conservatoire or freezing order?  
No

5. For which types of claims can you arrest a ship?

Maritime claims in Estonia can arise from the following:

- 1) loss of or damage to property caused by the operation of the ship;
- 2) loss of life or personal injury occurring, whether on land or on water, in direct connection with the operation of the ship;
- 3) salvage operations or any salvage agreement, including, special compensation relating to salvage operations in respect of a ship which by itself or its cargo threatened damage to the environment;
- 4) damage or threat of damage caused by the ship to the environment, coastline or related interests, also:
  - costs of measures taken to prevent, minimise, or remove such damage;
  - compensation for such damage;
  - costs of reasonable measures of reinstatement of the environment actually undertaken or to be undertaken;
  - loss incurred or likely to be incurred by third parties in connection with such damage;
  - and other damage, costs, or loss of a similar nature to those identified in this clause;
- 5) costs or expenses relating to the raising, removal, recovery, destruction or the rendering harmless of a ship which is sunk, wrecked, stranded or abandoned, including anything that is or has been on board such ship, and costs or expenses relating to the preservation of an abandoned ship and maintenance of its crew;
- 6) any agreement relating to the use or hire of the ship, whether contained in the corresponding

agreement or otherwise;

- 7) any agreement relating to the carriage of goods or passengers on board the ship, whether contained in a charter party or otherwise;
- 8) loss of or damage to or in connection with goods (including luggage) carried on board the ship;
- 9) general average;
- 10) towage, pilotage;
- 11) goods, materials, provisions, bunkers, equipment (including containers) supplied or services rendered to the ship for its operation, management, preservation or maintenance;
- 12) construction, reconstruction, repair, converting or equipping of the ship;
- 13) port, canal, dock and other waterway dues and charges;
- 14) wages and other sums due to the master, officers and other members of the ship's complement in respect of their employment on the ship, including costs of repatriation and social insurance contributions payable on their behalf;
- 15) disbursements incurred on behalf of the ship or its owners;
- 16) insurance premiums (including mutual insurance claims) in respect of the ship, payable by or on behalf of the shipowner or demise charterer;
- 17) any commissions, brokerages or agency fees payable in respect of the ship by or on behalf of the shipowner or demise charterer;
- 18) any dispute as to ownership or possession of the ship;
- 19) any dispute between co-owners of the ship as to the use of the ship;
- 20) restricted real rights established on the ship;
- 21) any dispute arising out of a contract for the sale of the ship.

The following claims in Estonia are secured by a maritime lien:

- 1) claims for wages and other sums due to the master, officers and other members of the crew in respect of their employment on the ship, including costs of repatriation and social security contributions payable on their behalf;
- 2) claims in respect of loss of life or personal injury occurring, whether on land or on water, in direct connection with the operation of the ship;
- 3) claims for reward for the salvage of the ship;
- 4) claims for port, canal, and other waterway dues and pilotage dues;
- 5) claims which arise out of direct damage caused by the operation of the ship other than damage to cargo, containers and passengers' effects carried on the ship.

6. Can you arrest a ship irrespectively of her flag?

Yes

7. Can you arrest a ship irrespectively of the debtor?

Yes


8. What is the position as regards sister ships and ships in associated ownership?

Arrest is also permissible of any other ship or ships which is or are owned by the person who is owner of the ship in respect of which the maritime claim arose, except if the claim arises from a dispute concerning the right of ownership or possession of a ship.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Arrest is also permissible of bareboat charterer, time charterer or voyage charterer of the ship in respect of which the maritime claim arose, except if the claim arises from a dispute concerning the right of ownership or possession of a ship.

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\* Martin Männik a Partner of Law Firm Pohla & Hallmägi. He has graduated the Faculty of Law of Tartu University in 2003 and Lund University (LL.M) in 2006.

Law Firm Pohla & Hallmägi has a long history of ship arrests, being one of the first law firms engaged in ship arrests in Estonia. Martin Männik is responsible for all questions relating to maritime matters. He consults Estonian credit institutions on a daily basis involving arrest and enforcement proceedings of mortgaged vessels in Estonia and elsewhere in the world.

He represents clients in litigations concerning ship arrest in Estonia and has represented both creditors, owners of arrested vessels, mortgagees and ports as interested parties in the ship arrest procedure and in civil cases concerning collision of vessels and maritime insurance. He also assists various shipbuilders on a daily basis and is responsible for vessel transactions.



# SHIP ARREST IN ESTONIA (Questions 10 to 20)



Indrek Nuut\*  
MALSCO LAW OFFICE  
indrek@malsco.ee  
www.malsco.ee

Tartu road 7, 10145 Tallinn, Estonia  
Tel: +372 6115 007  
Fax: + 372 6115 193

10. Do your Courts require counter-security in order to arrest a ship?

Yes. According to the law 5% of the claim is minimum counter-security. Usually Estonian Court appoints counter-security in the amount of 15% of the claim. In case of small claims higher counter-security may be appointed at the discretion of the judge. Estonian law provides currently 32 000 EUR as maximum amount of counter-security. Depending on the circumstances it is possible to apply that court will not appoint counter-security – claims of crew wages are the most common in this category.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Yes. In order to arrest a ship for maritime claim owner of the vessel or bareboat-charterer needs to be liable for the claim and should remain to be the owner or bareboat-charterer at the time of the arrest. In order to arrest a vessel for maritime lien you may also proceed, if the claim is against manager/operator of the vessel.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Estonia is party to 1993 Geneva Convention on Maritime Liens and Mortgages and recognises list of maritime liens set forth therein.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Provided we receive the file in early morning hours, arrest is possible by afternoon or evening of the next working day. In case we receive a file in the afternoon, arrest may not be possible during the next working day, but only on the day after.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

It is necessary to provide to the Court documents, which convince the Court that there is a valid maritime claim. POA is required, but this does not need to be notarised and apostilled.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Upon applying for arrest all documents may be submitted electronically and no originals are required. Originals as well as notarisations and apostilles may be required in later stages of proceedings.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

In case of clear agreement between the parties on jurisdiction of foreign court or arbitration, Estonian Court will not accept jurisdiction. In case of absence of agreement on foreign court jurisdiction or when parties demonstrate that they do not object to the jurisdiction of Estonian Court, it will accept jurisdiction over the substantive claim.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

One month will be granted for claimants to take legal action on the merits.

18. Do the Courts of your country acknowledge wrongful arrest?

There are no clear cases where arrest has been acknowledged wrongful, and currently it seems that courts are unwilling to recognise wrongful arrest, but no provision of law prevents Estonian Court

to declare arrest wrongful in cases of misrepresentation or abuse of arrest mechanism by the claimant.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil? Lifting of the corporate veil in the context of ship arrest is not possible.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

It is possible to apply for a court to allow sale of a ship pendente lite starting from the moment when her keeping costs under arrest (port dues, crew wages, bunkers, provision, port electricity etc.) in substantial amount remain unpaid. Being priority claims these will later be taken firstly from the proceeds of the sale and thus affect negatively all creditors. Any other circumstance having similar negative effect to condition and value of the ship and thus also to interests of the creditors will also serve as a ground for sale pendente lite. Obtaining a court decree allowing sale may take few days, but bailiff's procedure of sale on public auction, depending on circumstances, may take several months or even more. Quick sale on the initiative of the debtor against private offer, which is expected to be higher than estimated proceeds of public auction, is permitted by law, but such practice has not been introduced yet.



# SHIP ARREST IN FAROES



By Annfinn V. Hansen\*  
HANSEN & THOMASSEN LAW FIRM  
advokat@advokat.fo  
www.advokat.fo  
Undir Bryggjubakka 21, P.O. Box 106, FO-110 Torshavn  
Tel: +298 359595  
Fax: +298 359596

1. Please give an overview of ship arrest practice in your country.

Arresting a ship can be done fast and very effectively under the law of the Faroe Islands. Often the arrest can be done within few hours from launching the application to the Court. The rules are quite flexible and the Court does not demand notarized and authenticated documents. The most time-consuming element is the obtaining of the acquired counter-guarantee through the banks.

2. Which International Convention applies to arrest of ships in your country?

The Faroes Islands, as a part of the Kingdom of Denmark, is a party to the 1952 Arrest Convention and also the 1967 Brussels Lien Convention, and the provisions of these Conventions have been implemented in the Faroese Merchants Shipping Act. However, there are no specific provisions for arrest of ships, and arrest follows the ordinary provisions for arrest of properties, covered by the Law of Court Procedure.

3. Is there any other way to arrest a ship in your jurisdiction?

A vessel can be arrested without being detained in a port, where the arrest instead will be registered as an encumbrance in the Ship Registry. This is a normal procedure against vessels under the Faroese flag and prevents a sale of the vessel.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

No.

5. For which types of claims can you arrest a ship?

A ship may be arrested for any claim against the registered owner of the vessel and claims, which are secured by maritime liens.

6. Can you arrest a ship irrespectively of her flag?

Yes.

7. Can you arrest a ship irrespectively of the debtor?

No. The debtor has to be the owner of the vessel that is being arrested, unless the claim is secured by a maritime lien.

8. What is the position as regards sister ships and ships in associated ownership?

It is possible to arrest sister ships if the vessels are owned by the same legal entity.

9. What is the position as regards Bareboat and Time-chartered vessels?

It is not possible, except for maritime lien, to arrest a vessel under Bareboat or Time-chartered party, if the registered owner is not the debtor of the claim. However, there can be made an arrest in assets owned by the charterer e.g. the bunkers onboard the vessel.

10. Do your Courts require counter-security in order to arrest a ship?

Yes. Counter-security by way of a bank guarantee issued by a bank in the Kingdom of Denmark will be needed.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?  
No, except as mentioned above, that an arrest for a maritime lien can be made irrespective of the owner of the vessel.
12. Does your country recognise maritime liens? Under which International Convention, if any?  
Yes. The 1967 International Convention of Maritime Liens and Ship Mortgages.
13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?  
An arrest can typically be obtained within a day. However, sometimes the Court will not be available for an arrest during the weekends or nights.
14. Do you need to provide a POA, or any other documents of the claim to the Court?  
No POA is required - only copy of relevant documentation for the claim.
15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?  
Only the application itself should be in original. Documents can be faxed or e-mailed to the Court.
16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?  
Yes. However, if the underlying agreement supporting the claim is subjected to arbitration or litigation in a foreign forum, the Court will not assume jurisdiction.
17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?  
Legal action on the merits must be commenced within one week of the arrest date.
18. Do the Courts of your country acknowledge wrongful arrest?  
Yes. The arrestor is liable for wrongful arrest and is liable for any loss caused by the arrest. The counter-guarantee provided by the applicant claimants is supposed to cover such damages.
19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?  
No.
20. Is it possible to have a ship sold pendent lite; if so how long does it take?

If the ship-owner does not pay or put up a counter-guarantee for the claim in order to release the ship, the claimants will have to pursue the case in the merits in order to obtain a judgement. Based on this judgement the vessel can be sold on a forced auction. The forced auction procedure normally takes between 3 or 6 months.



*\*Mr. Annfinn V. Hansen is partner with Hansen I Thomassen I Vinther Law Firm. He is born in 1963 and obtained his degree as Master of Law from the University of Copenhagen in 1989. Except for a short period as a judge in the Danish Eastern High Court, he has been working as an advocate with focus on business.*

*Annfinn V. Hansen has represented a large number of shipping companies, brokers and assurance companies as well as banks. Annfinn V. Hansen has for many years been the chairman of the Faroese Merchant Vessels Association and holds positions in a number of boards. Furthermore he is Honorary Consul for Germany.*

# SHIP ARREST IN FINLAND



By Ulla von Weissenberg\*  
ATTORNEYS AT LAW BORENIUS LTD  
ulla.weissenberg@borenius.com  
www.borenius.com  
Yrjönkatu 13 A, FI-00120 Helsinki, Finland  
Tel: +358 9 6153 3460  
Fax: +358 9 6153 3499

## 1. Please give an overview of ship arrest practice in your country.

The arrest of foreign vessels is possible in Finland if the underlying claim is a maritime claim as defined in the Arrest Convention of 1952, incorporated in the Finnish Maritime Code of 1994 (Chapter 4). However, Chapter 4 of the Maritime Code is not applicable if the applicant is domiciled in Finland and the vessel in question is registered in the Finnish Register of Ships or if the claim is of a public nature.

The existence of a maritime claim in itself is not a sufficient ground for an arrest. It is only possible to arrest a vessel in Finland if the material claim as such can be enforced against the vessel in Finland. Therefore, the vessel must be owned by the defendant or the claim should be secured by a maritime lien on the vessel. When arresting a vessel in Finland the applicant must provide security to cover the costs of an unjustified arrest.

An arrest is constituted in two independent and separate phases. Firstly, the applicant must obtain a court order for the arrest and thereafter apply for the actual enforcement of the order from the executive authorities. To maintain an enforced arrest in force, the applicant must commence legal proceedings against the defendant to obtain an enforceable judgment within 1 month from the date when the arrest was granted.

## 2. Which International Convention applies to arrest of ships in your country?

Finland has on 21 December 1995 ratified the International Convention for the Unification of Certain Rules Relating to the Arrest of Seagoing Ships of 1952 ("the Arrest Convention").

Finland has also on 31 August 2000 signed the International Convention on the Arrest of Ships of 1999 but the Convention has not yet been ratified.

## 3. Is there any other way to arrest a ship in your jurisdiction?

If the provisions of the Maritime Code concerning arrest do not apply for reasons explained in question 1, the general rules on precautionary measures incorporated in the Finnish Judicial Procedural Code, Chapter 7 apply.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

When enforcing an arrest order the vessel is in principle taken in to the custody of a Bailiff but due to the nature of the arrested property, this is not possible in practice. Instead, the Bailiff takes possession of all the vessel's necessary documents e.g. nationality certificate in order to prevent the vessel from leaving port. The vessel can also be chained to the pier or prevented from refuelling. The Bailiff can also give notice of arrest and request executive assistance from e.g. the Coast Guard, the pilots, the Customs or the port authority to ensure the vessel remains under arrest.

## 5. For which types of claims can you arrest a ship?

Generally, it is possible to arrest seagoing ships only to secure the enforcement of maritime claims as defined in the Arrest Convention. However, in certain cases the provisions set forth in the Convention do not apply. See question 1.

Under Chapter 7 of the Judicial Procedural Code, the granting of an arrest order is subject to:

- (i) prima facie evidence of the applicant's claim which the defendant can be ordered to pay by a judgement or an arbitral award enforceable in Finland; and
- (ii) the existence of a threat that the defendant will hide, destroy or dispose of his property or otherwise endangers the applicant's claim

6. Can you arrest a ship irrespective of her flag?

Finland has extended the scope of the application of the Arrest Convention to all vessels registered in the Finnish Register of Ships or in corresponding foreign ship register, regardless of the nationality or the trading areas of the vessel.

7. Can you arrest a ship irrespective of the debtor?

When ratifying the Arrest Convention Finland limited the possibility to arrest vessels owned by someone who is not liable for the claim of the applicant. Only when a claim is secured by a maritime lien on a vessel such vessel can be arrested irrespective of who the debtor is.

8. What is the position as regards sister ships and ships in associated ownership?

A fundamental principle under Finnish law is that in order to secure a claim it is only possible to arrest property owned by the defendant. Therefore a sister ship can be arrested if both vessels were owned by the same defendant at the time when the maritime claim arose. The same does not apply to ships in associated ownership.

However, arrest of a sister ship is not possible if the underlying maritime claim is based on a dispute of ownership of a vessel or a dispute of ownership, possession or operation of or earnings from the vessels between co-owners of a vessel.

9. What is the position as regards Bareboat and Time-Chartered vessels?

It will not be possible to arrest bare-boat or time-chartered vessels if the charterer is solely liable for the claim.

10. Do your Courts require counter-security in order to arrest a ship?

Yes, the applicant must provide security for any damage or loss which may be caused to the defendant if the arrest of the vessel proves to be unjustified.

The law contains no guidelines for how to determine the amount of security. The Bailiff enforcing the arrest order will at his own discretion decide what security will be considered sufficient to cover the liability of the applicant and in practice both limited and unlimited securities have been required. Generally only security given by a Finnish bank is accepted.

The Maritime Court may release the applicant from the obligation to provide security if the applicant cannot provide security and the applicant's claim is considered justified and well-founded. However, it is highly unusual that such release is granted.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There are some differences in this respect. The main principle is that a ship can only be arrested if the claim is a maritime claim and the vessel owned by the debtor. If a claim is secured by a maritime lien on a vessel such vessel can be arrested regardless of the debtor and it is not necessary to show any threat that the defendant will hide, destroy or dispose of his property.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Finland recognises maritime liens. The claims secured by a maritime lien are listed in the Maritime Code, Chapter 3 which corresponds to the list in the International Convention for the Unification of Certain Rules relating to Maritime Liens and Mortgages of 1967. However, Finland has signed the Convention but it has not been ratified.

A maritime lien is valid even if the debtor is a non-operating vessel owner, a charterer or other person who takes use of the vessel.



13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Generally, the application for an arrest must be served on the defendant and the defendant is given an opportunity to file a defence before the arrest order is finally given. As this procedure often endangers the purpose of the arrest it is possible to obtain an interlocutory order which is immediately enforceable without any service of documents on the defendant. In cases of extreme urgency an arrest order may even be obtained on the same day it is filed and enforced provided that the required security is available.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

If the court so orders, a lawyer shall produce a POA personally signed by his/her client unless orally retained by the party in court.

There are no specific requirements regarding the particulars of the arrest application but it should at least contain details of the applicant and the defendant, particulars of the vessel to be arrested, particulars of the amount of the claim with supporting documentation, a brief account of the grounds of the claim and an explanation why the arrest is considered to be necessary by the applicant.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

A written application with supporting documents must be filed with the Maritime Court in order to obtain an arrest. If the applicant wants to invoke the benefit of a maritime lien, he must produce evidence of the existence of such lien.

Normally an extract from the ship's register or a corresponding document as evidence of the ownership of the vessel is required. Also particulars of the parties and the vessel to be arrested as well as particulars of the amount of the claim can be attached. The attached documents are not required to be original. Neither notarization nor apostille of a document are normally required.

Parties are in principle allowed to deliver documents electronically to the authorities. If the document is required to be signed, the requirements of an electronic signature as stated in the relevant act must be met. However, if the document includes information about the sender and there is no uncertainty about the originality or integrity of the document, the electronic document can be delivered unsigned to the authorities.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

A court competent to try an action in civil litigation is the Maritime Court within whose jurisdiction the defendant is domiciled, has his principal place of business or where the vessel to be arrested is present.

If security has been lodged with an authority for release from arrest, an action can be brought before the Maritime Court where the security was lodged. The same applies even if the security has lapsed.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The applicant must commence legal proceedings against the defendant within one month from the day when the final arrest order is granted.

18. Do the Courts of your country acknowledge wrongful arrest?

The applicant's liability for an unjustified arrest is strict. Therefore, the applicant is liable for any loss the defendant may suffer as a result of an unjustified arrest even if the applicant has not been negligent or acted in bad faith when enforcing the arrest.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Piercing the corporate veil is not common. Therefore it is not normally possible to arrest the



property of owners associated with the debtor. The only exceptions are partnerships, since the general partners are personally liable for the debts of the company.

However, property formally owned by a third party can be attached to secure a claim on condition that the ownership is based on formal arrangements which do not correspond to the actual nature of the transaction and aim at avoiding enforcement. A further condition is that the applicant's claim cannot be otherwise recovered from the debtor within a reasonable time.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

The main principle under Finnish law is that it is not possible to sell the ship *pendente lite*.

According to the Finnish Judicial Enforcement Act, if property which is subject to rapid deterioration or which is expensive to retain in custody has been arrested but the court has not yet given a judgment, the Bailiff is entitled to sell such property at the request of the claimant. In theory these principles may apply also to vessels under arrest.



*\* Ulla von Weissenberg advises on all aspects of international maritime and transport law and related insurance issues. She is also experienced in issues relating to shipbuilding and ship purchase. Ms von Weissenberg litigates frequently before courts and arbitral tribunals.*

*Ms von Weissenberg heads the Shipping, Transport and Insurance practise of Attorneys at law Borenus Ltd.*

*Prior to joining Attorneys at law Borenus, Ms von Weissenberg was a partner at Aminoff & Weissenberg, Attorneys Ltd. She has worked in the shipping industry with legal matters since 1994.*

# SHIP ARREST IN FRANCE



By Henri R. NAJJAR, partner\*  
DELVISO AVOCATS  
henri.najjar@avocatline.fr  
www.delviso-avocats.fr

3, av. du Président Wilson 75016 PARIS  
Tél.: +33 (0)1 84 16 46 40 - Fax: +33 (0)1 84 16 46 44  
3, quai de la Joliette 13002 MARSEILLE  
Tél.: +33 (0)4 91 90 36 10 - Fax: +33 (0)4 91 90 36 11

## 1. Please give an overview of ship arrest practice in your country.

During the years following the adoption of the 1952 Brussels Convention, France was held to be a ship arrest haven. Indeed, as a response to the abusive expansion of single ship companies, French judges resorted to an extensive interpretation of article 3.2 of the Brussels Convention, granting orders of arrest against any ship apparently owned by “the same beneficial or associated owner”, such concept including a company which shares are owned by an entity holding also shares in the capital of the debtor. This movement, which led to various conflicting judgments, subsided in the mid nineties. The French courts back-pedaled to a more conservative view, whereby the piercing of the corporate veil must reveal the fictitious character of the company owning the ship (see parag. 19 below).? France remains however an interesting forum for arrest insofar as the domestic legislation allows, under certain conditions, the arrest of a ship for any claim against the owner, were it not maritime, and as the procedure is relatively not costly and can be implemented rapidly.

## 2. Which International Convention applies to arrest of ships in your country?

France ratified the Brussels Convention on the Arrest of Sea-Going Ships of 10 May 1952 and incorporated it through the Decree no.58-14 of 4 January 1958.

## 3. Is there any other way to arrest a ship in your jurisdiction?

Yes. Under the domestic regime framed by the Code of Transports (art. L.5114-20 to L.5114-29), the Decree no.67-967 of 27 October 1967 concerning the status of vessels, as amended (art. 30 to 58) and the Code of Civil Procedures of Execution (art. L.111-1 et seq. and art. R.112-1 et seq.).

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

As a matter of principle, a freezing injunction may be issued under the provisions of the Code of Civil Procedure, in case of urgency whenever the claim is not seriously disputable, otherwise when it aims at preventing an imminent damage or at stopping a disturbance obviously unlawful. In practice, it is rarely ordered against a ship.

## 5. For which types of claims can you arrest a ship?

Under the Brussels Convention, ships may be arrested for any of the “maritime claims” identified in article 1 of the Convention.

Under the domestic legislation, ships can be arrested for any prima facie claim that the petitioner may have against the owner of the ship.

## 6. Can you arrest a ship irrespectively of her flag?

Yes. All ships calling at a French port may be arrested – save warships and state-owned ships employed in a public non-commercial service or ships proven to be necessary for the personal exercise of a professional activity (eg. fishing boats).

## 7. Can you arrest a ship irrespectively of the debtor?

Subject to the maritime claims identified in the Brussels Convention, in the event secured by a maritime lien, and to the circumstances described below, French judges have regularly dismissed any petition for the arrest of a ship not owned by the debtor.

8. What is the position as regards sister ships and ships in associated ownership?

Under French law, any ship belonging to the debtor may be arrested even where the claim is not related directly to the ship. The Brussels Convention permits such arrest provided the claim is not in connection with the title to or ownership of a particular ship or with disputes between co-owners or the mortgage or hypothecation of this ship.

A ship owned by an associated company of the debtor may be arrested only if the company is proven to be fictitious (see parag.19 below), otherwise whenever the associated company is deemed to be jointly responsible for the claim.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Under the Brussels Convention, the holder of a maritime claim against the bareboat or time charterer of a ship is entitled to arrest the said ship or any other ship in the ownership of the charterer. The French domestic regime allows such arrest only if the claimant has a maritime lien on the ship or has reasonable grounds to believe that the underlying obligation was concluded on behalf of the actual owner of the ship.

10. Do your Courts require counter-security in order to arrest a ship?

It is not common practice that French courts require counter-security as a prerequisite for the arrest of a ship. However, judges have the free discretion to decide otherwise.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is no difference in the procedure of arrest. However, a maritime lien would allow the arrest of the ship irrespective of the identity of its owner ("into whatever hands it may pass" - art 8 of the Brussels Convention; art. L.5114-18 of the Code of Transports).

12. Does your country recognize maritime liens? Under which International Convention, if any?

Yes. France ratified the Brussels Convention on Maritime Liens and Mortgages dated 10 April 1926, incorporated into French domestic law (art. L.5114-7 et seq. of the Code of Transports), it being highlighted that an additional maritime lien is provided under article L.5114-8 of the Code of Transports ("the shipping agent's claim for disbursements paid outside the port registry of the vessel").

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

If all the necessary documents are provided in due time, the arrest can be made within the same day in case of urgency.

14. Do you need to provide a POA or any other documents of the claim to the Court?

There is no need to provide a POA. Obviously, the petition must be substantiated with any document evidencing the existence and the cogency of the claim. When the petition is grounded on the Brussels Convention, the documents must also show the maritime nature of the claim.

15. What original documents are required, what documents can be filed electronically, what documents require notarization and/or apostil, and when are they needed?

In practice, no original or notarized documents are required. The documents supporting the petition must be handed to the ruling judge.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Save when the Brussels Convention applies (art.7), French judges may not rule on the merits of the claim, on the sole ground that the ship was arrested within their area of jurisdiction (Forum Arresti). The criteria and conditions set under the international rules of conflict, as per the applicable International Conventions and EC Regulations, must be met

17. Which period of time will be granted by the Courts in order for the claimants to take legal actions on the merits?

The claimant must institute legal proceedings on the merits within one (1) month after the arrest

is performed, otherwise the arrest will automatically be held cancelled.

18. Do the Courts of your country acknowledge wrongful arrest?

French judges are reluctant to accept a claim for compensatory damages for wrongful arrest, unless the bad faith or malice of the arrestor is clearly established.

19. Do the Courts of your country acknowledge the pierce and lift of the corporate veil?

Yes. In this respect, French judges have been relying on the concept of "Fiction" instead of the theory of "Appearance", i.e. one must establish that the company owning the ship is fictitious. To this end, various elements must be gathered: eg. same beneficial or associated owner, want of employees, concurrency of assets and/or debts, unity of management, lack of participation to the profits and/or debts of the company, unequal distribution of the dividends, existence of a subordination bond between the existing entities, etc.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

Yes. The judicial sale of the arrested ship is possible when the petitioner holds an enforceable deed or judgement. In practice, the procedure of judicial sale lasts around three to six months.



*\* Henri Najjar holds a Master Degree in Business Law (Paris II, Assas) and a LLM in Maritime Law (Southampton, UK).*

*Member of the Paris Bar, Founding partner of the law firm DelViso-Avocats, with offices in Paris and Marseille, Henri advises and handles litigation of all kind in connection with the maritime practice, including casualties at sea, oil pollution and charterparty disputes. He represents P&I clubs, shipowners and various French, Spanish and US road carriers and freight forwarders, and has developed an expertise in the set-up of agencies and joint ventures worldwide.*

*Henri is author of an outline on the Events of the Sea: Collision, Salvage, Towage, General Average (Lexis-Nexis) and of various articles published in Lloyd's List, Bulletin des Transports and The Maritime Advocate.*

*He is member of the Association Française de Droit Maritime and the Instituto Iberoamericano de Derecho Marítimo, speaker at the International Maritime Committee, International Bar Association, Shiparrested and Containerisation International conferences.*

# SHIP ARREST IN GEORGIA



By Capt. Valerian Imnaishvili\*  
MARINE LEGAL ADVISER CO. Ltd  
info@marinelegal.biz  
www.marinelegal.biz

7 Parnavaz Mepe Str., 6000 Batumi, Georgia  
Tel: +995 422 221550  
Fax: +995 422 221550

## 1. Please give an overview of ship arrest practice in your country.

Georgia is not a signatory part of the International Convention for the Unification of Certain Rules relating to the Arrest of Sea-going Ships (Brussels 1952) and UN International Convention on Arrest of Ships (1999), but has implemented provisions of the Conventions into maritime legislation.

## 2. Which International Convention applies to arrest of ships in your country?

The source of law during a ships arrest procedure implementation is the following:

### 1. International legal instruments the 1982 UN Convention on Law of the Sea.

### 2. Domestic legal instruments:

- Maritime Code of Georgia (15.05.1997r. N 715 - IIC).
- The Law of Georgia «On maritime areas» (N°1756 of 24.12.1998).
- The Law of Georgia «On international private law» (29.04.1998r. 1362- IIC)
- The Law of Georgia «On State Boundary» 17.07.1998 N°1536-PC
- Georgia Code of Civil Procedure (14.11.1997r. N°1106- 1C)

### 3. Judicial practice of Georgian courts

State arbitration has been abolished from the justice system of Georgia, and the system was generated in the form of general courts of three instances, administering justice through civil, administrative and criminal jurisprudence. As a result, a specific judicial form of ships arrest has been gradually formed.

In accordance with Article 831 of Maritime Code of Georgia ship's arrest is implemented only for maritime claim security. Maritime claim comes from the ship's ownership and from other property relations that arise in the construction, management, maintenance, commercial use, and mortgage or as a result of activities related to the salvage of the ship.

In accordance with the general provision of Article 831 of Maritime Code of Georgia and Civil Procedure Code (CPC) the only competent authority, which is authorized to consider the issue of arrest and release of a vessel in Georgia is general court. And the procedure of arrest and release of a vessel is carried out in accordance with the CPC of Georgia. Taking into consideration the structure and provisions of the CPC we can clearly conclude that the arrest of the ship can be realized only as a form of security for the claim, which logically should be a maritime claim.

In Georgia, as well as in Romano-Germanic legal systems, there is a standard regulation when a court considers a case involving a foreign element. In particular the court shall:

- Determine a jurisdiction of the court to the claim (suit, petition) being considered
- Determine the qualification and the nature of the claim being considered.

In such cases, as a rule, general competence is substantiated by the main legal instrument of the international maritime law - the UN Convention on Law of the Sea.

Domestic regulations of competence of the courts in this part are stipulated for by the Law of Georgia «On maritime areas». In particular: in accordance with Art. 26 legal enforcement measures with the purpose of civil claim security can be applied to a foreign vessel which left internal sea waters of Georgia and crossing its territorial sea, or is in the territorial sea of Georgia.

The important regulations substantiating the competency are provided by the Law of Georgia «On international private law», which is - unlike Maritime Code or the Law on Maritime Areas – one of the most common and used laws by the courts.

According to the generalized provisions of this law in relation to the Georgian courts competence, the following can be concluded:

- General courts of Georgia have special international competency in the applications regarding legal enforcement if their implementation or claim for implementation or realization is carried out in Georgia.

- For claim security Georgian court is competent if interim and conservatory measures of relief are enforceable in the courts of Georgia or courts of Georgia have international jurisdiction. Use of CPC of Georgia as procedural and legal substantiation of consideration and implementation of ship's arrest, is imperatively provided by Article 831 of Maritime Code of Georgia. Carrying out the arrest of vessel as an interim and conservatory measure of relief Georgian law provides protection of the shipowner's interests. In accordance with the Law of Georgia «On international private law» foreign citizens and legal entities, participating in the civil process under Georgia jurisdiction, enjoy the same legal safeguard as legal entities and physical persons – residents of Georgia.

### 3. Is there any other way to arrest a ship in your jurisdiction?

In accordance with the laws as listed above three types of detention and arrest are applicable:

- a) detention by Harbour Master for 72 hrs
- b) ship's arrest via the competent court decision
- c) ship's arrest against legal decision of a foreign arbitrage or a court

Each type has its own character and procedure

- detention by Harbour Master – the limit of such detention is 72 hrs, days off and public holidays are not included in this period. It is implemented on the base of an application of any physical person or legal entity, which has got grounds for claim for commercial damage compensation or claim regarding the cargo etc. In order to implement this, a physical person or legal entity should apply to the Harbour Master providing the copies of all the documents proving the fact of damage or claim. The application should be in the Georgian language. Such detention is applied for a short period in order the Parties could solve the issue peacefully or a competent court could make a decision regarding detention of the vessel for a certain period of time. In order to make such detention the preliminary 2 days notice is required.

- ship's arrest via the competent court decision – as a rule, preliminary court arrest is carried out for the period of 10 days for claiming on the merits to the appropriate authority (arbitrage or court), which has competency for consideration of the claim on the merits.

- ship's arrest against legal decision of a foreign arbitrage or a court – Georgia is a part of New York Convention on Enforcement of Arbitral Awards and therefore foreign arbitrage decision after the procedure of recognition and implementation by the Supreme Court of Georgia, is implemented as domestic judicial act. Recognition and implementation procedure takes 10 days from the date of acceptance the appropriate petition into processing.

### 4. Are these alternatives e.g. saisie conservatoire or freezing order?

Such alternatives are possible. Saisie conservatoire can be applied to any movable and immovable property, providing the court is given documents proving the defendant's ownership of the subject regarded as a matter of security.

### 5. For which types of claims can you arrest a ship?

Base for detention and the appropriate legal actions are the main three reasons:

*First reason* is connected with Georgian law and regulations infringement.

*The second reason* is connected with providing of safety of navigation

*The third reason* – application of any physical person or legal entity having base for claiming for commercial damage compensation, claim for cargo etc.

6. Can you arrest a ship irrespectively of her flag?

There are not any privileges, rather than it is a governmental vessel, whose immunity is provided by international law.

7. Can you arrest a ship irrespectively of the debtor?

Detention can be carried out only in relation to the shipowner and in rare cases - in relation to the bareboat charter owner.

8. What is the position as regards sister ships and ships in associated ownership?

Maritime claim can be applied to any vessel, if its ownership is documentarily proved.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Detention can be carried out only in relation to the shipowner and in rare cases - in relation to the bareboat charter owner providing Bareboat ownership documentary proof.

10. Do your Courts require counter-security in order to arrest a ship?

In the case of ships arrest the adequate form of security in order to release the vessel - can be depositing the amount of claim to the court's account by the defendant. Or some other forms of coercive measures can be applied, such as a bank security, P&I security or some other, including those not provided by the legislation of Georgia. In any case the court's decision completely depends on the Party demanded the vessel's arrest.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

No difference if the *third reason* occurs- application of any physical person or legal entity having base for claiming for commercial damage compensation, claim for cargo etc.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Georgia law and courts recognize maritime liens for the debtor's property irrespective of damage claim base - breach of obligations (law or contract) or delict. The provisions of the International Convention on Maritime Liens and Mortgages Geneva, 6 May 1993 are incorporated into Art. 350 - 355 of Maritime Code of Georgia.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

In order to make such detention the preliminary 3 days notice is required.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

The following documents are necessary: original Power of Attorney to the lawyer (in Georgian and English, as a rule) Statement of claim, copies of all documents regarding this case.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Georgian courts require originals or notarized copies of all important documents (contracts, bills of lading, charter-parties, correspondence between the parties) of the plaintiff as stated in the application.

Translation of all the documents into Georgian is carried out by a certified translator. Documents translation takes time and the client should bear this time factor in mind.

Other documents can be presented as copies, certified by a seal and signature of the plaintiff. The documents (apart from the LOA) can be presented in electronic copies.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Georgian court can accept a claim on the merit for consideration if its competency is in accordance with the Law of Georgia "On international private law", irrespective where the vessel is, or of the Parties have agreed in written form for proceeding the case in Georgia, are presented by lawyers and have been familiarized with their right of objection in regards of the court's competency.



17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

In the case the court has made a decision to implement interim and conservatory measures of relief before the claim on the merits has been arisen, the court grants 10 days period for declaring to the competent court, and this period is not subject to extension in accordance with CPC. On expiration of this period interim and conservatory measures of relief are withdrawn by the court and the Party concerned cannot appeal to the court with the same claim on the same base. In the case the claim on the merits has been declared security measures remain in force until the final decision of the claim on the merits.

18. Do the Courts of your country acknowledge wrongful arrest?

In the case of wrongful arrest a court can take a decision on release of the vessel providing:

(a) The interim and conservatory measures of relief appeared to be unjustified as the plaintiff's (concerned party's) claim was dismissed and the decision has entered into force.

(b) The plaintiff has not applied to the competent court for considering the claim on the merits, that's why the court withdraws the interim and conservatory measures of relief. If the arrest has been recognized as unjustified, the defendant can declare a claim against the arrest initiator in order to compensate the sustained loss.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Georgian corporate law recognizes property accountability of a subject only based on organizational structure of the defendant if this company is registered in Georgia. As for a company not registered in Georgia this issue is decided by the court on the basis of the common provision as provided by the Law of Georgia "On international private law"

20. Is it possible to have a ship sold pendent elite; if so how long does it take?

With the purpose of court and arbitration decisions enforcement on the basis of a writ of execution issued by the competent court of Georgia, enforcement is carried out by the Executive Bureau of the Ministry of Justice of Georgia. The procedure is as follows: the debtor is given a written notice of the voluntary implementation of the court decision, after that the vessel is auctioned by posting statements on the appropriate websites. After two failed auctions the property is transferred to the creditor and the appropriate act of the Executive Bureau is issued.



\* Valerian Imnaishvili born November 1954, Higher maritime education, Master Mariner, Professor, LL.M., BSM, Member of IFSMA, SNAME, N.I., 1991-1993, Senior Marine Superintendent of AGS Co. (London), Author of Georgian maritime legislation (till 2011), 1994 - November 2010 Maritime Administration of Georgia - Head of Legal and Foreign Affairs, Flag State Implementation, Ships Registry, National Competent Person on Maritime Security, from 2011 Partner of legal company "Marine Legal Adviser Co. Ltd".

# SHIP ARREST IN GERMANY



By Thomas Wanckel, Partner\*  
SEGELKEN & SUCHOPAR SOLICITORS  
wanckel@sesu.de  
www.sesu.de  
Baumwall 7, Überseehaus  
20459 Hamburg, Germany  
Tel.: 0049/40/376805-18  
Fax: 0049/40/362071

## 1. Please give an overview of ship arrest practice in your country.

Germany has not only well-known international sea-ports at the North- and the Baltic-Sea but also a long history in maritime law. Although it is said that German law is generally rather restrictive in allowing conservatory and provisional measures, no doubt an arrest can be achieved within a day and with reasonable costs involved; in particular after the revision of the German Maritime Trade Law ("Das deutsche Seehandelsrecht"), which entered into force on April 25th, 2013. The much disputed requirement of "the good reason" for an arrest ("Arrestgrund") has been deleted. Therefore the merits of an arrest now depend on a thoroughly prepared application by the arresting party only.

The competent court is the local court ("Amtsgericht") for the port in which the ship is berthing unless there is already a dispute between the creditor and the ship's owners pending, then also that court has jurisdiction.

Mostly the courts decide the application without a hearing. If the presiding judge believes the application may be without merits, he usually will inform the creditor's lawyer before dismissing it and allow him to complete his arguments or to withdraw the application.

Counter-Security may be ordered, but there are arguments to oppose to such a request.

As to the service of an arrest order it has been clarified that such order may be served on the master onboard the vessel.

In order to have an arrest lifted the ship-owners may put up security in an amount ordered by the court ("Lösungssumme"); such security may be given by a bank-guarantee, however, as practice shows, P+I-Club letters of first-class P+I-Clubs ("International Group") are widely accepted. Simultaneously the ship-owners will file an appeal ("Widerspruch") against the arrest-order and an immediate hearing on the merits of the arrest-order will follow.

## 2. Which International Convention applies to arrest of ships in your country?

Germany is since April 1973 member of the Brussels Arrest-Convention of 1952.

## 3. Is there any other way to arrest a ship in your jurisdiction?

No.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

No.

## 5. For which types of claims can you arrest a ship?

Generally speaking an arrest may be applied for if the creditor's claim is for payment or may become a claim for payment, which is generally broader than the claims admitted under the Brussels Arrest Convention 1952, however, that does not lead to major differences because – as practice shows – those claims cover the vast majority of claims against ship-owners.

However, it should be noted that although the requirement of the "Good reason" for an Arrest ("Arrestgrund") has been deleted this deletion is limited to an arrest of the seagoing and inland-waterway vessel only, and not for the arrest of the debtor's other assets (i.e. for an arrest into bunkers): Therefore an arrest-application for "other" assets of the debtor should clearly be separated from an arrest of a vessel, as for such application the creditor still has to demonstrate that without

such an arrest the enforcement of a (later) judgement would be rendered impossible or substantially more difficult.

6. Can you arrest a ship irrespectively of her flag?

An arrest may be applied for irrespectively of the flag.

7. Can you arrest a ship irrespectively of the debtor?

As already said an arrest will only be granted if the shipowner is the debtor of the claim.

8. What is the position as regards sister ships and ships in associated ownership?

An arrest into a sister-ship is possible, provided that sister-ship is owned by the person/company against the claim is made.

9. What is the position as regards Bareboat and Time-Chartered vessels?

If a claim is not based on a maritime lien the vessel may not be arrested for claims against bareboat-charterers and/or time-charterers as it does not affect the owner of the vessel. However, if the property of the charterer is concerned – i.e. bunkers – that property may be arrested.

10. Do your Courts require counter-security in order to arrest a ship?

Although it was the clear intention of the government when reforming the German Maritime Trade Code to make arrests into ships easier and less risky it is still uncertain whether the court may ask for counter-security. Some commentators, pointing to the government's intention, favour such an abolishment, however, the law of civil procedure ("Zivilprozessordnung") remains unchanged and due to § 921 it is still in the discretion of the judge to order counter-security. It is therefore wise to argue within the application that such discretion no longer exists and that no counter-security may be requested any longer, but of course, as time is of the essence, the applicant should be ready to present security, if so ordered.

The reason that an order for counter-security may still be made is that German law is rather strict on compensation for wrongful arrests. The counter-security should safeguard the ship-owners' claim for compensation and therefore the amount of such guarantee is not related to the creditor's claim but to the damage the ship-owners may suffer due to his ship being arrested for a while. The actual amount is in the discretion of the judge, but as a general rule the ship's charter-rate for the off-hire period may be a reasonable guideline. A counter-security of the creditor will be ordered in cash or – if so requested in the application – may be given by a bank guarantee of a 1st class European bank. Therefore the creditors' bankers should be involved in due course before the application.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

No, there are no differences.

12. Does your country recognize maritime lien? Under which International Convention, if any?

The applicant may have to consider maritime liens and mortgages. Germany is neither a member to the International Convention on Maritime Liens and Mortgages 1967 nor 1993, but has transformed the 1967 Convention into the Commercial Code (Handelsgesetzbuch); however, cargo claims arising out of charter-parties or other contracts have been deleted. Liens are accepted for crew wages, port- and pilots-charges, claims for personal injury and death or damage to property, GA-contributions and salvage-remuneration and claims of the social-security-authorities. Maritime liens prevail over all other liens on the ship, also over the ships' mortgages but they all can destroy the value of the ship for any creditor not being so secured.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

That very much depends on how fast the creditor may arrange for a possible counter-security. When all documents are at hand in the morning an arrest may be done in a day. The time limits are then as follows: The arrest order may only be executed within one month from its delivery to the applicant. The execution will be done by the court's bailiff ("Gerichtsvollzieher") on a special order of the applicant, not by the court. The applicant also has to make sure that service of the

arrest-order to the ship's owners is effected or at least applied for within one week after the ship has been arrested and within the one-month-timelimit mentioned before. If one of these time-limits has not been observed the arrest will be lifted if the ship-owners so applies to the court. The execution may only be done as long as the ship has not started her voyage and is still within a German port.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

The arrest procedure is simple and starts with an application filed by a lawyer, although this is not compulsory. No POA is required but advisable to avoid delay if so requested. The application must be in the German language and supported by prima facie evidence ("Glaubhaftmachung") as to the claim. This is usually been done by a sworn affidavit of a competent manager of the creditor confirming that the facts stated in the application are true. However, no legalisation is required. As said it is also wise to argue that no counter-security may be requested any longer, but if so ordered by the court, the creditor may be apply to provide for security by a 1st class European bank. Very rarely the attached documents have to be translated into German; in the main seaports of Germany such as Hamburg and Bremen the courts are well familiar with the English language.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

No special documents are required and thus no originals are needed. In Germany very few courts accept an electronically filed motion, but only by fax. No notarisation, no Apostille.

16. Will your Courts accept jurisdiction over the substantive claim once the vessel has been arrested?

As German Courts generally accept jurisdiction clauses, only for claims under the 1952 Arrest-Convention the arrest may lead to jurisdiction.

17. Which period of time will be granted by the Courts in order for the claimants to take legal actions on the merits?

As to the legal action there is no automatism, however, on an application of shipowners the court will file an order giving the applicants reasonably time, which is in the discretion of the court, mostly about a month. If the applicants fail to comply with this order the arrest will be lifted.

18. Do the Courts of your country acknowledge wrongful arrest?

German law is rather strict on compensation for wrongful arrests. § 945 ZPO stipulates a strict liability which arises irrespective of illegality or fault on the part of the applicant for arrest but is only due to the decision of the judge that the arrest was unjustified from the very beginning. However, as all parties under German law also the shipowner has an obligation to mitigate damage and should provide for a guarantee i.e. a P+I-Club without delay.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Under German law it is rather rare that the corporate veil may be lifted; only in cases of clear misconduct of the managers or the shareholders there might be a direct claim against them.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

During pending proceedings the owners are not entitled to sell their vessel.

Note as to the revised German Maritime Trade Code ("Deutsches Seehandelsrecht")

On April 25th 2013 the revision of the German Maritime Trade Code entered into force; the main changes are:

1. The excuses for error in navigation and fire are deleted; the carrier may (re-)include this excuse by implementing a specific Standard Business (bill of lading-) term, however, he is not entitled to rely on such term if he acted with intend or recklessly with the knowledge that damage would probably occur.

2. Arrest proceedings are much easier as a special requirement of the German Civil Code, the good

reason for an arrest ("Arrestgrund") has been deleted.

3. The liability of and direct claims against the "actual carrier" have been established; cargo interests may therefore sue the actual carrier and the contracting carrier.

4. The new maritime code is mandatory and the parties may not deviate from it by standard business (bill of lading) terms but only by individual agreement, except for the limits of the liability and the excuses for error in navigation and fire.

5. The liability of the carrier for death or injuries to passengers has been formed in line with The Athens Convention of 2002.

6. Germany remains a Hague-State having the Hague-Visby-Rules implemented into the national Commercial, therefore the limits of liability for cargo claims (2 SDR/kg or 666,67 SDR/unit)



*\* Thomas Wanckel is a Partner and Head of Shipping department at Segelken & Suchopar, Hamburg and Berlin. Born in 1953, he studied in Hamburg and Providence/Rhode Island, and was admitted to the Hamburg Bar in 1984 and also to all German Appeal Courts. In his career of more than 25 years in shipping and marine insurance law, Thomas specialized in subrogated cargo underwriters work, charter party disputes, collisions and GA. He advises major German and international Cargo Underwriters. He has been Lecturer at underwriters' in-house seminars and at the International Cargo Recovery Conferences in New York 2008 and London 2010, as well as at other Conferences in Istanbul, Odessa and St. Petersburg. Moreover, Thomas is Arbitrator, Member of the German Maritime Arbitration Association, the German Maritime Law Association, the Shiparrested.com network and the German Association for Transport Law.*

# SHIP ARREST IN GHANA



Mr. Lawrence Fubara Anga  
ÆLEX\*

lfanga@aelex.com

www.aelex.com

Vanguard House 2nd Floor, No. 21 Independence Avenue

Ridge-Accra PMB CT 72, Accra

Tel.: 233 (302) 224828

Fax: 233 (302) 2248

## 1. Please give an overview of ship arrest practice in your country.

Jurisdiction in respect of admiralty matters is vested in the High Court in the first instance. Appeals in respect thereof lie to the Court of Appeal and the Supreme Court.

Order 2 of the High Court (Civil Procedure) Rules 2004 (C.I. 47) provides that all civil proceedings must be commenced by Writ of Summons and must be filed along with a Statement of Claim. Every Writ of Summons must contain concise statement of the nature of the claim or relief, remedy sought in the action.

Order 62 of C.I. 47 generally makes provision for maritime actions. At the time of issuing a Writ of Summons, the Plaintiff files an Ex parte application for an order for a warrant of the arrest of the ship. No warrant of arrest shall be issued until an affidavit by the party or his agent has been filed and the following provisions complied with:

(a) The affidavit shall state the name and description of the party at whose instance the warrant is to be issued, the nature of the claim or counter-claim and the name and nature of the property to be arrested;

(b) In an action for wages or possession, the affidavit shall state the national character of the ship proceeded against; and if against a foreign vessel, that notice of the commencement of the action has been given to the Consul of the State to which the vessel belongs, if there be one resident in Ghana, and a copy of the notice shall be annexed to the affidavit;

(c) In an action for bottomry, the bottomry bond, and if in a foreign language also a certified translation thereof, shall be produced for the inspection and perusal of the registrar, and a copy of the bond, or of the transaction thereof, certified to be correct, shall be annexed to the affidavit;

(d) In an action of distribution of salvage the affidavit shall state the amount of salvage money awarded or agreed to be accepted, and the name, address and description of the party holding the same;

(e) The lodging of an undertaking in writing by the solicitor who applies for the issuance of the warrant to pay the fees and expenses of the Marshal.

The application for an order for warrant of arrest not being on notice can be filed, heard and granted within 24 hours. After the grant of the order a bailiff of the High Court is assigned to serve the Order on the Captain of the vessel. A copy of the Order is also served on the Harbour Master, the Port Authorities and Customs Excise and Prevention Service at the port where the vessel is berthed.

A defendant who is served with an Order of arrest may apply to the High Court of Justice which granted the Order to have the order set aside or provide adequate security for the satisfaction of the Plaintiff's claim. If the defendant is able to provide adequate security to the satisfaction of the Court, the Court may vacate the order on terms and conditions as in the opinion of the Court is just and appropriate. Upon service of the order vacating the warrant of arrest, the Harbour Master and the Port Authorities will grant the Captain of the vessel unconditional leave to sail from the port of call.

## 2. Which International Convention applies to arrest of ships in your country?

Ghana has not acceded to the Arrest Conventions.

## 3. Is there any other way to arrest a ship in your jurisdiction?

There is no other way to arrest a ship, other than as stated in (1) above.



4. Are these alternatives e.g. saisie conservatoire or freezing order?

No. Arrests can only be effected pursuant to an action in rem brought against a ship or a sister ship.

5. For which types of claims can you arrest a ship?

There is no law or rule of procedure that specifically defines what maritime claims are. The position is that where the C.I. 47 does not make specific provision for the rule of procedure in a matter, resort can be had to the practice and procedure applicable in any common law jurisdiction. Without prejudice to the above, Section 446 of the Ghana Shipping Act, 2003 (Act 645) provides a definition of maritime actions in rem. It states that in any case in which an action may be brought against a ship other than actions arising from claims to the possession or ownership of a share in it, or a claim in respect of a mortgage or charge on a ship or a share, where the person who would be liable on the claim in an action in personam, when the cause of action arose, was the owner or charterer of, or in possession or in control of the ship, the admiralty jurisdiction of the High Court may, whether the claim gives rise to a maritime lien on the ship or not, be invoked by an action in rem against:

(a) that ship, if at the time when the action is brought, the ship is beneficially owned in respect of the shares by that person; or

(b) any other ship which, at the time when the action is brought, is beneficially owned as under paragraph (a);

but in determining whether a person would be liable on a claim in an action in personam, it shall be assumed that the habitual residence or a place of business of that person is within Ghana.

6. Can you arrest a ship irrespective of her flag?

Yes, a vessel can be arrested within Ghana irrespective of the flag she is sailing under.

7. Can you arrest a ship irrespective of the debtor?

No. The claim must be enforceable in personam against the owner of the ship or the demise charterer.

8. What is the position as regards sister ships and ships in associated ownership?

It is possible to arrest sister ships, but not associated ships.

9. What is the position as regards Bareboat and Time-Chartered vessels?

An action in rem can be brought against a bareboat vessel, but not against a time-chartered vessel.

10. Do your Courts require counter-security in order to arrest a ship?

Counter-security is not required for an arrest. All that is required is an undertaking by the applicant or its Solicitor to pay the Admiralty Marshal's costs in serving the arrest warrant. However, if the applicant is a foreign entity without assets in the jurisdiction, security for costs of the litigation is often ordered, upon the application of the Defendant.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

No, the procedure is the same.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Ghana recognises maritime liens under Section 66 of Act 645, but she is not a party to any Convention with respect to them.

According to Section 66 of Act 645, any of the following claims against an owner, demise charterer, manager or operator of a vessel shall be secured by a maritime lien on the vessel:

(a) claims for wages and any other sums due to the master, officers and the other members of the vessel's complement in respect of their employment on the vessel including costs of repatriation and social insurance contributions payable on their behalf;

(b) claims in respect of loss of life or personal injury occurring, whether on land or water, in direct connection with the operation of the vessel;

(c) claims for reward for salvage of the vessel;



(d) claims for ports, canal and other waterway dues and pilotage dues;  
(e) claims based on tort arising out of physical loss or damage caused by the operations of the vessels other than loss of or damage to cargo, containers and passengers' effects carried on the vessel.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

An arrest order can be obtained within 24 hours of filing the requisite processes.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

There is no requirement of a POA, however copies of all relevant documents supporting the claim will have to be provided to the Court.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Original and hard copies of all the documents are required, but they do not have to be notarized. Documents cannot be filed electronically.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes. Ghanaian courts will accept jurisdiction over the substantive claim once a ship has been arrested within Ghanaian territorial waters.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The Plaintiff (arresting party) must file a statement of claim at the time of filing the ex parte motion for a warrant of arrest. As a result, the claim documents are usually served along with the arrest warrant. There is accordingly no period of delay between the arrest taking place and the action on the merits being commenced.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes. Costs, damages, demurrage and expenses will be recoverable if the defendant can show that the arrest was made unreasonably and in bad faith.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Ghanaian courts may be prepared to pierce and lift the corporate veil under certain limited circumstances, for example in the instances of fraud.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

Order 62 rule 16 of C.I. 47 makes it possible for a ship to be sold *pendente lite*. The process of sale can take about two months, after the applicant has obtained the sale order and the appraisalment of the ship by the Admiralty Marshal.



*\* ALEX is the leading Nigerian firm with expertise and institutional depth in Transportation. Our Maritime practice has evolved with developments in the sector, gaining us invaluable experience and capabilities. We offer various shipping services from ship finance to corporate, regulatory compliance and litigation.*

*Members of our Maritime team are located in Lagos and Port Harcourt in Nigeria and Accra, Ghana with an aggregate of over 30 years experience in maritime law. We act as counsel to ship-owners, P&I clubs, charterers, operators of ships and other offshore assets, insurance companies, financial institutions, oil and gas companies, port owners and operators.*

*ÁLEX advises on ship and mortgage registration, asset financing for off shore oil and gas operations, ship registration, ship finance and lease transactions. Our expertise also extends to claims arising from charter parties, collision, cargo and demurrage, both at arbitration and in the courts of law in Nigeria and Ghana. We are regularly instructed to undertake subrogated claims on behalf of insurers, arrest and release of vessels as well as negotiating the settlement of claims.*

# SHIP ARREST IN GIBRALTAR



By Christian C. Hernandez\*  
ISOLAS  
christian.hernandez@isolas.gi  
www.gibraltarlawyers.com  
Portland House, Glacis Road  
PO Box 204 Gibraltar  
Tel: +350 20078363  
Fax: +350 20078990

## 1. Please give an overview of ship arrest practice in your country.

Arresting a ship in Gibraltar is a relatively simple and straight forward process. In the first instance a Claim Form should be prepared with either brief particulars (which is just a brief summary) or Particulars of Claim together with a request for service of the Claim Form in rem, a declaration in support of the claim and a solicitor's undertaking to pay the Admiralty Marshal's costs and expenses.

## 2. Which International Convention applies to arrest of ships in your country?

The Supreme Court of Gibraltar has jurisdiction to try admiralty matters by virtue of the Colonial Courts of Admiralty Act 1890 and the Admiralty Jurisdiction (Gibraltar) Order 1997. The same provide the Supreme Court of Gibraltar which is a Colonial Court of Admiralty, shall have the like admiralty jurisdiction as that of the high court of England as defined by section 20 of the Supreme Court Act 1981. Give effect to the convention relating to the arrest of sea going ships, Brussels 1952.

## 3. Is there any other way to arrest a ship in your jurisdiction?

No.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

It is possible to obtain a Freezing order over a defendant's assets where the Gibraltar Court has in personam jurisdiction. In such cases if the Defendant has a vessel within Gibraltar territorial waters, the freezing Order can be enforced against the vessel thus preventing her departure from the jurisdiction.

## 5. For which types of claims can you arrest a ship?

In Gibraltar ships can only be arrested pursuant to a claim which gives rise to a right of action in rem. These are:

- (a) any claim to the possession or ownership of a ship or the ownership of any share therein.
- (b) any question arising between the co-owners of a ship as to the possession, employment or earning of that ship.
- (c) any claim in respect of a mortgage of or charge on a ship or any share therein.
- (e) any claim for damage done by a ship. (maritime lien)
- (f) any claim for loss of life or personal injury in respect of a defect in a ship, neglect or default in navigation, management of the ship, loading, carriage or discharge of goods, embarkation, carriage or disembarkation of passengers,
- (g) any claim for loss or for damage to goods carried in a ship.
- (h) any claim arising out of an agreement relating to the carriage of goods in a ship or the use or hire of a ship.
- (i) any claim in the nature of salvage (including aircraft). (maritime lien)
- (j) any claim in the nature of towage in respect of a ship or an aircraft.
- (k) any claim in the nature of pilotage in respect of a ship or an aircraft.
- (l) any claim in respect of goods or materials supplied to a ship for her operation or maintenance.
- (m) any claim in respect of the construction, repair or equipment of a ship or dock charges or dues.
- (n) any claim by the master or a member of the crew of a ship for wages. (maritime lien)
- (o) any claim by a master, shipper, or charterer or agent in respect of disbursements made on account of a ship.

(p) any claim arising out of an act which is or is claimed to be a general average act.  
(q) any claim arising out of bottomry. (maritime lien)  
(r) any claim for the forfeiture or condemnation of a ship or of goods which are being or have been carried, or have been attempted to be carried in a ship, or for the restoration of a ship or any such goods after seizure or for droits of admiralty.”

6. Can you arrest a ship irrespective of her flag?

Yes.

7. Can you arrest a ship irrespective of the debtor?

Save for claims which give rise to a maritime lien where the ship can be arrested irrespective of the debtor all other actions in all other actions that give rise to an in rem a ship can only be arrested if when the cause of action arose the person who would be liable on a claim in an action in personam was other the owner or the Charterer or in possession or in control of the ship.

8. What is the position as regards sister ships and ships in associated ownership?

True sister ships can be arrested in Gibraltar. For vessels to be deemed to be sister ships they must be owned by the same entity be it a company or a physical person. With the increasing use of one ship owning companies it is increasingly rare to encounter sister ships. It is not possible to arrest associated ships in Gibraltar.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Bareboat chartered vessels can be arrested. Time-chartered vessels cannot be arrested.

10. Do your Courts require counter-security in order to arrest a ship?

No counter-security is needed in order to arrest a vessel in Gibraltar. However a deposit of between £10,000 and £20,000 must be placed with the Admiralty Marshal at the time of the arrest in order to cover the expenses of the arrest together with a solicitor's undertaking in respect of the cost of the arrest. If the arrest is successful all costs are normally recovered from the owners of the vessel or in default from the process of sale of the vessel.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

An arrest for a maritime lien can be effected irrespective of who the owner of the vessel is and in circumstances whether the vessel may have been sold after the claim arose. An arrest for a maritime claim not being in the nature of a lien can only be carried out in the circumstances set out at 7 above.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Gibraltar recognises maritime liens in respect of claim for crew wages, salvage, masters wages and disbursements, damage done by a vessel and bottomry and respondentia.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Provided full instructions with the supporting documents are received enabling us to prepare a general endorsement of the claim form together with the declaration in support, an arrest may be carried within hours of receiving instructions. The Admiralty marshal is on call 24 hours a day 365 days a year and therefore in urgent cases a ship may be arrested at almost any time.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No Powers of Attorney are needed in Gibraltar in order to arrest a vessel. As regards documentation in support of the claim, in order to enable the solicitor to prepare the claim form and declaration in support of the arrest, documentation should be provided setting out the nature of the claim, the name of the ship to be arrested and its port of registry.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

For the purposes of the arrest no original documents need be sent. Provided we receive pdf copies

of all documents we can prepare the original claim form and original declaration to be filed in Court. However original documents or certified copies of the same should follow as soon as reasonably practical.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Once the vessel has been arrested pursuant to an in rem claim, the courts will accept jurisdiction to hear the merits of that in rem claim. However it might be possible for a party to seek to stay the proceedings in Gibraltar and the hearing of the merits of the case if there is a foreign jurisdiction clause that the parties have previously agreed.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

As discussed previously a claim form setting out the details of the claim has to be filed at the time the arrest documentation is lodged. Once the claim form is lodged the Defendant will have 14 days in which to acknowledge service and a maximum of 28 days in which to file the defence.

18. Do the Courts of your country acknowledge wrongful arrest?

Although it is possible to claim wrongful arrest in Gibraltar it is extremely rare for this to happen given that the parties would have to prove that the arrested party has acted in bad faith or has been grossly negligent in carrying out the arrest.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Gibraltar law as English law recognises the principal of separate legal entities. As such, instances of piercing the corporate veil are extremely rare and, in practice, will only happen in cases where there are allegations of fraud.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

In Gibraltar ships may be sold and then pendente lite. Although in theory this can be done at any point after the arrest, given the fact that the Court will only grant such an application for very good reason and in instances where there is a real risk that the vessel will seriously diminish in value during the arrest, such applications will only be made in instances where it is clear that the Defendant does not intend to post security and the cost of arrest are significant.



*\* Christian is a Partner at ISOLAS, the oldest and one of the largest law firms in Gibraltar. He is acknowledged as a leading lawyer in Gibraltar in admiralty and shipping law. Christian is involved in the majority of shipping cases in Gibraltar and has been named as a leading individual by Chambers and Partners, the European Legal 500 and Global Counsel 3000 amongst others. His clients include the ITF, P&I Clubs, banks and shipowners.*

*What they say about Christian:*

*"He is noted for expertise in non-contentious and disputes work in the admiralty area." CHAMBERS & PARTNERS 2007*  
*"Hernandez is well known for his expertise in ship arrest and has a strong track record for his handling of shipping cases." THE LEGAL 500, 2007*

*"Isolas remains a leading player in the shipping sector under the leadership of Christian Hernandez." THE LEGAL 500, 2008*  
*"Christian Hernandez, head of the firm's admiralty and shipping team, is 'undoubtedly one of the heavyweights in the sector'" THE LEGAL 500, 2009*

# SHIP ARREST IN GREECE



By Christos Th. Vardikos\*  
VARDIKOS & VARDIKOS  
info@vardikos.com  
www.vardikos.com  
Mavromichali street 3,  
GR 106 79 Athens, Greece  
Tel: + 30 210 3611505  
Fax: + 30 210 3617848

## 1. Please give an overview of ship arrest practice in your country.

The Greek legal system provides basically for two types of seizure of the assets of a debtor, serving two different purposes, i.e. the provisional seizure, aiming to secure/safeguard a claim (saisie-conservatoire) and the executory seizure, being one of the initial stages of the procedure for the enforcement of a title, leading to the public sale of the seized assets (saisie-execution).

## 2. Which International Convention applies to arrest of ships in your country?

As regards vessels, Greece has ratified the International Convention for the Unification of Certain Rules Relating to the Arrest of Seagoing Ships (10.05.1952) which was implemented in Greece by Legislative Decree 4570/1966 (the "Convention").

One-member district courts enjoy general subject matter competence for provisional remedies. An arrest may be ordered by Court judgment only, issued following summary proceedings initiated by the filing of the Claimants' Petition. In circumstances of urgency, ex parte proceedings may be conducted should the requested measures seek to secure a substantive right and the indebtedness of the debtor is ostensible.

The sole oral hearing is based on a flexible procedural framework. This refers to both the authority of the judge for relying on facts not submitted by the parties and the free admissibility of any available means of proof. Evidence must be brought during this hearing.

The decision to issue a provisional remedy, or to reject an application, is a judicial decision and may not be attacked by any methods of review.

According to Article 692/4 of the Code of Civil Procedure, provisional remedies must not lead to the full satisfaction of the substantive right which they seek to secure or preserve. An arrest judgment may be given provided that Petitioners would be able to show to the satisfaction of the Court, a prima facie founded and valid claim against the vessels' owners and the occurrence of a situation of urgency or of imminent danger justifying the necessity for granting the requested arrest.

## 3. Is there any other way to arrest a ship in your jurisdiction?

### A. Under the Private Maritime Law Code

- I. The transfer of ownership in lieu of security (fiduciary transfer of ownership).
- II. Hypothecation of the ship.

### B. The Ship Mortgage (preferred Mortgage under Legal Decree 3899/1958

### C. The Preferred Mortgage under the Legal Decree 2687/1953.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

a. provisional seizure, aiming to secure/safeguard a claim (saisie-conservatoire), by any party alleging to have a claim against the owners of a specific vessel may apply for her arrest as Petitioner. Interim Restraining Order: It is a standard practice that the Petition also contains a request for an Interim Order for the temporary prohibition of the vessel's sailing

If the ship under arrest is flying the Greek flag the Interim Order not only prohibits the vessel's sailing but also prohibits any change to her legal status.

The Interim Restraining Order is valid until the hearing date and subject to extension, on Petitioner's request, until the issuance of the judgment on the arrest Petition

An Interim Order or an arrest Judgment become effective as from their notification, by way of service of an official copy thereof upon Respondents as well as upon the competent Port Authorities

for entry into the appropriate Books kept by them. The main effect of the enforcement is the prevention of the vessel's sailing. Furthermore and to the extent Greek law would apply, any disposal of the arrested vessel is forbidden and if effected in breach of such prohibition, will be nul and void towards the arrestor and for the amount for which the arrest was ordered; disposal is likewise nul and void towards third parties as well, if effected after the entry of the arrest Order or Judgment into the Arrest Book of the Port of the ship's Registry.

An arrest effected as aforesaid is provisionally valid i.e. until a final judgment on the merits is issued against the arrestor or a like judgment, issued in the arrestor's favor, has been enforced. b. executory seizure, being one of the initial stages of the procedure for the enforcement of a title, leading to the public sale of the seized assets (saisie-execution).

#### 5. For which types of claims can you arrest a ship?

Arrest can be sought for claims of any type and nature, be it conditional or subject to time terms, but where the Convention applies, an arrest cannot be ordered for claims other than maritime as defined in Art. 1.1 of the Convention.

#### 6. Can you arrest a ship irrespectively of her flag?

Arrest of ships is subject to the regime of the Convention where the latter is applicable i.e. to vessels flying the flag of another contracting State calling at a Greek port and for maritime claims only as the latter are defined by the Convention, otherwise, the general provisions of domestic law shall apply.- In both cases the procedure to follow is identical.

As regards Greek flag vessels their arrest can be sought and ordered even if they are not physically present within the jurisdiction of the Court with which the Petition is filed. The respective arrest judgment, being served as aforementioned, will cause the legal prohibition of any disposal of the vessel; the vessel's physical arrest may be then effected at any time within the jurisdiction of any Greek Court by virtue of the same judgment.

Furthermore and insofar as Greek law is applicable, in case the ownership of the vessel has been transferred by the original debtor, arrest of the same vessel may be sought and possibly ordered against her new owner.

#### 7. Can you arrest a ship irrespectively of the debtor?

Actions in rem against the vessel only are not provided for by Greek law. Therefore, the Petition should be filed anyway against her registered owners, even in case the main liability for the claim lies on third parties such as the vessel's operators and possibly other parties having control over the vessel.

#### 8. What is the position as regards sister ships and ships in associated ownership?

Under Greek law two ships are regarded as sister-ships if owned by the same person (or body corporate) and sister-ship arrests may be effected in Greece in limited circumstances.

#### 10. Do your Courts require counter-security in order to arrest a ship?

The Court has the power to order Petitioners to provide counter security by way of Bank guarantee; however in practice such counter security is rarely ordered, although frequently demanded by Respondents.

#### 11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Greece did not ratify the 1926 Convention. The Greek Code of Private Maritime Law however (Arts.205-209) has been influenced up to a point by that convention. Further, the administrative acts by which ships are capitals as foreign registered (those ships form the bulk of the Greek merchant fleet) stated that the maritime liens, included in Art.205 para. 1 of the Code of Private Maritime Law take priority over a preferred maritime mortgage.

The Supreme Court of Greece (Areios Pagos) in its decisions (913/1975, 229/1983 (plenary) and 1055/1983) held that Art.2 of the 1926 Convention cited by the acts above was to be dealt with as a fact. Thus, the party to the proceedings asserting such a maritime lien had also to prove the existence and the content of the maritime liens which took priority over a preferred mortgage.



13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Upon receipt of instructions we may act all over Greece (through our network of associated offices) within the same day.

Court and related costs are in the region of Euro 250-300 including Bailiff's charges for the required notifications.

The respective lawyer's charges depend much on the urgency factor, the complexity of the issues involved, the work done and the time spent in initiating and conducting the arrest proceedings.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Attorneys are presumed to have the authority to act therefore the presentation of a Power of Attorney is not needed, unless this authority is challenged by the adverse party.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Submissions along with supporting documents, translated into Greek and comments on the witnesses' depositions are filed within 3 working days from the hearing. Supporting documentation needs to be notarized and apostilled, although simple copies may be used during the interim restraining order.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Jurisdiction of a Greek Court to decide on the subject merits is not created by the arrest itself. However and unless otherwise provided for by international conventions ratified by Greece, the presence of a vessel within the jurisdiction of a Greek Court, not competent in principle to decide on the merits, would create jurisdiction of this Court to so decide (*forum rei sitae*), for as long as the vessel is still within its jurisdiction. The jurisdiction so founded may, however, be affected by certain jurisdiction clauses or arbitration agreements.

Article 905 of the Code of Civil Procedure provides for the enforcement of foreign judgments in Greece. Under Article 905, a civil judgment issued by a foreign court may be enforced in Greece if it has previously been declared executable by a decision of a proper Greek court. Article 906 of the Code of Civil Procedure provides that foreign arbitration awards may be enforced in Greece if provisions of Article 903 of the Code are met.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Unless an action on the merits of the claim has been already brought, the arresting party should bring such action in the competent Court within such time as ordered by the Court, otherwise within 30 days from the service of the arrest judgment on Respondents, failing which the arrest is lifted *ipso jure*.

18. Do the Courts of your country acknowledge wrongful arrest?

Following substantive proceedings against an arresting party, the latter may be held liable for damages resulting from an arrest or a guarantee lodged, only if Claimants would be able to prove to the satisfaction of the Court that the arresting party knew, or by gross negligence ignored, that its claim secured as above, did not exist. Furthermore such liability is conditional to a final and irrevocable judgment whereby the action of the arresting party on the merits of its claim is dismissed for it being unfounded.- In view of such requirements it is not an easy task for Claimants to succeed in his action for damages caused by a wrongful arrest.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

It has been held by the Greek courts that the corporate veil may be pierced to reveal the beneficial ownership only where there exists an *in concreto* reason for doing so. In lifting the corporate veil, the Greek courts have traditionally considered two criteria.

A. The criterion of "the effective control" (of the company)

B. The criterion of the "use of intermediary persons" in respect of shareholding or management.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

Under Greek law, the vessel remains in the custody of the ship-owner or the person who, at the



time of the arrest, may be in possession of the ship. It is possible however, upon application to the Court for the arrestor to become the custodian of the ship in which case this party would have to bear the respective costs which are quite substantial.

The disposal of the arrested ship may only be effected after an irrevocable judgment has been issued in the main action (which may run in parallel with or follow the arrest proceedings) on the merits of the case. Such disposal may only take place in a public auction conducted by a Notary.

The "Forced Auction Procedure".

This procedure is governed by specific provisions contained in the Civil Procedure Code. A Notary who is specifically appointed by virtue of a Court order executes the forced sale. The sale has the form of an open public auction whereby the interested parties may submit their bids on the basis of a schedule prepared by a Court bailiff. No judicial sale can take place within the context of a ship arrest procedure, as the latter may only serve as a means of preservation, not a means of satisfaction, of a claim.

There are cases however when, in the context of arrest proceedings, the property arrested may be subject to deterioration and at the same time the cost for preserving it, is disproportionately high having regard to the level of claim. In such instances the Court, may, after a summary hearing, order its disposal. The auction proceeds shall consequently substitute the arrested property and shall be deposited with the Loans & Deposits Fund, pending the issue of an irrevocable judgment on the merits of the claim. In shipping disputes, such a procedure may be encountered in cases where perishable cargoes have been arrested and the cost of preserving same until the issue of an irrevocable judgment is excessive. However it should be noted that such sale orders are granted in these very limited circumstances.



*\* Christos Th. Vardikos is attorney at law and member of the Athens Bar Association since 1991 (Accredited to the Supreme Court). He is Honorary Consul of the Commonwealth of Dominica in the Hellenic Republic and Special Advisor / Maritime Affairs to the Honorable Prime Minister of the Commonwealth of Dominica.*

*Education: Universite de Rouen/ Maitrise en Droit Prive ; Universite de Paris I Pantheon -Sorbonne/ DEA Droit Nord Americain et Anglais des Affaires; Official Interpreter of the French Language.*

*Christos has published extensively articles on various aspects of Greek law: Immigration & Naturalization and Low Tax transactions / Greek chapter, Kluwer; Immigration issues, Ship Arrest issues and Activities for utilizing low tax jurisdictions /Nomiki Vivliothiki- Invest in Greece Review.*

*He presented papers at about twenty international conferences on the above topics, Manages the boutique law firm Vardikos & Vardikos that inter alia specializes in Shipping, Intellectual Property, Immigration law, debts collections and corporate services in all major jurisdictions.*

# SHIP ARREST IN HONG KONG



By Chris Potts\*  
CRUMP & CO INTERNATIONAL MARITIME & COMMERCIAL LAWYERS  
crumps@biznetvigator.com  
www.crump-co.com.hk  
2009 Tower 1, Lippo Centre, Admiralty  
Hong Kong, China  
Tel: +2537 7000  
Fax: +2804 6615

## 1. Please give an overview of ship arrest practice in your country.

Hong Kong is a Special Administration Region (SAR) of the People's Republic of China (PRC). As such it has a separate and distinct legal system from that of the PRC. Hong Kong has a common law system of justice which developed during the years when it was a British colony.

A ship - or one of its sister ships - may be arrested where:

- a claimant's cause of action carries with it a right of arrest;
- an in rem writ has been issued;
- the ship is available in Hong Kong; and
- no caveat against arrest has been entered.

## 2. Which International Convention applies to arrest of ships in your country?

The Brussels Convention 1952, as enacted in English legislation.

## 3. Is there any other way to arrest a ship in your jurisdiction?

No

## 4. Are there alternatives e.g. saisie conservatoire or freezing order?

It is possible to get an injunction. This is more difficult and expensive than arresting the ship. Civil Justice Reforms were implemented in April 2009. Innovations in the regime have put interim relief, similar to saisie, into effect. The new reforms have opened up Hong Kong to claims where injunctions are available to provide support and security for foreign proceedings.

## 5. For which types of claims can you arrest a ship?

The High Court Ordinance lists types of maritime claim for which a vessel may be arrested. They include:

- possession or ownership of, or mortgage on, a ship;
- loss of life or personal injury because of a defect in a ship;
- damage done by or to a ship;
- loss or damage to goods carried by ship and other claims relating to carriage of goods by ship;
- use or hire of a ship;
- salvage, towage and pilotage;
- goods and materials supplied to a ship;
- construction or repair of a ship;
- wages owed to a ship's master or crew;
- acts of general average;
- bottomry; or
- collisions.

Arrest is impossible in some cases (e.g. in relation to claims for insurance premiums). The purpose of an arrest is to obtain security in respect of a court judgment in that action. The court should not all the arrest of ships for other purposes. The court's jurisdiction can be invoked to secure claims in arbitration where the law of the place governing the arbitration permits this.

An arrest intended to force the party affected to agree to a foreign jurisdiction is outside the purpose of an action in rem. Where a plaintiff has already commenced an action in a foreign

jurisdiction, a duplicate action in rem commenced in Hong Kong will be considered vexatious and is liable to be set aside.

6. Can you arrest a ship irrespective of her flag?

Usually, vessels under any flag may be arrested. However, if the vessel belongs to a port of a state having a consulate in Hong Kong and the arrest is for possession of the ship or in respect of outstanding crew wages, a notice of action must be sent to the consul and a copy of the notice annexed to the affidavit to lead warrant.

Hong Kong is a Special Administrative Region of the PRC and this status has given rise to questions of whether legal claims can be brought in the Hong Kong courts against entities which form a part of the PRC Government and whether foreign states are entitled to claim immunity from legal claims brought in Hong Kong courts.

In *Intraline Resources Snd Bhd v The Owners of the Ship or Vessel "Hua Tian Long"*, it was held that the Guangdong Salvage Bureau (GSB), which is an entity of the PRC, could rely on "Crown immunity" after their derrick barge, "Hua Tian Long", was arrested for an alleged failure to perform a charterparty. The doctrine of Crown Immunity developed whilst Hong Kong was a British colony and meant that the Crown was immune from the processes of its courts. In 1997, the PRC became the sovereign so organs of the PRC can claim immunity in response to claims against them.

In *FG Hemisphere v Democratic Republic of Congo* two arbitral awards were obtained against the Democratic Republic of Congo ("the DRC") because it defaulted on its obligations in relation to a contract to build a hydroelectric facility.

The DRC claimed state immunity and the Hong Kong Court of Final Appeal sought a ruling by the National People's Congress (NPC) of the PRC under provisions of the Basic Law. The NPC Standing Committee unanimously confirmed that the doctrine of absolute state immunity applies in Hong Kong, as it does in Mainland China. The principle of restrictive immunity no longer applies.

7. Can you arrest a ship irrespective of the debtor?

Yes, subject to Sovereign and Crown immunity.

8. What is the position as regards sister ships and ships in associated ownership?

A plaintiff may proceed in rem against any ships under the same beneficial ownership. The writ should be issued against all of the ships. It must subsequently be amended by striking out all names except that of the ship on which the writ has been served or against which a warrant of arrest has been issued.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Bareboat-chartered vessels can be arrested, but not time-chartered vessels.

10. Do your Courts require counter-security in order to arrest a ship?

No. In limited circumstances including where the plaintiff is foreign, the defendant can apply to the court for an order to compel the plaintiff to give security for the defendant's litigation costs, subject to the court's discretion.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Maritime claims depend on the ownership of the ship. A ship can only be arrested if the owner at the time of the cause of action is still the owner at the time of arrest. Maritime liens can be enforced regardless of ownership. An identical arrest procedure applies in both cases.

12. Does the Hong Kong SAR recognise maritime liens? Under which International Convention, if any?

Hong Kong recognizes maritime liens arising in connection with a number of specified claims such as claims for:

- damage done by a ship;
- salvage rendered to a ship;
- wages owed to a master or seaman;
- masters' disbursements; and
- bottomry.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Arrest documents can be issued within hours receiving the file. Subject to certain difficulties, documents can be issued and executed on emergency application to a duty judge out of normal hours. This can be achieved by solicitors undertaking to issue a writ and swear an affidavit in support of the warrant at the first available opportunity when the court re-opens.

14. Do you need to provide a Power of Attorney, or any other documents in respect of the claim to the Court?

No but solicitor's firms in Hong Kong require a formal written retainer before advising or acting on instructions on behalf of a client.

There are no specific requirements in the form of claim documents, apart from minimum copy documents to be exhibited to the affidavit as are required to establish a prima facie right to arrest.

According to Order 75/5/14 of the Rules of the High Court, there is no prescribed or practice form when it comes to the affidavit. The affidavit must state certain specified details, such as the nature of the claim, the parties' details and the name of the ship. An outline of the form is provided.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The claimant's solicitor will apply to issue a warrant of arrest, supported by an affidavit to lead warrant.

The caveat book must be searched for caveats against arrest. A written application must be made to the registrar for leave to search; this can be done by letter. The warrant, once issued, is filed with the bailiff, together with a request to execute the warrant and an undertaking to pay the costs of arrest. The affidavit consists of a written statement of facts and belief, with the sources and grounds thereof, and is made under oath. It constitutes the only evidential requirement for arrest. An undertaking to pay the Bailiff's expenses must also be submitted.

Documents cannot be filed electronically. Notarisation and / or apostille certification is not required but if any documents need to be translated then these must be certified by a notary.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

The court will usually accept jurisdiction. If grounds exist for a forum non conveniens application, concluding in particular where the claim arises out of a contract that has an exclusive foreign jurisdiction clause, the proceedings may be stayed in favour of the relevant foreign jurisdiction.

The court will not insist on hearing an entire action commenced by the issuance of a writ followed by an arrest. The parties can agree an alternative jurisdiction. For example, this frequently happens in cases involving collisions in international waters.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Although a writ may be issued earlier than an application for a warrant of arrest, service of the writ will take place when the vessel is in Hong Kong jurisdiction. The vessel is then arrested. The defendant has 14 days to acknowledge service and another 14 days to file a defence.

18. Do the Courts of your country acknowledge wrongful arrest?

Whether or not a caveat has been entered, the court's test for ordering an inquiry into damages for wrongful arrest is whether the action was so unwarrantedly brought as to imply malice or gross negligence on the part of the plaintiff. The defendant must establish malice or gross negligence before the plaintiff can be held liable for damages. Damages can also be recovered where an arrest has been unduly continued.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

The principle of separate corporate personality is a cornerstone of Hong Kong company law. The court will lift the corporate veil where the protection given by incorporation under the law is being abused. The grounds for lifting the corporate veil are where separate corporate personality is used to evade an existing legal obligation or practice fraud or deception.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

The court will not order the appraisal and sale of a ship while the litigation is pending except for good reason, regardless of whether the action is defended. Where the action is defended and the defendants oppose the making of such an order, the court examines more critically the question of whether there is good reason to make the order.

The question of whether an order for the appraisal and sale of a ship under arrest in an action in rem should be made while litigation is pending normally arises only where there is a default of acknowledgment of service or defence, in which case such an order is commonly made on the plaintiff's application on the grounds that the security for the plaintiff's claim would otherwise be diminished by the continuing costs of maintaining the arrest, to the disadvantage of all interested parties (including the defendant, if it has a residual interest).

Where the defendant to an action in rem against a ship appears with the intention of defending the action, it almost invariably obtains the ship's release by providing bail or other security for the claim that is satisfactory to the plaintiffs.

The Hong Kong Court will readily order sales of vessels Pendente Lite, especially in Crew and / or Mortgagee actions for which Hong Kong is a recognized centre in Asia.



*\* Christopher Andrew Potts is a partner at Crump & Co since 1981, having worked formerly at Norton Rose Botterell & Roche and Crossman Black & Keith. He acts before the jurisdictions of Hong Kong and England & Wales.*

*His practice focuses on Aviation; Shipping; Transport; Insurance; Claims and Recoveries; Carriage of Passengers and Goods; Casualty Investigation; Personal Injury; Pleasure Craft; Risk Management; Litigation; Dispute Resolution.*

*Chris has been devising strategies to resolve complex, often high profile cases on behalf of clients and has special interests in hands-on involvement in case handling and practice management.*

*He has published numerous works or articles in the Hong Kong Correspondent, Lloyd's Maritime & Commercial Law Quarterly, DMC's Shipping and Insurance Law Case Notes. Chris is a Member of the Hong Kong Law Society Insurance Law Committee.*

# SHIP ARREST IN ICELAND

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By Einar Baldvin Axelsson & Máni Atlason\*  
LOGOS legal services  
einarbaldvin@logos.is  
www.logos.is  
Efstaleiti 5, 103 Reykjavík, Iceland  
Tel: +354 5400300  
Fax: +354 5400301



## 1. Please give an overview of ship arrest practice in your country.

An arrest may generally be instituted in Iceland if the ship is situated in Iceland at the time of the arrest. The request for arrest must be submitted in writing to the relevant District Magistrate's office. It must contain the information of the facts necessary to enable the District Magistrate to consider the matter and must be supported by copies of the documents on which the claimant relies on to prove the existence of the claim.

In practice, the District Magistrate performing the arrest will usually go on board the ship and grant the order for the arrest by obtaining the certificate of the registry, certificate of seaworthiness and other ship's certificates from the master, which the magistrate will keep in his possession during the arrest procedure.

The shipowner will usually keep the possession of the ship and bear the responsibility and costs of maintenance of the vessel during the arrest procedure.

## 2. Which International Convention applies to arrest of ships in your country?

Iceland is not party to the International Convention on the Arrest of Ship (Geneva, 1999). The International Conventions which are in some part applicable in Iceland when ship arrest is at issue are:

- i. The Lugano Convention on jurisdiction and the enforcement of judgments. In civil and commercial matters (1988), as Article 54A provides jurisdiction for selected countries, inter alia Iceland, in maritime matters, including claims in respect of a mortgage or hypothecation of an arrested ship.
- ii. The Convention on future multilateral cooperation in North-East Atlantic fisheries (NEAFC) (1980). The convention provides that ships committing illegal fisheries shall be arrested.
- iii. Convention on future multilateral cooperation in the Northwest Atlantic Fisheries. The convention provides that ships committing illegal fisheries shall be arrested.

## 3. Is there any other way to arrest a ship in your jurisdiction?

Icelandic law does not contain specific rules on arrest of ships. The arrest of ships is thus regulated by Act No. 31/1990 on Seizure, Injunctions etc.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

No, in practice the arrest of a ship is the way to guarantee payment of claim against the shipowner under Icelandic law.



#### 5. For which types of claims can you arrest a ship?

Generally only property belonging to the defendant (with the exception of claims secured by maritime lien) can be arrested in order to secure a payment of claim if the claim cannot immediately be enforced by an attachment and it is probable that without the arrest, the likelihood of securing the claim will decrease or become more difficult. Therefore, a ship can be arrested in respect of a monetary claim against the owner of the ship. It is not a condition for the arrest that the claimant proves his claim. However, the request for the arrest will be dismissed by the District Magistrate (Icelandic: *síslumaður*) if the evidence provided on the claim shows that the claimant is not the lawful owner of the rights he seeks to secure by the arrest.

#### 6. Can you arrest a ship irrespective of her flag?

Icelandic rules on arrest of ships described herein apply irrespective of the ship's flag. It is permitted to request arrest from the District Magistrate of the district where the defendant's ship will be at the time of the arrest, irrespective of her flag.

#### 7. Can you arrest a ship irrespective of the debtor?

Arrest can generally only be performed in respect of ships owned by the debtor of the claim which the arrest is to guarantee the payment of. However, in case of claims secured by maritime lien, arrest can be performed irrespective of the debtor.

#### 8. What is the position as regards sister ships and ships in associated ownership?

Arrest in respect of maritime lien can only be made in the ship which the lien is made. However, arrest for other claims than those under maritime lien may be performed in respect of other assets of the defendant which fall under the jurisdiction of the respective District Magistrate.

#### 9. What is the position as regards Bareboat and Time-Chartered vessels?

A ship can under Icelandic law only be arrested in respect of a claim against the party leasing the ship (under a Bareboat or Time-Chartered arrangement) if the claim is made under a maritime lien. For other claims arrest can only be made in order to guarantee payment against the shipowner.

#### 10. Do your Courts require counter-security in order to arrest a ship?

A claimant will generally need to provide guarantee in order to have the arrest performed. It is up to the District Magistrate handling the arrest application' discretion whether a security is needed or not and the form and amount of such security.

In determining the guarantee's amount the District Magistrate shall mainly take into account to what extent the arrest affects the functions of the defendant in terms of doing him harm, whether it is likely that the arrest or request for the arrest will harm his credit status or his business interests and whether he has a chance to make remarks about the validity of the claimant's claim and the arrest. The cost that the defendant might later have to endure through court procedure due to the arrest should also be taken into account.

If security is required it should be in the form of money or in a comparable form. A bank guarantee is usually required.

The District Magistrate can, by demand of the claimant, arrest a ship without any security being submitted if one of the following conditions is fulfilled:

- The arrest is demanded pursuant to a debenture, a draft or a cheque and the defendant does not protest the claim;
- the defendant waives his right for a security in front of the District Magistrate;
- the defendant acknowledges the claim as being valid in front of the District Magistrate or court and that conditions for an arrest are prevailing;
- a judgment has been rendered regarding the claimant's claim, but the enforcement period has not yet come to an end; or
- the claimant's claim is in other terms so that the magistrate considers both it and the arrest undoubtedly valid given the conditions prevailing.

#### 11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

A claim secured by a maritime lien may be enforced by means of arrest irrespective of the shipowner's identity while maritime claims can only be enforced by means of arrest if the debtor is the shipowner.



The following claims enjoy a maritime lien in the ship under Icelandic law:

- Wages or other payments due to the Master, Crew and other persons employed on board;
- claims for damages due to loss of life or personal injury in so far as such claims have arisen in direct connection with the use of the ship;
- claims for damages due to damage properties in so far as the claim has arisen in a direct connection with the use of the vessel and provided that such claim is not based on contract;
- salvage, compensation for removal of wrecks and general average contributions; and
- ship charges. This refers mainly to claims for port, canal and waterway dues and pilotage.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Icelandic courts recognise maritime liens under the Icelandic Maritime Act No. 34/1985. In case of a claim secured by a maritime lien over a ship, she may be arrested despite being owned by a third party. Claims that are secured by a maritime lien under Article 197 of the Icelandic Maritime Act No. 34/1985 are an exception as the only types of claims that may be pursued "in rem" by way of arrest irrespective of the ship's owner's identity.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

In theory the arrest procedure is supposed to be only a matter of hours or days. However, in practice the arrest procedure can unfortunately stretch up to few days and even as long as 1-2 weeks.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Icelandic attorneys can generally submit claims on behalf of their clients on grounds of lawyer's power of attorney. There is thus no need to issue a special POA in respect of individual claims. The request for arrest procedure shall be made in writing and shall state the identity of the claimant and the defendant, the amount which the arrest is to secure payment of and the grounds which the claimant bases its claim on. As regards supporting documents for the claim the Act on Seizure, Injunctions etc. provides that the request for arrest shall be accompanied by the documents on which the claimant supports his claims. It therefore varies which documentation is necessary, e.g. in case of claim based on debenture a copy of the respective debenture would generally suffice.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

There are no rules on when the original documents are required and it is up to the District Magistrate's discretion whether to request originals or have copies suffice. Notarisation and/or apostille is generally not necessary for arrest procedure under Icelandic law.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

No, the courts will not accept jurisdiction on the substantive claim. In case the substantial claim falls under the jurisdiction of a foreign court the claimant shall have the claim confirmed by the respective foreign court.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

A confirmation of an arrest must be submitted to the Icelandic courts within one week from the arrest together with the claim itself as it is subject to Icelandic law. If the claim is subject to a foreign jurisdiction the claimant must within three weeks from the arrest pursue proceedings on the merits in that jurisdiction and within the same three weeks pursue proceedings in Icelandic courts for the confirmation for the arrest. Otherwise, the defendant can request that the arrest be set aside.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes, if the claim for which the arrest was granted is found to be non-existent or unjustified in other ways, the claimant must compensate the shipowner for all his loss suffered, including damages for loss of amenities, and for the injury done to the shipowner's professional reputation. The basis of liability in such cases is strict and not dependent upon proof of negligence or other omission on his part. It is possible for the court to decide compensation based on the facts of the case if the shipowner has suffered loss but cannot prove the quantum of his claim.

If an arrest turns out to be wrongful for reasons that occurred after the completion of the arrest, the claimant has to compensate the shipowner only if it is presumed that he did not own the claim for which the arrest was granted.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?  
Icelandic Courts do generally not acknowledge the piercing and lifting of the corporate veil.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

No, parties would generally have to await the outcome of a court case prior to selling a ship. However, court ordered sale can be performed on grounds of lien in the ship, without prior Court proceedings.



*\* LOGOS legal services has been providing legal services to the shipping and transport sector in Iceland and advising foreign clients on Icelandic maritime law since the foundation of LOGOS in 1907, including ship arrest.*

*\* Einar Baldvin Axelsson is a partner of LOGOS legal services. Einar Baldvin has a degree of Master of Laws (LL.M) in maritime law from the University of London and is a Supreme Court advocate to the Supreme Court of Iceland. Einar Baldvin is a teacher at the Reykjavik University in shipping and transport law and Chairman of the board of the Icelandic Maritime Society. Einar Baldvin is a licensed broker for vessels. Einar Baldvin has been involved in number of arrests cases in Iceland, both for shipowners and claimants.*

*\* Máni Atlason is an associate of LOGOS legal services. Máni has a degree of Master of Laws from Reykjavik University. Máni is a member of the shipping law department of LOGOS.*

# SHIP ARREST IN INDIA



By V. K. Ramabhadran\*

admlaw@vsnl.com

902 Dalamal Tower, Free Press Journal Marg

Nariman Point, Mumbai-400 021, India

Tel: +91 22 2282 6575

Fax: +91 22 2288 1698

1. Please give an overview of ship arrest practice in your country.

(i) The Admiralty jurisdiction is exercised by the Coastal States in India under the Colonial Courts of Admiralty (India) Act, 1891. There is no domestic legislation touching the subject of maritime claim in India and therefore the Supreme Court of India in the case of *m. v. Elizabeth*(1) and in the case of *m. v. Sea Success*(2) held that Arrest Convention, 1952 as well as Arrest Convention, 1999 could be looked into for the purpose of ascertaining whether a particular claim is a maritime claim for the purpose of arresting a ship.

(ii) Application seeking arrest of the ship is generally made ex-parte. If the court is prima facie satisfied ship would be ordered to be arrested and generally the quantum of security would be based on "the best arguable case of the Claimant"(3). The ship would be released provided the amount towards security is either deposited in the Registry or Bank Guarantee is furnished.

(iii) If the security is not furnished the Claimant is entitled to take steps to sell the ship. The Court would order sale of the vessel through public action after the ship is valued by a professional surveyor. Once the ship is sold, the sale proceeds are deposited in Court. If the sale proceeds are insufficient to satisfy the claim of all Claimants, the Court would decide the priorities in which the sale proceeds would be distributed. The statutory dues would have the first priority followed by wages of the crew and Master, salvage, mortgage and all other claims would thereafter rank *pari passu*.

2. Which international Convention applies to arrest of ships in your country?

International Convention relating to Arrest of Seagoing Ships, 1952, and International Convention of Arrest of Ships, 1999 would be considered by the Admiralty Courts for the purpose of granting arrest of a ship in respect of a maritime claim.

3. Is there any other way to arrest a ship in your jurisdiction?

Ship could also be arrested, by the Claimant in execution of decree passed by any High Court in India or that of any Superior Court of any reciprocating territory of a foreign country against the Owner of the ship.

4. Are these alternatives e. g. *saisie conservatoire* or freezing order?

There is no separate freezing order other than arrest of a ship in an Admiralty proceeding or in an execution proceeding to enforce a decree obtained in India or a decree obtained from a Superior Court of foreign country of reciprocating territory.

5. For which types of claims can you arrest a ship?

A ship could be arrested for the following claims:

- Loss or damage caused by the operation of the ship.
- Loss of life or personal injury occurring, whether on land or water, in direct connection with the operation of the ship.
- Any claim towards salvage.
- Damage or threat of damage caused by the ship to the environment, coastline, measures taken to prevent, minimize, or remove such damage including compensation for such damage.
- Costs or expenses relating to the raising, removal, recovery, destruction of a ship which is sunk,

(1) *m.v.Elizabeth & Ors. v/s. Harwan Investment and Trading Pvt. Ltd.* 1993 Supp (2) SC433

(2) *Liverpool & London S. P & I Association Ltd. v/s. m. v. Sea Success JT 2003* [(9) SC 218

(3) *Videsh Sanchar Nigam Ltd. v/s. m. v. Kapitan Kud* (1996) 7 SCC 127

wrecked, stranded or abandoned.

f. Any agreement relating to the use or hire of the ship, whether contained in a charter party or otherwise.

g. Any agreement relating to the carriage of goods or passengers on board the ship, whether contained in a charter party or otherwise.

h. Loss or damage to or in connection with goods (including luggage) carried on board the ship.

i. General Average

j. Towage

k. Pilotage

l. Goods or materials, provisions, bunkers, equipment (including containers) supplied or services rendered to the ship for its operation, management, preservation or maintenance.

m. Construction, reconstruction, repair, converting or equipping of the ship,

n. Port, canal, dock, harbour and other waterway dues and charges.

o. Wages and other sums due to the master, officers and other members of the ship's complement in respect of their employment on the ship, including costs of repatriation and social insurance contributions payable on their behalf.

p. Disbursements incurred on behalf of the ship or its owners.

q. Insurance premiums (including mutual insurance calls) in respect of the ship payable by or on behalf of the shipowner or demise charterer.

r. Any commissions, brokerage or agency fees payable in respect of the ship by or on behalf of the shipowner or demise charterer.

s. Any dispute as to ownership or possession of the ship

t. Any dispute between co-owners of the ship as to the employment or earnings of the ship.

u. A mortgage or a "*hypothèque*" or a charge of the same nature on the ship.

v. Any dispute arising out of a contract for the sale of the ship.

6. Can you arrest a ship irrespective of her flag?

Ship could be arrested irrespective of any flag.

7. Can you arrest a ship irrespective of the debtor?

As long as the claim arises or founded on a purely contractual and commercial dealings between the parties, even if the ship belongs to Government or a Foreign State the ship would be arrested.

8. What is the position as regards sister ships and ships in associated ownership?

A sister ship i. e. any ship of the same owner could be arrested. However, if the ownership of two ships are owned by two independent companies even if shareholders and ultimate owners are the same; the maritime claim against one ship would not entitle the Claimant to arrest the other ship which is owned by an independent company.

9. What is the position as regards Bareboat and Time-Chartered vessels?

If the ship is on bareboat charter and if the Claimant asserts maritime claim against the disponent owner, the ship could be arrested nevertheless to enforce the maritime claim. So also if the Claimant asserts maritime claim against the registered owner, ship could be arrested even if it is on time charter.

10. Do your Courts require counter-security in order to arrest a ship?

Countersecurity is not required to be furnished at the time when the Court orders the arrest of a ship. However, when an application is filed by the ship owner claiming that the arrest is wrongful and malafide and that the owner is in a position to establish *prime facie* that as a result of the order of arrest the owner has suffered monetary loss the Court may direct the Claimant to furnish countersecurity as the Court may deem fit and proper.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

The Supreme Court of India has held that the maritime lien extends only to the following five heads of claim. They are:

a. Damage done by a ship

b. Salvage

- c. Seamen's wages
- d. Master's wages and disbursements
- e. Bottomary and Respondentia

If the Claimant's claim is a maritime lien, the claim survives notwithstanding the change in ownership of a ship. If the claim is a maritime claim and not a maritime lien the ship cannot be arrested if at the time of execution of the arrest the ownership of the ship has changed.

12. Does your country recognize maritime liens? Under which International Convention, if any?

There is no domestic statute dealing with the concept of maritime lien. However, only those claims mentioned hereinabove have been recognized judicially.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Order of arrest of a ship could be obtained within 24 hours on receipt of all documents in support of the maritime claim including a Power of Attorney in favour of any person in India who is not a lawyer dealing with the subject matter and such Power of Attorney has to be executed by the client and the same has to be either notarized or attested before the Indian Consulate.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Original Power of Attorney duly executed by the clients would be required and the same has to be either notarized or attested before the Indian Consulate.

15. What original documents are required, what documents can be filed electronically, what documents require notarization and/or apostille, and when are they needed?

Original Power of Attorney duly executed by the clients which has to be either notarized or attested before the Indian Consulate. All documents either in original or in photocopies in support of the maritime claim including exchange of correspondence if any between the parties. Original documents would be required at the time of trial or if so ordered by the Court at the earlier stage itself. Court Fees is required to be paid based on the value of the claim at the time of filing of the Admiralty suit.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Once the Court orders arrest of a ship, it retains jurisdiction to adjudicate the substantive claim unless the order of arrest itself is vacated upon the Court being satisfied on an application made on behalf of the owner of the ship that the arrest is not maintainable. The Admiralty Court shall also vacate the order of arrest in case the agreement under which the dispute arose provides for reference of disputes to Arbitration in a foreign country. The Court in such a case may or may not retain the security furnished by the owners of the ship.

17. Which period of time will be granted by the Courts in order for the Claimants to take legal action on the merits?

It could take anywhere between two to four years to adjudicate the disputes on merits.

18. Do the Courts of your country acknowledge wrongful arrest?

The Courts do acknowledge the concept of wrongful arrest. However, in order to claim damages for wrongful arrest the ship owner must establish malice and willful conduct on the part of the Claimants in seeking arrest of the ship.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

The Court does acknowledge the principles of piercing and lifting of the corporate veil. In order to obtain arrest by piercing the corporate veil, one need to establish that it is a deliberate attempt on the part of the ship owner to create different entities to avoid legal liabilities. If independent legal entities have been established in the normal course of business the Court would be reluctant to pierce the corporate veil for the purpose of issuing an order or arrest.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

Ship can be sold pendente lite. The process of sale could be completed within 6 to 9 months from

the date of the order of arrest. It could take longer period if any aggrieved party challenges either the order of arrest or the order of sale before the same Court or before the superior Court.



*\* V. K. Ramabhadran has been practicing in Maritime and Commercial law in the High Court of Bombay since the year 1983. Over a period of these years he has successfully handled many noteworthy Admiralty and Commercial cases. He was exclusive Correspondent in India for a Law Magazine titled "International Trade Law Quarterly" published by Lloyds of London. His paper on "Law of Arbitration in India" was published in International Trade Law Quarterly. He was appointed as the Legal Consultant by the Global Ballast Project under the aegis of International Maritime Organization (IMO) for suggesting legal frame work to implement the Convention of Ballast Water. He has submitted a comprehensive Report to International Maritime Organization on the existing frame work of India specially with reference to pollution caused by the discharge of ballast water at sea. He has presented papers on Arbitration and Maritime matters in the seminars conducted by Shiparrested.com.*

# SHIP ARREST IN IRELAND



By Hugh Kennedy, partner\*

KENNEDYS

H.Kennedy@Kennedys-law.com

www.kennedys-law.com

Ulysses House, Foley Street, Dublin 1, Ireland

Tel: 00 353 1 878 0055

Fax: 00 353 1 878 0056

## 1. Please give an overview of ship arrest practice in your country.

Arrest procedure in Ireland is straightforward, quick and requires no security from the arresting party. Similar to most maritime jurisdictions, there are only certain types of claims where a Claimant can bring an action in rem, giving a right to arrest a vessel. However, the lack of any consolidating legislation has resulted in Admiralty jurisdiction which is rather disjointed. Therefore, it is important in Ireland to consider the jurisdictional basis of each claim to ensure there is a right of arrest and to avoid any potential liability for wrongful arrest.

## 2. Which International Convention applies to arrest of ships in your country?

The 1952 Convention applies in Ireland.

## 3. Is there any other way to arrest a ship in your jurisdiction?

A ship can only be arrested by an application to Court. The two principal jurisdictional sources which provide a right to arrest a vessel in Ireland are:-

- (a) The Court of Admiralty (Ireland) Act 1867; and
- (b) The Jurisdiction of the Courts (Maritime Convention) Act 1989

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

No.

## 5. For which types of claims can you arrest a ship?

- (a) Damage caused by any ship either in collision or otherwise;
- (b) Loss of life or personal injury caused by any ship or occurring in connection with the operation of any ship;
- (c) Salvage;
- (d) Agreement relating to the use or hire of any ship whether by charterparty or otherwise;
- (e) Agreement relating to the carriage of goods in any ship whether by charterparty or otherwise;
- (f) Loss of or damage to goods including baggage carried in any ship;
- (g) General average;
- (h) Bottomry;
- (i) Towage;
- (j) Pilotage;
- (k) Goods or materials wherever supplied to a ship for her operation or maintenance;
- (l) Construction, repair or equipment or any ship or dock charges and dues;
- (m) Wages of masters, officers or crew;
- (n) Master's disbursements, including disbursements made by shippers, charterers or agents on behalf of a ship or her owner;
- (o) Disputes as to the title to or ownership of any ship; This shall be construed as including disputes as to possession of a ship;
- (p) Disputes between co-owners of any ship as to the ownership, possession, employment or earnings of that ship;
- (q) The mortgage or hypothecation of any ship. This shall be construed as including the mortgage or hypothecation of any share in the ship.



6. Can you arrest a ship irrespective of her flag?

Yes.

7. Can you arrest a ship irrespective of the debtor?

Providing the claim is a "maritime claim" there is a right to arrest the vessel. A ship can be arrested irrespective as to the debtor, for example, bunkers supplied to the vessel on the orders of the time charter, even if that time charter has come to an end. Importantly, the in rem proceedings must be issued before there is a change of ownership or, if the vessel has been demise chartered, before that demise charter has terminated.

8. What is the position as regards sister ships and ships in associated ownership?

Perhaps the most significant effect of the Arrest Convention is the possibility to arrest a sister ship. Article 3(1) of the Arrest Convention expressly permits the arrest of sister ships. It is possible to arrest a sister ship providing that: -

(a) The claim is a "maritime claim".

(b) The ship flies the flag of a contracting country to the arrest convention.

(c) That the claim arose in respect of another ship which, at the time that when the maritime claim arose, was also owned by the same person.

9. What is the position as regards Bareboat and Time-Chartered vessels?

A vessel can be arrested for maritime claims arising during the demise charter and a time charter. Issuing in rem proceedings creates the right to arrest the "res" being the ship. If prior to the proceedings being issued, ownership of the vessel has changed (or a demise charter has been terminated) then the new owner of the vessel is not liable and there is no right to arrest the vessel. Time charterers are distinct from Demise Charterers who are regarded as the temporary owners of the ship.

10. Do your Courts require counter-security in order to arrest a ship?

No, counter-security is not required in Ireland.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Yes. Issuing in rem proceedings creates the right to arrest. Certain maritime claims do not survive a change of ownership and, if proceedings are not issued before the change of ownership, the right to arrest the vessel terminates upon that change of ownership. Certain claims, however, for example unpaid crew wages, establish maritime liens which are not dependent on proceedings having been issued. However, for all other claims, the arresting party's right to arrest vessel only arises upon the proceedings being instituted.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes. Ireland recognises maritime liens. Ireland has not enacted any International Convention on maritime liens.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Arrest procedure in Ireland is straight forward and quick. We can normally arrest within a few hours of being instructed.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No Power of Attorney is required, however, copies of supporting documentation will need to be provided at the arrest application in Court, for example, Bills of Lading, Charterparties, commercial Invoices etc. Copies by fax or email are sufficient for the initial arrest application.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Original documentation is not required for the initial arrest application but originals may need to be filed with the Court if the arrest is contested by the ship owners. Documentation does not need to be notarised or apostilled.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes arresting the vessel establishes jurisdiction for the substantive claim but Irish Jurisdiction could be contested if the substantive claim is subject to a valid jurisdiction clause in favour of another country.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

There is no specified time but the Courts will require the Claimant to progress the proceedings on the merits within a reasonable period.

18. Do the Courts of your country acknowledge wrongful arrest?

The arresting party can be liable for all costs and expenses and damages for the detention of the vessel unless the arresting party can show that: -

(a) He could not, without such arrest have obtained bail or other security.

(b) That he had otherwise good and sufficient reason for having issued the proceedings and arresting the vessel.

There is very little law in Ireland demonstrating an arresting party's liability for a wrongful arrest. The Court is required only to decide whether the arresting party has established "fair stateable case and that there are sufficient grounds for the arrest of the vessel".

Each case will be determined on the particular facts and an arresting party should act reasonably and in good faith. Providing the arresting party can establish both a "fair and stateable case" and that there was "good and sufficient reason" for arresting the vessel there would be no liability for a wrongful arrest.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

It is considered difficult to pierce and lift the corporate veil in Ireland.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

It is possible to have the vessel sold *pendente lite*. Given the draconian nature of a judicial sale, which would deprive the ship owner of his vessel, the Court would need to be satisfied that the sale should be ordered. Each matter would be taken on its particular circumstances and in certain situations a sale could be ordered quite swiftly.



*\* Hugh Kennedy is a shipping lawyer who specialises in ship arrest in Ireland. After completing P&I Clubs, cargo and hull underwriters, and by leading International law firms who specialise in shipping, transport and insurance law.*

*Hugh regularly advises and lectures on all aspects of Admiralty law, including ship arrest, collisions, salvage, and casualty investigations. Hugh's clients include ship-owners, P&I Clubs, charterers, cargo underwriters, shippers and receivers for all types of cargo.*

# SHIP ARREST IN ISRAEL



By John Harris & Yoav Harris\*  
JOHN HARRIS & CO.  
jharris@017.net.il & yoavh@maritime-law.co.il  
www.lawships.com  
2 Palmer's Gate / 36 Hanamal St.  
P.O. BOX 33199, 31331 Haifa, Israel  
Tel: 972-4-8627067  
Fax: 972-4-8625401



1. Please give an overview of ship arrest practice in your country.

## 1.1 Sources of the Admiralty Court's Jurisdiction

The jurisdiction of the Israel Admiralty Court (which sits in Haifa) is established by the 1840 and 1861 English Admiralty Acts. These acts were extended to the Dominions and Possessions of the United Kingdom by the Colonial Courts of the Admiralty Act 1890. Under the Palestine Admiralty Jurisdiction Order of 1937 these acts were extended to Palestine, then a British mandated Territory.

When the State of Israel was established in 1948, under the Law and Administration Ordinance, the Admiralty Court Acts of 1840 and 1861 became part of the domestic legislation of the newly established State.

In the year 1960 the Israel Shipping Law (Vessels) was enacted. Section 41 of this law determines the Maritime Liens and their priorities, as follows:

- (1) The official expenses of selling a vessel pursuant to a judicial sale,
- (2) Port and port related charges and expenses,
- (3) The costs of preserving a vessel pending Judicial sale,
- (4) Payments due to the master and crew including damages for personal injury,
- (5) Salvage expenses relating to the vessel, its cargo and equipment on board and expenses incurred in saving the lives of the crew and passengers.
- (6) Damages for personal injuries to passengers
- (7) Damages resulting from collisions or damage caused by the vessel to port installations and buildings, dry docks, and loss or damage to cargo and to passengers personal effects,
- (8) Mortgages - no distinction is drawn between a local or foreign registered Mortgage,
- (9) Necessaries.

The question of the existence of a Maritime Lien or a Statutory Claim in Rem is determined by the "Lex Causa" and the priorities, being procedural by the "Lex Fori". If a party wants to prove the Lex Causa this is done by providing the Court with an expert opinion. If no such opinion is provided in accordance with the identity of a laws principle, Israel law will be applicable.

## 1.2 The Application for Arrest

The Application for Arrest must be filed with the Claim in Rem.

The Application must be supported by an Affidavit. In practice a scanned Affidavit confirmed in front of the foreign lawyer or by an Israeli lawyer (by fax or e-mail) will be sufficient. Additionally

the Affidavit can be given by the arresting attorney. Copies of all the relevant documents in support of the arrest are attached to the Affidavit.

A Power of Attorney is not required.

The Court has a discretion to order that the arresting party furnish security. The Court will order so on rare occasions such as when there is a serious doubt as to the validity of the documents constituting the application for arrest.

Special mention should be made of the Haifa Admiralty Court's rather liberal attitude when ordering an arrest for necessities. The Court will order an arrest even if the necessities were not supplied directly by the Claimant (for example when they were supplied by a subcontractor or a local agent) and even if the Master did not sign the agreement for the supply of the necessities.

The arrest procedure is relatively swift and the arrest can be effected within 24 hours of receiving instructions.

If the application is made on a Saturday or Public holiday, this period may be extended as a result of the necessity to appear before the roster Judge and obtaining the formal Order of Arrest which is issued by the Marshal of the Admiralty Court.

The Order of Arrest will be normally discharged by the provision of a P&I Club or other acceptable guarantee. In the latter case this would be normally a local bank guarantee.

The Vessel can apply to set aside the Arrest by contesting the merits of the claim or, on the grounds that the claim does not constitute a maritime lien or a statutory right in Rem under the Lex Causa or that the Admiralty Court does not have jurisdiction.

In order to avoid delay to the vessel, security can be furnished without prejudice and subject to the vessel's rights to contest the Arrest and to have the security provided cancelled.

Upon serving the Order of Arrest on the vessel's Command, the Port Authority and Border Police, the Arrest becomes effective.

### 1.3 Court Fees and Legal Costs

The Court fees payable are 2.5% of the amount claimed in the Claim in Rem of which half is payable at the time of filing the claim. No additional Court fee is payable for the Application of Arrest. The legal fees for attending to the Arrest excluding VAT (at present 18%) and disbursements, are between US\$3,000.- and US\$6,500.-, depending on the complexity and urgency of the matter.

### 2. Which International Convention applies to arrest of ships in your country?

There are no International Conventions which apply to the arrest of ships in Israel.

### 3. Is there any other way to arrest a ship in your jurisdiction?

Ships or any other property of the debtor can be provisionally attached in a normal civil claim. This requires that the cause of action is within the Court's normal civil jurisdiction and the provision of a guarantee.

### 4. Are these alternatives e.g. saisie conservatoire or freezing order?

Apart from arrest or attachment no other alternatives for detaining the debtors property are available.

### 5. For which types of claims can you arrest a ship?

Those claims in respect of which the Admiralty Court has jurisdiction in terms of the enactments stated in Clause 1 above.

### 6. Can you arrest a ship irrespective of her flag?

A ship can be arrested irrespective of its flag except an Israel registered vessel cannot be arrested for necessities supplied in Israel.

7. Can you arrest a ship irrespectively of the debtor?

Israel law follows the Procedural Theory of Arrest where "personal" liability is required and also the "Personification" Theory where personal liability is not required. Which of the two is applicable would depend on the nature of the maritime lien or statutory right in rem alleged.

8. What is the position as regards sister ships and ships in associated ownership?

It is not possible to arrest sister ships and ships in associated ownership. It is possible to attach same. See Clause 3 above. In the case of ships in associated ownership, attachment would be subject to "lifting the corporate veil".

Notwithstanding the foregoing, recently arrest of sister ships or ships in associated ownership have been ordered by the Admiralty Court, subject to the provision of security. These have been in "Interlocutory" Decisions. As yet there have not been any definitive Judgments in this regard.

9. What is the position as regards Bareboat and Time-Chartered Vessels?

A ship can be arrested for an obligation incurred by a Bareboat or Time Charterer. It should be noted that the Israel Courts recognise choice of law clauses or would apply the principles of international private law, as the case may be, to determine the "applicable" law governing the foreign lien or statutory right in rem and would determine whether or not an arrest can be made say for a Time Charterer's obligation in accordance with the principles of such "applicable" law.

10. Do your Courts require counter-security in order to arrest a ship?

Not normally, only in exceptional cases where the Court has material doubts as to the cause of action as same appears from the documentation filed in support of the Arrest.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

For Arrest purposes the Courts make no distinction between the historical maritime liens which are embodied in the 1840 and 1861 Admiralty Acts and the additional maritime liens (which are in effect statutory claims in rem) constituted by the Section 40 of the Shipping Law 1960. See Clause 1 above.

12. Does you country recognise maritime liens? Under which International Convention, if any? Yes, as in Clause 11 above. None of the International Arrest Conventions apply in Israel.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Normally one day.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

A POA is not obligatory. The Claimant must furnish an Affidavit which should clearly set out the cause of action and the documents in support thereof should be attached to the Affidavit.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

For the Arrest Application and Order no original documents are required, but the originals would have to be produced if the claim proceeds to trial.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

The Court will only accept jurisdiction if the Claim in Rem is recognised under the laws mentioned in Clause 1 above. The Application for Arrest is ancillary to the Claim in Rem which means that if there is no jurisdiction over the Claim in Rem – an arrest cannot be effected.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

After preliminary hearings the matter is normally concluded within one year as from the date of

filing the Claim in Rem. As a matter of practice the Arrest in itself normally determines the matter.

18. Do the Courts of your country acknowledge wrongful arrest?

The Court can award damages for wrongful arrest if the arrest or attempted arrest is malicious or grossly negligent.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

The Corporate veil can be lifted in circumstances of fraud, deceit or maliciousness.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

A ship can be sold pendente lite if it can be shown that the continuation of the arrest will substantially affect the value of the ship. In this case the net sale proceeds are regarded as having substituted the ship for all purposes, including the eventual determination of the validity of the claims in rem and the priorities.



*\* John Harris graduated from the University of Cape Town. Having emigrated to Israel he established the legal firm of J. Harris & Co. which is dedicated exclusively to the practice of Maritime and Admiralty law. The firm represents major Israeli shipping concerns and acts as the correspondent of a number of prominent London Law firms.*

*The firm regularly receives a "highly recommended" rating from Legal 500. John Harris was shortlisted as the "Maritime Lawyer of the Year 2013" by Lloyds List for the Middle East and the Indian Sub-Continent.*

*\* Adv. Yoav Harris graduated in 1999 with distinction from the law faculty of Haifa University. He has been in practice for 11 years and specialises in maritime law and commercial litigation. He is a partner in the Israeli international law firm of "Doron, Tikotzky" and is the head of their maritime law department. The two legal offices, John Harris & Co. and Doron, Tikotzky comprise a joint shipping law group.*

*\* The shipping group is headed by Adv. John Harris and Adv. Yoav Harris and is supported by further professional and para-legal staff. It constantly receives a very highly recommended rating from Legal500 'the response time is excellent as is the quality of the advice'. The 'best shipping lawyer in Israel', John Harris is a 'seasoned professional who can handle the biggest cases, both wet and dry'.*

*Adv. Yoav Harris contributes legal articles to the Israeli Transport monthly Magazine, "The Cargo". He is also a contributor to the international quarterly publication "ARBITRATION WATCH". He is an expert in Public International Maritime Law and advises official entities in Israel in this regard.*



# SHIP ARREST IN ITALY (Questions 1 to 9)



By Alberto Batini\*  
BATINI TRAVERSO & ASSOCIATI  
a.batini@bbpartners.it  
www.bbpartners.it  
Via Assarotti 11/9  
16122 GENOVA, Italy  
Tel. +39 348 7902191  
Fax +39 010 8375896

## 1. Please give an overview of ship arrest practice in your country.

Italy is a party to the 1952 Arrest Convention, ratified in 1979. Moreover the Italian Code of Navigation provides a set of domestic rules applicable when the Convention does not apply in whole or in part. Arrest is possible in Italian Ports also where there is no jurisdiction on the merits. The procedure is fairly quick and informal. No counter security is required. Appeal is possible and usually heard and decided in few weeks. P&I Clubs Letters of Guarantee are widely accepted if issued by one of the IG Pool. Alternatively bank guarantees or cash deposit are available to release the vessel.

## 2. Which International Convention applies to arrest of ships in your country?

The 1952 Brussels Convention on Arrest of Sea Going Ships has been ratified on 9.11.1979 in Italy and applies to all vessels flying the flag of one Contracting State. It will also apply, pursuant to article 8, to those vessels flying the flag of a non-Contracting State in respect of any claim for which the law of the Contracting State seized with the case permits arrest. In addition our Code of Navigation provides subsidiary rules applicable when the Convention cannot be applied in whole or in part or to arrest issues not ruled by the Convention (articles 643-686).

## 3. Is there any other way to arrest a ship in your jurisdiction?

A Vessel may be detained pursuant to an arrest order issued within a criminal proceeding by a Prosecuting Judge (i.e. when the Vessel can be considered as *corpus delicti*) or pursuant to an administrative detention order of a Public Authority (i.e. the Harbour master Office in case of damage to public properties like a berth, a quay, a light buoyancy).

## 4. Are these alternatives e.g. *saisie conservatoire* or freezing order?

In respect of the same claim usually arrest orders are alternatives and not cumulative. It is anyway possible that under special circumstances, where different interests are involved, a single event generates more detention orders (i.e. in a pollution case arising out of collision the interest of the State and those of cargo owners, the colliding vessel, the salvors, the victims). From a strict procedural profile an arrest order under the 1952 Arrest Convention for a particular maritime claim is always alternative to any likewise detention order to secure the same claim.

## 5. For which types of claims can you arrest a ship?

A Vessel can be arrested in Italy for any maritime claim among those listed under art. 1(1) of the 1952 Arrest Convention. For Vessels flying the flag of a non-Contracting State an arrest is possible also in respect of any other claim for which the law of the court seized with case permits arrest. This in Italy includes any debt of a contractual or non contractual nature but in this case the arrest can only be obtained if the Vessel is owned by the debtor.

## 6. Can you arrest a ship irrespectively of her flag?

A ship can be arrested irrespectively of her flag.

## 7. Can you arrest a ship irrespectively of the debtor?

A ship can be arrest irrespectively of the debtor but, if the debtor is a State or other Public body,



then the ship might be regarded as immune from arrest. Whether and to what extent immunity may be invoked is left to the law of the forum arresti. Immunity is related to the ownership or operation of the ship, not to the nature of employment. For example the fact that a privately owned ship is employed on a liner service which is of public interest should not justify immunity from arrest.

8. What is the position as regards sister ships and ships in associated ownership?

Sister-ships, meaning ships owned by the same Company owning the particular ship in respect of which the maritime claim arose, can be arrested under art. 3 (1) of the Arrest Convention. A similar principle is provided at Italian domestic law (art. 2740 Italian Civil Code). Ships in associated ownership (or management) cannot be arrested unless the Claimant can pierce the corporate veil. This is not impossible in Italy but is certainly a difficult exercise, which implies a rigorous burden of proof on identity of shareholders and management of the two companies.

9. What is the position as regards Bareboat and Time-Chartered vessels?

In cases where the bareboat charterer is liable in respect of a maritime claim and not the registered owner, the situation is different if the Arrest Convention applies or not. If the Convention applies, art. 3 (4) enable arrest of such ship or any other ship in the ownership of the bareboat charterer, but no other ship in the ownership of the registered owner. The last sentence of Article 3, para. 4 seems to extend the rule to any case in which a person other than the registered owner of the ship is liable (i.e the time charterer, the ship manager, etc.). This is anyway in conflict both with the literal meaning of the provision and with the travaux préparatoires of the Convention. When Italian domestic law applies arrest of a ship under bareboat charter to secure a claim against the bareboat charterer, the time charterer or the ship manager is not possible unless the Claimant has a maritime lien assisting his claim. The main reason for this is that a creditor cannot arrest a ship to secure a claim if he can never be authorised to enforce the final judgment on the merit against the registered owner and auction the vessel. This is the worldwide unsolved problem of the Arrest Convention and Italy is no exception. Only maritime liens give right to enforce a claim against the vessel, even if she is property of someone different than the liable party. Not all maritime claims under the Arrest Convention are maritime liens under the different national domestic law systems. Not the 1926 Liens and Mortgages Convention enjoyed a wide acceptance around the world. The Lisbon Draft attempted to clear things as well as the 1999 Arrest Convention, not yet in force.



*\* Alberto Batini is Senior Partner. He joined the firm in 1990. He graduated from the University of Pisa Law School and admitted to the Bar in 1993 and to the Supreme Court. He specializes in Ship Arrest, Admiralty Law and Marine Insurance Law and Litigation.*

*Former assistant solicitor with Sinclair Roche & Temperley, London – 1991/1992. Former assistant claims handler at Standard Steamship Owners P&I Club, Charles Taylor & Co., London – 1992. University of Southampton – Faculty of Law – Institute of Shipping Law – 18th Maritime Law Degree, 1992/1993. Post graduate Doctorate (PHD) in Shipping and Transport Law – University of Trieste and Genoa from 1995. Vice-President of the Ibero-American Institute of Maritime Law (IIIDM) – Italian Section since 1998. Editorial Articles in Shipping and Transport Law .*

*Permanent Member of the Steering Committee of the Italian Association of Maritime Law (IAMA) and active member of the Italian Working Group for Maritime Liens and Mortgages and Arrest of Ships at CMI Conferences.*

# SHIP ARREST IN ITALY (Questions 10 to 20)



By Claudio Perrella, Partner\*  
LS LexJus Sinacta - avvocati e commercialisti  
c.perrella@lslex.com  
www.lslex.com  
40123 Bologna, Via d'Azeglio 19  
Ravenna, Venice  
Tel +39 051 232495  
Fax +39 051 230407

## 10. Do your Courts require counter-security in order to arrest a ship?

No security is required as a preliminary condition to seek an arrest of ship. The Judge may order the applicant to tender a countersecurity, although this is rather uncommon at the time of the filing of the application, and a security is normally requested only where the Court considers that the arrest is controversial, or the merits of the claim have not been assessed with sufficient depth.

## 11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

If the claim is secured by a maritime lien, this may operate to allow the arrest of a vessel even if it has changed ownership, the doctrine being that the lien attaches to the property at the time the cause of action arises and remains so attached until satisfied or time barred. Maritime liens take priority over registered mortgages, yet need not be registered themselves.

## 12. Does your country recognise maritime liens? Under which International Convention, if any?

Italy is a signatory to the 1926 Liens and Mortgages Convention, and recognizes a list of maritime liens under article 552 of the Italian code of navigation, which largely coincide with the list contained under article 1 of the 1926 Convention. The existence of a lien over the ship is determined by the law of the flag of the ship at the time the claim or credit arose, pursuant to art. 6 of Italian Navigation Code.

## 13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Instructions should be received possibly 48 or 24 hours before the moment of the presentation of the application. It should be considered in this respect that it is crucial to file the application early in the morning in order to try to have the case heard the same day, and in many Courts it is impossible to file the arrest application after noon.

## 14. Do you need to provide a POA, or any other documents of the claim to the Court?

The presentation of an application as well as any legal activity before major Italian Courts are made by a solicitor by virtue of a power of attorney. Powers of attorney issued outside Italy must be legalized and apostilled pursuant to Hague Convention 5 October 1961, or alternatively legalized by the Italian Embassy or Consulate in the country of issuance. The apostille is unnecessary, though, for powers of attorney released in countries party to the Brussels Convention 1987 which abolished the need of the apostille for deeds issued inside the EU; the apostille may be furthermore excluded by virtue of bilateral agreements.

Italian solicitors have the authority to legalize powers of attorney, provided that they have had the opportunity to identify the party signing the deed. (1) In arrest or urgent proceedings an option is furthermore provided by article 77 c.p.c. which permits the possibility of an agency appointment, generally made in practice by appointing (by fax or e-mail) as agent for urgent matters (including the one for which the measure is sought) a lawyer who in turns appoints (usually) another lawyer of the firm as attorney in law. A formal duly legalized power of attorney is often disclosed at a later stage in order to prevent exceptions and technicalities.

## 15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Original documents are not required, and could be disclosed in case the defendant contest the

(1) Cassazione n. 5840/2007, Alpina Versicherung A G c. Royal & Sun Alliance.

truthfulness of the copy disclosed. The notarization and/or apostille are required only for the POA.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested? Arrest is admitted regardless of the fact that Italian Courts have jurisdiction for the merits of the case: the Italian Court competent for the arrest is the Court of the port of call, and the application is subject to the condition that the vessel is within Italian territorial waters.<sup>(2)</sup> Italian Courts however do not acknowledge jurisdiction on the substantive claim unless they have jurisdiction by virtue of the application EU Regulation on jurisdiction, or jurisdiction exists pursuant to article 7 of the 1952 Arrest Convention.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Where the arrest is confirmed, the applicant is compelled to commence the proceeding for the merits (unless one is already pending) before the Court having jurisdiction within a deadline which is set by the Court up to a maximum of 60 days.

18. Do the Courts of your country acknowledge wrongful arrest?

Damages for wrongful arrest are uncommon and awarded only when it is clear that the applicant sought the arrest acting in bad faith or with gross negligence, disregarding the evidence available, or intentionally providing the Court with partial or misleading background information.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Italian Courts have started in the last few years (and in very few cases) to recognize the possibility of lifting the corporate veil, but this is quite exceptional, and the burden of proof resting on the applicant is severe. Italian law is indeed very strict in the definition of ownership in the context of companies and in applying the principle of autonomy of companies which are distinct and separate entities. As a result Italian Courts are reluctant to pierce the corporate veil, and the applicant intending to do so must be able to prove that the company structure has been actually created or employed with the purpose to frustrate creditors' actions.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

The sale of the ship *pendente lite* has been authorized in few instances where the applicants successfully proved that the value of the ship under arrest was dramatically deteriorating and the costs (custody, berth and port dues, maintenance of the ship and so forth) were being disproportionate compared to the likely sale value. The proceeds of the sale are of course in this case frozen until the applicant obtains a judgment.



*\* Claudio's main areas of practice are commodities, marine cargo and goods in transit claims (charterparties, bills of lading, CMR and multimodal transports, GAFTA, FOSFA and Incograin contracts) and related insurance disputes in both court and arbitration proceedings. Fluent in English and French, he assists some among the major traders, marine insurers, carriers and freight forwarders in Italy and Europe, and has represented clients in court proceedings and arbitrations in several jurisdictions; he is an accomplished and well-known lecturer, both nationally and internationally, on the legal aspects of shipping and trading. Claudio is the author of a two widely used handbooks on cargo insurance and international sale of soft commodities. He is a regular contributor of Il Diritto Marittimo, Maritime Risk, Gaftaworld, Forwarder.com and International Law Office. He is Vice Chair of the Land Transport Committee of the International Bar Association and is member of the editorial board of Diritto e Trasporti.*

<sup>(2)</sup> Court of Venice, 25 August 2001, El Sayed Aly Alla c. Sayed Nasr Navigation Lines

# SHIP ARREST IN IVORY COAST



By Philippe Pruvot  
3A ABIDJAN  
legal@group3a.com  
Avenue 2, Rue 9, Zeme etage, 1ere porte D  
05 BP 1586 Abidjan 05 - Treichville  
Tel: +221 8 2546 0770

## 1. Please give an overview of ship arrest practice in your country.

Jurisdiction in respect of admiralty matters is vested in the High Court in the first instance. Appeals in respect thereof lie to the Court of Appeal and the Supreme Court.

Order 2 of the High Court (Civil Procedure) Rules 2004 (C.I. 47) provides that all civil proceedings must be commenced by Writ of Summons and must be filed along with a Statement of Claim. Every Writ of Summons must contain concise statement of the nature of the claim or relief, remedy sought in the action.

Order 62 of C.I. 47 generally makes provision for maritime actions. At the time of issuing a Writ of Summons, the Plaintiff files an Ex parte application for an order for a warrant of the arrest of the ship. No warrant of arrest shall be issued until an affidavit by the party or his agent has been filed and the following provisions complied with:

(a) The affidavit shall state the name and description of the party at whose instance the warrant is to be issued, the nature of the claim or counter-claim and the name and nature of the property to be arrested;

(b) In an action for wages or possession, the affidavit shall state the national character of the ship proceeded against; and if against a foreign vessel, that notice of the commencement of the action has been given to the Consul of the State to which the vessel belongs, if there be one resident in Ghana, and a copy of the notice shall be annexed to the affidavit;

(c) In an action for bottomry, the bottomry bond, and if in a foreign language also a certified translation thereof, shall be produced for the inspection and perusal of the registrar, and a copy of the bond, or of the translation thereof, certified to be correct, shall be annexed to the affidavit;

(d) In an action of distribution of salvage the affidavit shall state the amount of salvage money awarded or agreed to be accepted, and the name, address and description of the party holding the same;

The port of Abidjan is the main focus of maritime transportation. The port of San Pedro is mainly specialized in the export of wood even if it tends to diversify its activities (especially by the establishment of a container terminal assigned to MSC).

Therefore, 99% of the arrests of ships' procedures are initiated at Abidjan so that the orders of arrests are delivered by the President of the Court of First Instance of this city.

Usually, it is quite easy to arrest a vessel at Abidjan; however, the President of the Court requires that all documents submitted to him must be translated into French, which is the official language in Ivory Coast. The translation requirement could sometimes be a disadvantage because it takes time and has to be realised by a listed translator of the Court of Appeal.

Moreover, the Courts being closed on Saturdays and Sundays, the authorizations to arrest a ship must be obtained no later than on Fridays. However, the arrest order is implemented via the services of the port Harbour Master who needs the arrest orders to be formally approved by the Legal Department of the port Harbour which closes at 18:00 LT on Fridays.

Furthermore, the local regulation requires that the arrest order states several detailed information (regarding for instance the domiciliation of the creditor, the legal form of both the debtor and creditor); without those detailed information, an arrest order could easily be cancelled upon request. The said requirement has two (2) important consequences:

1- the creditor must provide complete information on himself, on the vessel and on the debtor;

2- 99% of the releases of ships are the result from the cancellation of arrest orders. In this case however, the Court's decision to issue the arrest order is not cancelled and the claimants can still ask the Court to issue a new arrest order and therefore oblige the Shipowners to negotiate. To conclude, detaining a vessel is quite easy when the creditors' claim file is complete and transmitted rapidly to the Court.

2. Which International Convention applies to arrest of ships in your country?

Ivory Coast did not ratify the Brussels International Convention dated 10th May 1952 but accepted to apply it after having accessed independence.

3. Is there any other way to arrest a ship in your jurisdiction?

The answer is yes, but depends on the purpose of the procedure of arrest:

3.1 The provisional arrest of a ship

- The article 8 §2 of The Brussels Convention concerns the arrests of ships flying a State flag which is not a contracting party of the International Convention. The creditor has therefore the choice to base his demand either on one of the maritime debts of the convention or on one of the debt foreseen by the local Laws.

- The article 8 §4 of The Brussels Convention provides that local Laws applies when the arrested ship flies Ivory Coast Flag and when the creditor's usual residence or principal place of business is in Ivory Coast.

3.2 The arrest of a ship with the view to sale it

In such procedure the creditor bases on Ivory Coast Laws. The creditor would be able to arrest the vessel after the notification of a commandment of an enforceable title noticing a liquid and due debt.

4. Are these alternatives e.g. *saisie conservatoire* or freezing order?

These alternatives are "*saisie conservatoire*" which means "arrest" and not freezing orders. However, the Government and/or the Port Authority are able to retain a vessel basing on the Ivory Coast Public Law.

5. For which types of claims can you arrest a ship?

5.1 The provisional arrest of a ship

In such procedure, when the Brussels Convention applies, the arrest must be justified by a maritime claim as defined by the article 1 § 1 of the said Convention. Usually, the Courts issue easily an arrest order when the claim appears justified.

When the Ivory Coast Law applies, especially the Uniform Act of Ohada, the claim is not necessary a maritime claim and the claim must only appear justified in its principle.

5.2 The arrest of a ship with the view to sale it

In such a procedure, the claim must be based on a liquid and due debt.

6. Can you arrest a ship irrespectively of her flag?

The answer is yes because, as per the Article 8 § 2 of the Brussels Convention "A ship flying the flag of a non-Contracting State may be arrested in the jurisdiction of any Contracting State in respect of any of the maritime claims enumerated in Article 1 or of any other claim for which the law of the Contracting State permits arrest".

7. Can you arrest a ship irrespectively of the debtor?

- In principle, a vessel owned by a State cannot be arrested. However, this principle is limited to the vessels which have a governmental activity at the time of the birth of the debt. Consequently, the vessels owned by a State can be arrested when such vessels have a commercial activity at the time of the birth of the debt.

However, Ivory Coast vessels can in no case be arrested in Ivory Coast.

- Under Ivory Coast Law, the seizure of property is limited to the property owned by the debtor. Consequently, when Ivory Coast Law applies for the arrest of ships, the ship must be the property of the debtor except when the creditor has a maritime lien.



8. What is the position as regards sister ships and ships in associated ownership?

There are only a few decisions with regards to this question in Ivory Coast.

The article 3 §2 of the Brussels Convention provides that "Ships shall be deemed to be in the same ownership when all the shares therein are owned by the same person or persons". Sometimes, the Judges had accepted to ignore the autonomy of each property and the legal personality of societies when evidence showed that there were a link between societies and therefore an organised fraud in order to be insolvent.

9. What is the position as regards Bareboat and Time-Chartered vessels?

The article 3 §4 of the Brussels Convention provides that "When in the case of a charter by demise of a ship the charterer and not the registered owner is liable in respect of a maritime claim relating to that ship, the claimant may arrest such ship or any other ship in the ownership of the charterer by demise, subject to the provisions of this Convention, but no other ship in the ownership of the registered owner shall be liable to arrest in respect of such maritime claims. The provisions of this paragraph shall apply to any case in which a person other than the registered owner of a ship is liable in respect of a maritime claim relating to that ship".

The international Convention points out the cause of the debt, i.e. a maritime claim relating to the ship.

When the Ivory Coast Laws apply, a creditor may arrest a ship which is not the property of the debtor when the creditor has a maritime lien and/or a mortgage.

10. Do your Courts require counter-security in order to arrest a ship?

As per the article 4 of the Code of Civil Procedure, the defendant (or the debtor) may ask to obtain a guarantee to cover the payment of the costs, interests and damages for which may be condemned the plaintiff (or the creditor). The demand for guarantee is conditioned to the existence of an adversarial debate.

The procedure of arrest is not subject to any adversarial debate. Consequently, the defendant (or the debtor) cannot ask for a counter guarantee.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

A maritime Lien exists only because a maritime claim exists. It is therefore impossible to arrest a ship basing only on the existence of a maritime Lien.

A maritime Lien gives a right of mortgage on a property even if property changes hands and a priority right to be paid before other creditors.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Ivory Coast recognizes Maritime Liens and applies the International Convention on Maritime mortgages and liens dated 10th April 1926.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

If the file is complete and the documents translated in French by a listed translator of a Court of Appeal, the arrest could be obtained within the same day.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

A special power of attorney would be required to recover the amount of money from the debtor who has been condemned by the Court.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The Court does not require originals except when a defendant alleges that a document is a forgery. Consequently, all documents can be filled electronically; there is not any requirement of notarisation or apostille of the documents although it is better to legalise a special power of attorney.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

In principle, once the vessel is arrested in Ivory Coast, the Courts accept jurisdiction.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The local Regulation, and not the Courts, imposes to the claimants to take legal action on the merits within one (1) month after the issuance of an arrest order. If the claimant does not respect this regulation the arrest becomes null and void.

Actually, the Port Harbour Master would refuse to enable a vessel to sail without having received a withdrawal (or release order) by the Court.

18. Do the Courts of your country acknowledge wrongful arrest?

Ivory Coast recognizes wrongful arrest if evidence show that an arrest is abusive, especially when the debtor provides proofs showing that the debt has been paid.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

As explained at point 8, it is possible to obtain such condemnation when the plaintiff (or creditor) shows strong evidence. Courts' decisions are rare, but existent.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

A ship can be sold at the end of the procedure of arrest with the view to sell it; the creditor is supposed to have obtained an enforcement title from the Court. The procedure for sailing the vessel takes approximately two (2) months after the notification of a commandment to pay before execution.





# SHIP ARREST IN JAPAN



By Takayuki Matsui\*

MAX LAW OFFICE

office@marinelaw.jp

www.marinelaw.jp

5F Izumi Garden Wing 6-3

Roppongi 1-chome Minato-ku, Tokyo

Tel: 81 3 3568 3691

Fax: 81 3 3568 3692

1. Please give an overview of ship arrest practice in your country.

In Japan there are mainly two types of ship arrest. One is an arrest by lien or Mortgage. The other is a provisional arrest.

**Arrest by Lien or Mortgage** – A ship can be arrested to execute a maritime lien on the arrested ship or enforce a mortgage on the arrested ship. The arrestor can arrest the ship without putting up any counter-security. To release the arrested ship the shipowners are usually requested to put up security (although we have recently experience to release the arrested ship without security ~ “Fairwind 308”).

**Provisional Arrest (Real Arrest)** – A creditor of shipowners can arrest the ship owned by the shipowners to obtain the security of their claim (regardless of such claim is maritime or not). In order to arrest by this provisional arrest the arrestor shall put up counter security. To release the arrested ship the shipowners are usually requested to put up security which is usually the same amount of the arrestor’s claim amount.

2. Which International Convention applies to arrest of ships in your country?

No International Convention applies to arrest of ships in Japan. Japan has not ratified the arrest conventions of 1952 and 1999.

3. Is there any other way to arrest a ship in your jurisdiction?

A claimant can arrest a ship by (i) an arrest by lien or mortgage or (ii) provisional arrest.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

No.

5. For which types of claims can you arrest a ship?

By the provisional arrest he claimant can arrest a ship under any monetary claim of whatsoever nature against the shipowner. In order to arrest by lien or mortgage the arrestor shall have a maritime lien or a mortgage on the arrested ship.

6. Can you arrest a ship irrespectively of her flag?

Yes.

7. Can you arrest a ship irrespectively of the debtor?

In case of the provisional arrest the debtor shall be the shipowners. In case of the arrest by lien or mortgage, the holder of the maritime lien or mortgage can arrest the ship irrespectively of the debtor.

8. What is the position as regards sister ships and ships in associated ownership?

Not impossible but not easy.

9. What is the position as regards Bareboat and Time-Chartered vessels?

In case where a bareboat charterer is the debtor the creditor may arrest the ship based on our special provision. In case of time charter there is some argument.

10. Do your Courts require counter-security in order to arrest a ship?

In case of an arrest by a lien or mortgage, a claimant does not need to put up counter-security. In case of the provisional arrest a claimant must deposit counter-security.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Yes. If a claim gives rise to a maritime lien, the claimant can arrest the ship by lien. If not the claimant shall arrest the ship by provisional arrest only.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes. Japan is not member of any International Conventions. But a Japanese court can recognize the maritime liens.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

It depends on how complicate your claim is. We have several experience to arrest ships within 48 hours from the instruction.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Yes we need a POA. Several documents are required as the Japanese courts like paper.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Originals of POA and corporate certificates are required. But some courts accept a copy. It depends on the discretion of the judges.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

It depends upon a case.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

In case of the provisional arrest it is minimum two weeks.

With respect to an arrest by lien or mortgage there is no need to take legal action on the merit.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Yes but not easy.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

No. During proceedings, the ship can only be sold by a public auction at the Court.



*\* Takayuki Matsui graduated with a LL.B. degree from the Hitotsubashi University in 1986. After graduation, he practiced for five years in a Hull Section of a Maritime Claim Department of a Japanese Insurance Company. He was admitted to the bar in 1993. He is now a partner of MLO (Maritax law Office) specializing in shipping laws in Japan.*

*Matsui's focus has been collisions, cargo defense, arrest, and maritime disputes in court and TOMAC arbitration. He also has substantial experience in ship mortgage enforcement. He is qualified as Maritime Proctor in the Japanese Maritime Court. In 1999 he earned a LL.M. in Admiralty from Tulane Law School, New Orleans. He is a board member of the Documentary Committee of the Japan Shipping Exchange. He is an author of Time Charter Party, published in 2004. His hobby is arrest of a ship.*

# SHIP ARREST IN KOREA



By Dong-Hee Suh\*

SUH & CO.

lawsuh@suhco.com

www.suhco.com

10th Floor, Cheonggye Eleven Bldg

149 Seorin-dong, Jongno-gu, Seoul

Tel: +82 (0) 2-755-0199

Fax: +82 (0) 2-757-0252

## 1. Please give an overview of ship arrest practice in your country.

There are two principal methods of arresting a ship under a Korean law—an arrest can either be made (1) on the basis of a maritime lien against the ship that is recognized by the law of the ship's flag or (2) as a preliminary attachment if a creditor can show the existence of a claim against the registered shipowner.

Chapter 5 of the Korean Commercial Code sets forth the rules for arrest of ships by way of a maritime lien, which arise out of the use and operation of a particular vessel. For foreign-flagged ships, however, the courts in Korea will ascertain the law of the flag state's jurisdiction to determine whether a particular claim gives rise to a maritime lien, but will apply Korean law (including time bar) to the arrest proceeding. Arresting a ship by way of a maritime lien automatically commences auction sale proceedings.

In contrast, the Civil Execution Act sets forth the rules for arrest of ships by way of a preliminary attachment or preliminary disposition proceeding. An arrest by way of preliminary attachment is available whenever a creditor can show that it has a claim against the registered owner of a ship, irrespective of whether it is a "maritime claim" or whether the claim arose with respect to the concerned ship. It is also possible to attach other assets under the same law. The right to arrest a ship by way of a preliminary attachment is based on the principle that a creditor should take interim measures to preserve its rights against the debtor. The procedure is ancillary to a proceeding on the merits and does not give the Korean court jurisdiction over the merits of the underlying claim. Furthermore, while arresting a ship by way of a preliminary attachment does detain the vessel (except in the case of vessels flagged in Korea), it is not possible for the creditor to commence auction sale proceedings unless and until a final judgment or award is obtained from a court or arbitral tribunal having jurisdiction over the merits.

A ship may only be arrested by way of a preliminary attachment if arrest by way of a maritime lien is not available.

## 2. Which International Convention applies to arrest of ships in your country?

Korea is not a party to any of the international conventions relating to the arrest of ships. In particular, for an arrest by way of preliminary attachment, there is no requirement of a "maritime claim" or requirement that the claim arose with respect to a particular ship. It is only necessary to show that the debtor on the underlying claim and the registered owner of the ship are the same person.

## 3. Is there any other way to arrest a ship in your jurisdiction?

In addition to the two methods for arrest of ships detailed herein, it is also possible for a creditor to arrest a ship in reliance on a mortgage or a possessory lien.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

An arrest by way of preliminary attachment, which is detailed herein, is effectually a *saisie conservatoire*.

## 5. For which types of claims can you arrest a ship?

As stated above, whether a particular claim gives rise to a maritime lien in Korea depends on

whether a maritime lien is recognized under the law of the ship's flag. For ships that are flagged in Korea, Article 777 of the Commercial Code sets forth the following claims that give rise to a maritime lien:

- (1) Claims for the cost of litigation for common interests of the creditors, public taxes imposed on the vessel concerning a voyage, piloting fees, towing fees, maintenance and inspection charges on the ship and her equipment after her last entry into port;
- (2) Claims under employment contracts with crew and other persons hired onboard;
- (3) Claims for salvage remuneration and contributions in general average; and
- (4) Claims for loss or damage arising due to a collision or other navigation accident, loss or damage to navigation facilities, port facilities and waterways, personal injury and loss of life of crew and passengers.

In addition, any type of claim may be used to arrest a ship by way of preliminary attachment, provided that the debtor is the registered owner of the ship.

6. Can you arrest a ship irrespective of her flag?

A ship may be arrested by way of a preliminary attachment irrespective of her flag. However, the availability of a maritime lien is determined by reference to the laws applicable in the jurisdiction of the ship's flag.

7. Can you arrest a ship irrespective of the debtor?

A claim against a ship that gives rise to a maritime lien may be used to arrest the ship irrespective of the debtor. For arrest of a ship by way of preliminary attachment, the debtor must be the registered owner of the vessel.

8. What is the position as regards sister ships and ships in associated ownership?

It is not possible to arrest a sister ship or associated ship in Korea on the basis of a maritime lien. The arrest of a sister ship is possible in a preliminary attachment proceeding, so long as the registered owner of both ships is the same. The arrest of a ship under associated ownership is theoretically possible where the circumstances warrant piercing the corporate veil; however, as courts in Korea generally do not permit piercing the corporate veil, this is very difficult in practice.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Arrest of a ship under Chapter 5 of the Commercial Code requires the existence of a claim against the ship, as opposed to a bareboat or time charterer.

In contrast, to arrest a ship in a preliminary attachment proceeding, the arresting party must have a claim against the registered owner of the ship. A claim against a mere charterer, even a bareboat charter, will not give rise to a right to arrest a ship by way of preliminary attachment.

10. Do your Courts require counter-security in order to arrest a ship?

Counter-security is required to arrest a ship on the basis of a preliminary attachment. The amount of counter-security which to be provided by the arresting party in each case is up to the discretion of the individual judge overseeing the matter. In Busan, where many applications for arrest are filed, judges typically require 20 percent of the claim amount as counter-security, although this can vary depending on the particular case and judge. The type of counter-security may also vary. While judges will typically accept a surety bond, they have discretion to require some or all of the counter-security in cash.

No counter-security needs to be posted for arresting a ship by way of a maritime lien; however, the payment of maintenance charges and the costs necessary for auction sales proceedings is required.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Korean law does not recognize the concept of a "maritime claim" as such, but where a claim that is maritime in nature gives rise to a maritime lien under the law of the ship's flag jurisdiction, then the lien holder may arrest the ship. Alternatively, the party seeking to arrest a ship for a maritime claim or any other type of claim may do so by way of a preliminary attachment provided that it has a claim against the ship's registered owner.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, but Korea is not a party to any of the international conventions dealing with maritime liens and mortgages.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Upon receiving all of the documents necessary to file an application for arrest or preliminary attachment of a ship, a minimum of 72 hours is generally required, although it may be possible to arrest a ship within 48 hours in extreme situations. In Korea, it is not possible for a judge to consider the application during a weekend or holiday or outside normal business hours.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Yes. An original notarized POA is required to file any application for arrest and, if the POA is notarized outside of Korea, it needs legalization or an apostille. In addition, the party applying for arrest should provide documents evidencing its claim against the debtor. In the case of arrest by way of preliminary attachment, the party applying for arrest should, technically, also show that the arrest is necessary to protect its interest in enforcing a subsequent judgment or arbitration award, but in practice this is not a burdensome evidentiary requirement.

For arrest by way of a maritime lien, the applicant does not need to show that the arrest is necessary to protect its interest in enforcing a subsequent judgment since the application for arrest itself is the first step toward commencing auction sale proceedings in Korea. Nevertheless, it is necessary for the party applying for arrest to produce evidence showing that it has a maritime lien under the law of the vessel's flag jurisdiction.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

In principle, original documents are required to evidence the claim against the debtor and show the existence of a maritime lien. The latter is usually shown by provision of a legal opinion, together with copies of relevant rules, in the ship's flag jurisdiction. All documents originating outside of Korea require notarization and legalization or apostille, as appropriate, and are needed at the time the arrest application is filed.

For arrest by way of preliminary attachment, the evidentiary burden on the party applying for arrest is substantially less than in the case of an arrest by way of a maritime lien, even more so where counter-security is being provided by the arresting party. A statement by the arresting party, or the arresting party's lawyer, together with copies of the basic documents showing the existence of a claim against the debtor will typically suffice.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

No. Korean law makes no provision for in rem or quasi in rem jurisdiction.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

As arresting a ship on the basis of a maritime lien automatically commences auction sale proceedings, the claimants are not required to take legal actions on the merits within any specific period of time. In practice, however, the shipowners will usually challenge the existence of the obligation giving rise to the maritime lien, the claimant's right to exercise the maritime lien, or both, and apply for the suspension of the execution of auction sale proceedings while the challenges are considered by the court. In order to suspend the execution of auction sale proceedings, the shipowners are required to deposit a cash sum equivalent to the aggregate amount of all claims against the ship plus estimated auction sale costs or, alternatively, to reach an agreement with the arresting party about the type and amount of security to be provided. If suitable security is provided, the ship will be allowed to sail while the court considers the merits of the shipowners' arguments.

For arresting a ship on the basis of a preliminary attachment, there is no stipulated period for bringing a claim on the merits. Rather, the shipowners must apply to the court for an order directing the arresting party to proceed on the merits of its claim. The court will then consider the circumstances of the case and stipulate a time period of more than two weeks, generally closer to one month.

Meanwhile, the ship will be detained (if it is not registered in Korea) unless and until the shipowners

have provided suitable security to the arresting party, typically a cash amount equal to the amount claimed against the debtor.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes. A wrongful arrest claim in Korea will be assessed using ordinary tort principles. If the arresting party does not succeed on the merits of the underlying claim, the court will presume that the arrest was effected negligently. The arrest may also be wrongful, even if the arresting party eventually succeeds in recovering some amount, if the amount recovered is significantly less than the amount initially claimed when arrest the ship.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Korean law permits piercing the corporate veil. However, in practice, the courts have permitted piercing the corporate veil only in rare circumstances.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

For arrest on the basis of a maritime lien, a ship can be sold *pendente lite* and, in fact, will usually be sold *pendente lite* unless cash security is provided by the shipowners.

In the case of arrest by way of preliminary attachment, it is not possible for the ship to be sold *pendente lite* as this is only a provisional remedy to secure a claim pending final resolution of the merits of the dispute by a court or arbitral tribunal properly seized of jurisdiction.



*\* Dong-Hee Suh is the managing partner of the law firm Suh & Co. and has over twenty years of expertise in international commercial litigation and arbitration in maritime shipping matters, international trade, marine insurance, aviation accidents, ship finance and ship building.*

*Mr. Suh is a Legal Advisor to the Ministry of Oceans and Fisheries and the Ministry of Land, Infrastructure and Transportation. In addition, Mr. Suh advised foreign clients on rehabilitation proceedings for Samsun Logix, Daewoo Logistics and STX Pan Ocean. Mr. Suh's prior honors include the 2012 Hong Kong MLA luncheon meeting where he addressed "Cross-Border Insolvency Law and Practice in Korea" and the 2012 Comité Maritime International Conference in Beijing where he was the South Korean delegate to the section on the Judicial Sale of Ships.*

*Mr. Suh received his LL.B. from Seoul National University Law College in 1984. He received an LL.M. from Tulane University in 1996 and was admitted to the New York bar in 1997. He has previous experience working at the law firm Kim & Chang (1992-2000) before founding Suh & Co in 2000.*



# SHIP ARREST IN LATVIA



By Edward Kuznetsov\*  
MARINE LEGAL BUREAU  
ek@mlb.lv  
www.mlb.lv

2 Elizabetes street, office 210, Riga, Latvia, LV-1010  
Tel: +371-67-399985  
Fax: +371-29-271166

## 1. Please give an overview of ship arrest practice in your country.

In Latvia claimant is entitled to arrest the vessel to secure his claim before claim on merits is brought. Latvian Maritime Code (hereinafter – LMC) (valid since 1st August 2003) gives definition of arrest as, any detention of a ship or prohibition of its relocation in accordance with a court adjudication in order to secure maritime claim. Arrest does not mean attachment of a ship in order to implement a court judgment or use of other compulsory means, including the detention of a ship in accordance with administrative procedures, upon implementation of state control of ports and supervision of the navigation regime of Latvian waters”.

Petitions to arrest the vessel are heard by the courts of common jurisdiction. There are two types of claims in Latvian legal system, which can issue a ruling to arrest a ship. Regional courts deal with claims up to 150'000.00 Latvian Lats (about EUR 213'400.00). Claims amounting in excess of 150'000 Lats are heard by District courts. Law does not determine minimum amount of claim enabling ship arrest.

Court tax for debtor's asset arrest before bringing claim on merits is 0.5% from the claimed amount. Language of hearing is Latvian and all documentation must be presented to the court in Latvian.

Ruling to arrest the vessel is issued by a sole judge on *ex parte* basis. If the claim is secured by arrest of the vessel, the court gives out a copy of corresponding decision to the claimant with an inscription that the copy is given out for detention of the vessel in the port. Appeal to the ruling cannot suspend the enforcement of the ruling.

Security to release the vessel from arrest is known to Latvian legislation and is accepted by judges. Different types of security can be accepted: P&I Club's letter of undertaking, deposit to the court bailiff's account, bank guarantee etc.

Lifting arrest is a long procedure taking into account that the order to release the vessel must be issued by the judge in the court trial, with participation of both plaintiff and defendant. In accordance with the law, trial to lift arrest must be held within one month after claimant delivers petition that he is satisfied with the defendant and asks to lift arrest. Practically such trial can be held during 3-5 days after petition to release the vessel is delivered to the court.

## 2. Which international Convention applies to arrest of ships in your country?

Latvia is a party of the Ship Arrest Convention 1999. Definitions of maritime claims are listed in the LMC in conformity with Article 1 of the Ship Arrest Convention 1999.

But the Ship Arrest Convention 1952 is also in force. These days in Latvia it is possible to apply to provisions of both Ship Arrest Conventions depending on the circumstances.

## 3. Is there any other way to arrest a ship in your jurisdiction?

As per LMC and local Civil Process Code provisions arrest of any ship is allowed if a maritime claim exists in relation to this ship.

## 4. Are there alternatives e.g. saisie conservatoire or freezing order?

No, Latvian legal system does not recognize Saisse conservatoire or freezing order.

## 5. For which types of claims can you arrest a ship?

A ship can be arrested to secure a maritime claim. Types of maritime claims are listed in the LMC



in conformity with Article 1 of the Ship Arrest Convention 1999.

6. Can you arrest a ship irrespectively of her flag?

Provisions of the LMC apply to all ships located in waters under Latvian jurisdiction with no irrespective to the flag the vessel is flying. Thus, a ship flying any flag can be arrested in Latvia.

7. Can you arrest a ship irrespectively of the debtor?

The arrest of any ship is allowed if in relation to the ship one of the following conditions is in effect:

- the person who owned the ship at the time when the maritime claim arose is liable for the claim and is the ship owner at the time of arrest of the ship;
- the person who was the bareboat charterer of the ship at the time when the maritime claim arose is liable for the claim and is the bareboat charterer or ship owner at the time of arrest of the ship;
- the claim arises from a mortgage or other similar type of encumbrance on a ship;
- the claim relates to the ownership or possession rights of the ship; or
- the claim is directed against the ship owner, bareboat charterer or ship's operator and this claim is secured by maritime lien.

Any other ship or ships that at the time of arrest are owned by such persons may also be arrested as are liable regarding a maritime claim and who at the time the claim arose were:

- The owner of the ship in relation to which the maritime claim arose; or
- The bareboat, time or voyage charterer of such ship.

8. What is the position as regards sister ships and ships in associate ownership?

LMC states that any other ship or ships can also be arrested if at the time of arrest they are owned by such persons who were liable for a maritime claim and at the time the claim arose were: 1) the owner of the ship in relation to which the maritime claim arose; or 2) the bare boat, time or voyage charterer of such ship.

This provision of LMC does not relate to claims arising from ownership or possession rights of the ship.

9. What is the position as regards Bareboat and Time-Chartered vessels?

A ship can be arrested if the person who was the bareboat charterer of the ship at the time when the maritime claim arose is liable for the claim and is the bareboat charterer or ship owner at the time of arrest of the ship.

10. Do your Courts require counter – security in order to arrest a ship?

As per Latvian law the court could require the arresting party to put up security for a wrongful arrest, but in practice it is required very rarely.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is a difference - if there is a maritime lien, a court action may be taken directly against the vessel.

12. Does your country recognize maritime liens? Under which international Convention, if any?

Latvia recognizes maritime liens although is not a member of any appropriate Conventions. Claims secured by maritime liens are listed in the LMC in full accordance with Article 4 of the Geneva Convention 1993.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to you law firm?

As it was mentioned above the language of the court hearings in Latvia is Latvian. Thus, translation of supporting documents is required. To save time on initial stage we usually ask our principals to provide us with all appropriate documents as soon as possible to start translation by sworn translators. It usually takes 2-3 days to translate depending on the quantity of documents.

The court's resolution may be issued maximum within seven days after petition of the plaintiff and all supporting documents are delivered to the court.

On practice regional courts are quicker than district courts. This may be explained by higher level of bureaucratic protraction in district courts. From our experience it is possible to obtain ruling in the regional court within 2-3 days, and in the district court it may take 5-7 days after petition and all supporting documents are delivered to the court.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Besides the petition and supporting documents, a relevant original Power of Attorney (POA) to local lawyers is required.

Petition of a claimant and documentation enclosed must demonstrate to the judge the ground, proof and validity of the claim. Copies of attached documents are sufficient at stage of arrest. If in the future the claim is heard on merits originals of the supporting documentation may be requested by the court.

15. What original documents are required, what documents can be filed electronically, what documents require notarization and/or Apostile, and when are they needed?

At the stage of arrest in order to secure a possible claim on merits court may accept copies of documents. Translation of the documents must be prepared. Latvian courts accept electronically filed documents if opposite party does not object against them.

POA should be better certified by a public notary and covered by Apostile in accordance with terms of the Hague Convention of 5th November 1961.

16. Will your Court accept jurisdiction over the substantive claim once a vessel has been arrested?

LMC states that if a vessel is arrested in Latvia in order to secure a possible claim on merits, Latvian courts hear the case if only the parties have not agreed about another country court's jurisdiction or arbitration court.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

If arrest ruling is obtained the court obliges the claimant to bring suit on merits during certain period of time, usually – one month. But claimant may ask the court about other time to bring suit on merits (two or three months). The court can accept such request taking into account concrete circumstances of the case.

18. Do the Courts of your country acknowledge wrongful arrest?

Defendant has a right to claim the plaintiff for damages having arisen in connection with the claim security if the claim, which has been sued against him, was rejected by court. Claim for a wrongful arrest must be brought in the court in a common way.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil? The piercing and lifting of the corporate veil is not acknowledged in Latvian legal system.

20. Is it possible to have a ship sold pendent lite; if so how long does it take?

There is no practice in Latvia regarding use of pendent lite. But in theory it is possible.

*\* Edward is owner of law firm Marine Legal Bureau (MLB).*

*Before MLB he spent several years as managing partner of another law firm in Riga, manager of private Russian ship owning company, as manager of Legal Dept. of Lloyd's agency in Latvia and of local correspondent for P&I Clubs.*

*In May 2008 Edward was key person who hosted 5th Shiparrested.com members meeting in Riga.*

*He is an arbitrator of Maritime Arbitration Commission (MAC) of ICC of Russia (Moscow) and Supporting Member of the LMAA. As a lawyer Edward has experience in resolution of a wide range of both dry and wet shipping matters. Edward represents clients in courts and in arbitrations in Latvia, Russia, Germany and UK.*

*In 2010 Edward has been selected as being among the world's pre-eminent shipping and maritime lawyers (Who'sWhoLegal).*

*In May 2013 during 10th Shiparrested.com Conference in Marrakech (Morocco) Edward was called as the Best Member of Shiparrested.com of the decade 2003-2013.*

# SHIP ARREST IN LEBANON



By Jean Baroudi (Managing Partner)\*

BAROUDI & ASSOCIATES

jean.baroudi@baroudilegal.com

www.baroudilegal.com

Achrafieh 5585 Building, P. Gemayel Avenue, Beirut

Tel: + 961 1 428777/8

Fax: + 961 1 423582

## 1. Please give an overview of ship arrest practice in your country.

Domestic legislation does not regulate the conservatory arrest of ships in specific. Ship arrest in Lebanese waters is regulated by the Code of Civil Procedure which grants any creditor the right to apply to the Judge of Execution Bureau for a conservatory seizure of his debtor's assets to obtain security for his claim (Article 866 of the Code of Civil Procedure). The Judge normally considers the application of arrest of a vessel on a prima facie basis and the arrest order is usually rendered ex-parte on the date of the filing of the application for arrest (or the earliest thereafter) provided that the claim is proven based on the face of things. The arrest order may be challenged within no later than five days from date of its service. The procedure of challenging the arrest order is usually complex and lengthy. Therefore, the quickest way to arrange for the lifting of a ship arrest is to put up a bank guarantee for the value of the arrest. The guarantee should be issued by a local bank. A Club Letter of Undertaking is not considered satisfactory security for the Judge to lift a vessel's arrest.

## 2. Which International Convention applies to arrest of ships in your country?

Lebanon is not a party to the International Convention on the Arrest of Seagoing Ships of 1952 nor to the International Convention on the Arrest of Ships of 1999.

## 3. Is there any other way to arrest a ship in your jurisdiction?

The ship could be arrested in the context of a procedure for enforcement commenced against her owner in accordance with the provisions of articles 73 and what follows of the Lebanese Merchant Shipping Law. The party applying for enforcement against the ship should hold a deed ascertaining his claim against the ship.

## 4. Are there alternatives e.g. saisie conservatoire or freezing order?

The saisie-conservatoire is the procedure described under question 1 above while the procedure of enforcement against a ship is described under 3 above. In certain matters of urgent character, the Judge of Urgent Matters may order the seizure of the vessel but usually for a specific period of time.

## 5. For which types of claims can you arrest a ship?

The law stipulates that, in general, a ship can be arrested for any claim which the claimant has against the owner of the ship or the ship, provided the claim is proven, on the face of things, to be serious and grounded. The Judge dealing with conservative attachments normally considers the application for arrest of a vessel on a prima facie basis only and the arrest order will be rendered ex-parte.

## 6. Can you arrest a ship irrespective of her flag?

Lebanese Law does not differentiate between vessels flying Lebanese and foreign flags. Therefore, a ship may be arrested by an unpaid creditor irrespective of the ship's flag.

## 7. Can you arrest a ship irrespective of the debtor?

In general, a ship can be arrested for any claim which the claimant has against her current owner provided the claim is proven, on the face of things, to be serious and grounded. However, where

the claim is secured by a maritime lien (See question no. 12) a recourse against the ship is accepted regardless of her owner's identity.

8. What is the position as regards sister ships and ships in associated ownership?

Under Lebanese Law, the application of arrest should be directed against the person or party responsible for the debt. There is no legal provision which would permit the enforcement against a ship unless its owner is responsible for the claimed debt. The arrest of a sister ship is generally possible providing that they are both owned by the same party who is a debtor of the arresting party. The arrest of associated ships may succeed only if it is possible to prove the close links between the two entities while noting that (if the arrest succeeds) it is not certain that the Judge will maintain it in case of a challenge by the actual registered owner of the arrested vessel. Hence, there is a great degree of uncertainty when applying for the arrest of an associated vessel.

9. What is the position as regards Bareboat and Time-Chartered vessels?

The arrest of a ship due to the debt of a charterer is not possible if such debt does not grant the creditor a maritime lien as described in the Merchant Shipping Law (see response to question no. 12).

10. Do your Courts require counter-security in order to arrest a ship?

The Judge has by law discretion in making the issuance of the arrest order conditional upon the provision of a counter-security by the claimant. However, this discretion is rarely put in effect.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

No. The arrest procedure is the same.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes. The Merchant Shipping Act defines and regulates maritime liens (Articles 48-61). Article 48 of the above-mentioned Act defines maritime liens as being a claim for:

- a. Legal costs and expenses incurred in the common interest of the creditors; port duties and taxes due on the ship;
- b. Claims arising out of the contract of engagement of the master, crew and other persons hired on board;
- c. Remuneration for assistance and salvage and the vessel's contribution to general average;
- d. Indemnities for collision or other accident of navigation; indemnities for personal injury to passengers or crew; indemnities for loss of or damage to cargo or baggage;
- e. Claims resulting from contracts entered into or acts done by the master outside the port of registry by virtue of his legal powers for the actual maintenance of the vessel or the continuance of the voyage;
- f. Damages due to charterers; and
- g. Insurance premiums for policies covering the hull, fittings and gear of a vessel due for the last voyage or the last insured period and up to a maximum period of one year.

Lebanon is party to the International Convention For the Unification of Certain Rules of Law relating to Maritime Liens and Mortgages of 1926 and claims a, b, c, d and e are identical to those listed in Article 2 of the Convention.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

2 days if all documentation is in order and documents issued in foreign language are translated.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

A POA must be provided on submission of the application. The POA must be notarized and legalized by the Lebanese consulate at the place of issuance. We must also file with the arrest application all original documentation supporting the claim against the ship. If the documentation supporting the claim is in a foreign language, it must be translated into Arabic by a sworn translator.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The main documents supporting the claim against the ship must be submitted in original copies.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

No. The substantive action should be brought before a Court/Arbitration Panel that is competent to deal with the merits of the claim. Such action must be commenced within no later than five days from the date of the arrest order.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The claimants must, within no later than five days from the date of the arrest order, take legal action on the merits. Failure to file such action will result in the cancellation of the arrest order.

18. Do the Courts of your country acknowledge wrongful arrest?

There are no legal precedents on the liability for the wrongful arrest of a ship. However, under the general principles of civil law, a claim for wrongful arrest would succeed if the party claiming indemnification can prove the bad faith of the arresting party and its losses arising from the arrest.

The damages that could be awarded for a wrongful arrest would cover all direct losses sustained by the shipowner as a result of the arrest (e.g. port dues and associated costs, crew wages, etc...) and possible indirect losses (including loss of profit).

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Lebanese Judges tend not to allow the piercing of the corporate veil. Lebanese Courts have allowed this only in very rare instances where proof of the fictitious character of the company is provided by the arresting party.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

Such a sale could be authorized only if the ship is under the risk of a quick deterioration and in a situation that endangers third parties.



*\*Jean Baroudi graduated from St-Joseph University Faculty of Law in 1992 and obtained a Master's Degree from Southampton University in 1994. He is currently the Managing Partner of Baroudi & Associates, one of the oldest and largest law practices in Lebanon founded in 1912. The firm is constantly recommended by international legal directories such as Chambers, Legal500 and IFLR1000 and specializes in various areas of law. The firm acts as Lebanon correspondent for most P&I Clubs. Jean Baroudi is a former adviser to the Lebanese Minister of Transport and is currently member of the Legislative Committee of the Lebanese Ministry of Transport and member of various committees of the Beirut Bar Association. He acts as adviser to the Syndicate of Lebanese Ship Agents and is an arbitrator at the Arbitration Chamber of Monaco.*

# SHIP ARREST IN LITHUANIA



By Vytautas Ramanauskas, partner\*  
RAMANAUSKAS IR PARTNERIAI Law Firm  
v.ramanauskas@rplaw.lt  
www.rplaw.lt  
S. Daukanto 9, LT-92235 Klaipėda, Lithuania  
Tel: +370 46 303430  
Fax: +370 46 312393

## 1. Please give an overview of ship arrest practice in your country.

The International Convention for the Unification of Certain Rules relating to the Arrest of Seagoing Ships, Brussels, 1952 (1952 Arrest Convention) was ratified by the Seimas of Lithuania on 26 March 2002 and since then it has been successfully applied by the Lithuanian Courts.

Depending on the amount of security required an application requesting to arrest a ship should be submitted either to the District Court of Klaipėda city or to the Regional Court of Klaipėda. The District Court of Klaipėda city has jurisdiction to decide on the claims in an amount not exceeding 150,000.00 Litas (EUR43, 443.00). When the amount of claim is higher than 150,000.00 Litas, the Regional Court of Klaipėda will have jurisdiction to decide on it. Since 1st of July 2012 the Courts in Klaipėda have jurisdiction to decide on ship arrest applications only in cases when the main proceedings, in respect of which security is required, have been instituted or will be instituted in the same courts. If ship arrest is required for obtaining of a security in respect of a claim that is to be heard in arbitration or in a foreign State Court, the Regional Court of Vilnius will have jurisdiction to decide on such application.

There are no specialized maritime courts or judges in Lithuania. The majority of ship arrest cases have been dealt by the Regional court of Klaipėda and less the District Court of Klaipėda city. The Regional Courts are also the courts of appeal instance for the decisions of the District Courts. The judges in Klaipėda have sufficient experience with ship arrest procedures and a Ruling can be obtained fairly quickly. The judges of the Regional Court of Vilnius have no experience with ship arrests yet and various difficulties with obtaining arrest orders can be expected there.

## 2. Which International Convention applies to arrest of ships in your country?

The International Convention for the Unification of Certain Rules relating to the Arrest of Seagoing Ships, Brussels, 1952 (1952 Arrest Convention) and the International Convention on Maritime Liens and Mortgages (Geneva 1993) are ratified by Lithuanian Seimas and are applicable.

## 3. Is there any other way to arrest a ship in your jurisdiction?

A Ship that is registered and flying the State flags of the State that is a Member to the 1952 Arrest Convention can be arrested only in respect of the claims enumerated in the Article 1 of the Convention. Other ships can be arrested in respect of maritime and non-maritime claims. In accordance with the Article 12(1) on the Law of Klaipėda State Sea Port the Harbour Master may refuse clearance of the vessel in case that there are unpaid port charges or fines in respect of the vessel or the vessel has damaged the port's infrastructure, until such charges, fines and/or claims have been paid or secured.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

No.

## 5. For which types of claims can you arrest a ship?

The types of claims for which a ship can be arrested are enumerated in the Arrest Convention Paragraph a) to q) of Article 1(1).

## 6. Can you arrest a ship irrespectively of the flag?

In accordance with the Article 8(1) of the 1952 Arrest Convention a ship flying the State flag of



the Member State of the Convention can be arrested only for the claims enumerated in the Article 1 of the Convention. A Ship that does not fly the State flag of the State that is Member to the 1952 Arrest Convention can be arrested for any claims under provisions of Code of Civil Proceedings.

7. Can you arrest a ship irrespectively of the debtor?

Until now, the practice is such that we can arrest a ship irrespectively of the debtor. Several appeals filed on behalf of the arrested ship owners trying to challenge such arrest have been unsuccessful so far.

8. What is the position as regards sister ships and ships in associated ownership?

Under provision of the Arrest Convention a claimant may arrest the particular ship in respect of which the debt arose or any other ship owned by the debtor. Therefore arrest of a sister ship is permitted, except in respect of the claims mentioned in the Article 1(1), o-q. Ships in the associated ownership can be arrested if it can be proved that the same persons beneficially own them. Demonstration on the company's website showing fleet of the company's vessels might be sufficient to prove that.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Part 4 of the Article 3 of the 1952 Ship Arrest Convention shall apply in respect of arrest of a Bareboat chartered vessels. Such vessel can be arrested in respect of maritime claims created by the Bareboat Charterer, or any other vessel that is owned by the Bareboat Charterer can be arrested. Generally, a vessel cannot be arrested in respect of claims created by her Time- Charterer.

10. Do your Courts require counter-security in order to arrest a ship?

No counter security is required before arresting the ship. The court on request of the ship's interest can order the arrestor to provide counter-security within certain period of time. If this is not complied with, the Court makes an order to lift the arrest.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

In case of maritime claim it is allowed to arrest either the ship in respect of which the maritime claim arose or any sister ship. The subject of the maritime lien is the offending ship only. It can be enforced against the ship regardless of who was in control or possession of the ship when the events which gave rise to maritime lien occurred. Maritime lien is not enforceable against a sister ship. Otherwise, there is no difference.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Lithuania does recognise maritime liens as per the International Convention on Maritime Liens and Mortgages, 1993.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

It depends on the number of documents that need to be attached to the arrest application and in what language they are. If many invoices, long Charter-parties, correspondences or other claim documentation need to be attached to the application they all have to be translated into Lithuanian language and it takes time. Normally the arrest application can be lodged to the court within 1-2 days since we receive the instruction and copy of the relevant claim documentation. The Courts rarely issue arrest order on the same day on which the arrest application has been registered with the Court. Usually the arrest order is available on the following day. If a ship arrest application is submitted to the Court on Friday, the arrest order usually is available on the following Monday afternoon or Tuesday only. The Courts are closed on Saturdays, Sundays and National Holidays. No ship arrest is possible then.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

We require a written legal service agreement that needs to be signed by the Client. Faxed or emailed copy of the legal service agreement is sufficient to make a ship arrest application on behalf of the Client. The original copy of the legal representation agreement must be presented if requested by the Court. No notarization or legalization of the legal representation agreement is required. Basic claim documentation and correspondence evidencing that the debtor has failed to pay the



claim or to provide security should be attached to the ship arrest application.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

All documents can be filed electronically for the purpose of ship arrest. Only original legal service agreement should be available if so requested by the Court. A ship arrest application normally should be supported by:

Copy of legal service agreement between the lawyer and the Client;

Copy of an extract from the Companies' Register of the Client's State, confirming that the Client exists as a legal entity. It should be seen the names of the persons who are entitled to represent the Company legally;

-Basic Claim documents that will depend on the type of claim;

-Copy of an agreement containing the arbitration clause in case that the arrest is for obtaining security in respect of maritime claim that is to be pursued in an Arbitration or an agreement to litigate in a foreign State Court, or an evidence that such proceedings have been commenced.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes, the Lithuanian courts accept jurisdiction over the substantive claim once the vessel has been arrested, subject that there is no agreement between the relevant parties to litigate in another jurisdiction or to submit dispute to arbitration.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Up to 14 days in the National Courts and up to 30 days in arbitration or in a foreign State Court.

18. Do the Courts of your country acknowledge wrongful arrest?

The court may order the Plaintiff to pay damage for wrongful ship's arrest in case that:

-the claim in respect of which the vessel was arrested is rejected;

-In case of misuse of the procedural rights to seek the ship arrest, for example arresting the vessel despite the fact that an adequate security has been provided, submitting to the court knowingly wrong information when seeking a ship arrest etc. The ship's interest must prove what loss has been suffered due to ship's arrest. This normally is not an easy task.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

There is no relevant practice yet.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

No.



*\*Vytas Ramanauskas (1963.03.26) is a leading shipping and maritime as well as insurance lawyer of Lithuania. He advises the Clients on various aspects of maritime law and has a vast experience of litigations in the courts and in arbitration. He had few years of a Sea-going experience before qualified as a lawyer and then worked as claims insurance manager for a Lithuanian Shipping company. Vytas Ramanauskas also had spent two years with one of London's leading shipping law firm before he set up his private law firm in Klaipeda.*

*Vytas Ramanauskas is a Member of the Bar of Lithuania since 2001.*

*Professional education: 1992 Law Faculty of Vilnius University (LLM);1984 Ship Navigation Department of Klaipeda Marine College. Languages spoken: Lithuanian, Russian and English.*

# SHIP ARREST IN MALAYSIA



By Rahayu Abd Ghani, Principal Partner\*  
RAHAYU PARTNERSHIP – IN ASSOCIATION WITH JTJB  
rahayu@jtjb.com  
www.rahayupartnership.com  
Suite A-17-17 Menara UOA Bangsar  
5 Jalan Bangsar Utama 1, 59000 Kuala Lumpur  
Tel: + 6(03)22872322  
Fax: + 6(03)22877322

1. Please give an overview of ship arrest practice in your country.

A ship may be arrested in Malaysia as long as the arresting party's claim falls under any of the provisions of Section 20(2) and Section 21 of the Supreme Court Act 1981 of England and Wales. A party who wants to arrest a ship in Malaysia must strictly comply with the Rules of Order 70 of the Rules of Court 2012 which govern admiralty proceedings in the Malaysian High Court. Malaysia now has a dedicated Admiralty Court situated in the High Court of Malaya at Kuala Lumpur to hear applications for arrest relating to Vessels calling the West Malaysian ports. For Vessels calling the East Malaysian ports, the application will have to be heard by any of the High Courts situated in the High Court of Sabah and Sarawak.

2. Which International Convention applies to arrest of ships in your country?

Malaysia is neither a party to the International Convention relating to the Arrest of Seagoing Ships of 1952 nor the International Convention on arrest of Ships 1999.

3. Is there any other way to arrest a ship in your jurisdiction?

No.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

No.

5. For which types of claims can you arrest a ship?

- a. any claim to the possession or ownership of a ship or to the ownership of any share therein;
- b. any question arising between the co-owners of a ship as to possession, employment or earnings of that ship;
- c. any claim in respect of a mortgage of or charge on a ship or any share therein;
- d. any claim for damage done by a ship;
- e. any claim for damage received by a ship;
- f. any claim for loss of life or personal injury sustained in consequence of any defect in a ship or in her apparel or equipment, or of the wrongful act, neglect or default of the owners, charterers or persons in possession or control of a ship or of the master or crew thereof or of any other person for whose wrongful acts, neglects or defaults the owners, charterers or persons in possession or control of a ship responsible, being an act, neglect or default in the navigation or management of the ship, in the loading, carriage or discharge of goods on, in or from the ship or in the embarkation, carriage or disembarkation of persons on, in or from the ship.
- g. any claim for loss of or damage to goods carried in a ship;
- h. any claim arising out of any agreement relating to the carriage of goods in a ship or to the use or hire of a ship;
- i. any claim in the nature of salvage;
- j. any claim in the nature of towage in respect of a ship or an aircraft;
- k. any claim in the nature of pilotage in respect of a ship or an aircraft;
- l. any claim in respect of goods or materials supplied to a ship for her operation or maintenance;
- m. any claim in respect of the construction, repair or equipment of a ship or dock charges or dues;
- n. any claim by a master or member of the crew of a ship for wages;
- o. any claim by a master, shipper, charterer or agent in respect of disbursements made on account of a ship;
- p. any claim arising out of an act which is or is claimed to be a general average act;

q. any claim arising out of bottomry;  
r. any claim for the forfeiture or condemnation of a ship or of goods which are being or have been carried, or have been attempted to be carried, in a ship, or for the restoration of a ship or any such goods after seizure, or for droits of admiralty.

6. Can you arrest a ship irrespective of her flag?

Yes

7. Can you arrest a ship irrespective of the debtor?

No. we can only arrest a ship if the person who would be liable on the claim in an action in personam is, when the cause of action arose, the owner or demise/bareboat charterer of, or in possession or in control of, the ship

8. What is the position as regards sister ships and ships in associated ownership?

It is possible to arrest sister ships but not associated ships. Sister ships are ships that when the action is brought is owned by the same person who was the owner of the ship in connection with which the claim arises at the time when the cause of action arose.

9. What is the position as regards Bareboat and Time-Chartered vessels?

It is possible to arrest Bareboat vessels but not Time-Chartered vessels.

10. Do your Courts require counter-security in order to arrest a ship?

No. However, a written undertaking by the arresting party to the Sheriff to pay the fees and expenses of the Sheriff while the arrested ship is under his custody and custody, must be furnished as a pre-condition to execution of the Warrant of Arrest. In addition, a Court deposit of RM15,000 must be made prior to issuance of the warrant of arrest.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Maritime claims are dependant upon the ownership of the ship. The ship can only be arrested provided that the party who was the owner at the time that the cause of action arose is still the owner at the time of arrest. Maritime liens can be enforced irrespective of ownership and entitle the claimant to issue a claim and to arrest the ship despite a change of ownership. The procedure for arrest is the same however.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes. In the *Dong Nai* [1996] 4 MLJ 454, 463, the court cited a passage from Mallal's Supreme Court Practice which observes that, just like Singapore law, Malaysian law on the area of maritime liens is no different from English law. Under English law, and hence the laws of Malaysia, claims which are recognised to give rise to a maritime liens consists of salvage, damage done by a ship, seaman's and master's wages, bottomry and master's disbursements.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Usually, a Warrant of Arrest can be obtained within a reasonably short period of time, so long as all the claim documents are in our possession, and the supporting affidavit leading to the arrest has been affirmed/sworn. Subject to the receipt of all documentation relevant to the claim, the application to the court can take place within a matter of hours. The actual arrest will be dependent on the availability of the bailiffs in the area that the ship is located but should be effected within 24 hours of the warrant being issued.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

There is no requirement for a POA to be furnished. However, the claim documents must be furnished. Prior to the arrest, the arrestor should determine whether there is a caveat against arrest in force against the ship in question.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

All court documents including the affidavit leading to the arrest can be filed electronically. All relevant documents must be filed with the court before the warrant of arrest can be issued.

Certification or apostille by a Notary is not required although if supporting documents need translating then the translations should be certified by a Notary. The affidavit leading to the arrest, if filed a deponent residing outside Malaysia must be affirmed before a Notary Public (for Commonwealth countries) or a Consular Officer of the Malaysian Consulate Office situated in that country (for non-Commonwealth countries).

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested? This will depend on the circumstances. If the claim arises out of a contract which contains an exclusive foreign jurisdiction clause it may be the case that the proceedings are stayed in favour of the relevant foreign court. However, for most other claims the Court will usually accept jurisdiction.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Upon arresting the ship and serving the Writ of Summons on the ship, time starts running under the time table/procedure set down by the Rules of Court 2012 and the claimants can follow the timelines set out in the Rules of Court 2012 to move the claim on its merits along the prescribed timelines.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes but only where the arrest of ship is carried out in circumstances where there is mala fides or gross negligence (i.e. crassa negligentia) as to imply malice on the part of the arresting party which results in damage to the owner of the arrested property.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Yes. A corporate veil may be lifted if there are special circumstances which indicate the presence of a faced or sham set up with the object of perpetrating fraud or deception.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

Yes but only where there is a good reason for it. One important factor the court takes into account is whether, if the ship remains under arrest while the action is pending, the value of the security represented by the ship would be progressively reduced by the continuing costs of maintaining her under arrest. Other relevant factors include the market value of the arrested ship, the rate of depreciation in the value of the ship, any deterioration in the condition of the ship if she remains under arrest, the time lapse before the action comes on for trial and the quantum of the claims faced by the ship as compared with the value of the ship and the timing of the sale. The sale procedure will take several months considering the need to obtain the Judge's order, the service on the owner of the ship and the sale procedure that will follow thereafter.



*\* Rahayu Abd Ghani is the Principal Partner of Rahayu Partnership. The firm is part of the Joseph Tan Jude Benny (JTJB) Global Network. Rahayu graduated from the University of Newcastle-upon-Tyne with a Bachelor of Laws Honours Degree in 1996 and upon completing her Certificate in Legal Practice and being called to the Malaysian Bar in 1999, Rahayu started her practice in Messrs L.Y. Leong & Partners, Subang Jaya where she gained experience specializing in shipping, admiralty and insurance cases. She has been exposed to a full range of shipping, admiralty and insurance cases both contentious and non-contentious.*

*She also handles civil, corporate and commercial cases. Her exposure includes: project financing; ship financing and registration; ship sale agreements and shipbuilding contracts; ship arrests for all types of claim; charter party and bill of lading disputes; marine insurance claims; arbitration; and shipping litigation.*

# SHIP ARREST IN MALTA



By Dr. Kevin Dingli & Dr. Tonio Grech\*  
DINGLI & DINGLI LAW FIRM  
kevin@dingli.com.mt & tonio@dingli.com.mt  
www.dingli.com.mt  
18/2 South Street, Valletta VLT 1102, Malta  
Tel: (+356) 21236206  
Fax: (+356) 21240321



## 1. Please give an overview of ship arrest practice in your country.

The law on ship arrest in Malta was, until recently, governed by very archaic rules. Suffice it to say that our admiralty jurisdiction was still regulated by British statutes which had long become defunct in their own country of origin, namely the Vice-Admiralty Court Act 1840 and the Admiralty Court Act 1861. These provided very limited heads of jurisdiction 'in rem' on the basis of which a ship could be arrested, and in particular did not regulate the substance of the action in rem. Problems arose in more recent cases connected with bareboat charterers, for which no provision was made.

Furthermore, there was no right of sister ship or of associated ship arrest.

All this changed with statutory amendments introduced in 2006, as further fine tuned in 2008. Although not strictly part of this Questionnaire, it ought also to be mentioned that these amendments also radically reformed the system regulating Judicial Sale by Auction of ships, as well as introduced the concept of Court Approved Sales for Ships.

## 2. Which International Convention applies to arrest of ships in your country?

Malta is not a signatory to the Arrest Convention 1952. Ships are arrested in Malta by Warrant of Arrest issued on any one of the grounds listed in Article 742B of the Code of Organisation and Civil Procedure giving rise to the in rem jurisdiction of the Maltese Courts. These include all maritime claims recognised under the Convention. The law provides for a precautionary as well as for an executive warrant of arrest. Creditors seeking to arrest a ship in security of a claim which is not yet judicially acknowledged must have recourse to the precautionary warrant. Judgment creditors and other creditors being in possession of an enforceable executive title or of an Authentic Instrument pursuant to the provisions of Regulation (EC) No. 805/2004 (such as a Mortgagee) may immediately proceed to issue an executive warrant.

## 3. Is there any other way to arrest a ship in your jurisdiction?

Ships may be arrested in Malta both in security of maritime 'in rem' claims as mentioned above, whenever the ship concerned is physically present within the territorial jurisdiction of the Maltese Courts, as well as in security of 'in personam' claims in those instances where the shipowner may be personally subject to the ordinary jurisdiction of the Maltese Courts. Ships may also be arrested in Malta in security of arbitration proceedings commenced against the shipowner. Finally, ships may also be arrested in Malta pursuant to the provisions of Article 31 of Council Regulation (EC) No. 44/2001, dealing with provisional including protective measures, in cases where the Courts of another Member State have jurisdiction as to the substance of the matter. However, in all these cases, the ship must always be arrested in virtue of the warrant of arrest, which remains the only way in which a ship may be arrested in Malta.

#### 4. Are there alternatives e.g. saisie conservatoire or freezing order?

The law is very clear on this point. A ship can only be arrested in Malta in virtue of a Warrant of Arrest, and no other warrant may be issued out against a ship. In this context it is also to be borne in mind that in virtue of Article 37A of the Merchant Shipping Act, dealing with detention of ships as security for debts, ships constitute a particular class of movables whereby they form separate and distinct assets within the estate of their owners for the security of actions and claims to which they are subject.

#### 5. For which types of claims can you arrest a ship?

A total number of 25 Maritime Claims giving rise to in rem jurisdiction are provided for under paragraphs (a) – (y) of Article 742B of the Code of Organisation and Civil Procedure. These follow closely the British Supreme Court Act 1981 but also incorporate both Arrest Conventions of 1952 and 1999 even though Malta is not yet signatory to either. The basic heads of claim may be summarised as follows :

a) Claims to possession / ownership / title to ship; b) Questions arising between co-owners; c) Claims in respect of mortgage / hypothec / charge on a ship; d) Claims arising out of a contract of sale; e) Claims for damages received by ship; f) Claims for damage caused by ship; g) Claims for loss of life / personal injury caused by ship; h) Claims for loss of life / personal injury caused by ship ; i) Claims arising out of agreement for carriage of goods / use or hire of ship; j) Claims for salvage; k) Claims for damage to environment by ship; l) Claims relating to wrecks; m) Claims for towage; n) Claims for pilotage; o) Claims for supplies / services rendered to ship; p) Claims for construction / repair / conversion / equipping ship; q) Claims for port / dock / harbour dues; r) Claims by crew for wages / repatriation; s) Claims for disbursements made; t) Claims for commissions / brokerage / agency fees; u) Claims arising out of general average act; v) Claims arising out of bottomry; w) Claims for forfeiture of ship; x) Claims for insurance premia and y) Claims for fees due to Registrar / tonnage dues.

#### 6. Can you arrest a ship irrespective of her flag?

Yes. The only requirement is that the ship has a length exceeding 10 metres, and that the claim in respect of which the ship is arrested be no less than €7,000. All matters relating to jurisdiction and ranking of creditors are subject to Maltese law as the *lex fori*.

#### 7. Can you arrest a ship irrespective of the debtor?

With very few exceptions, there are no privileged debtors, so that a ship may be arrested irrespective of who the debtor might be. The exceptions relate to ships of war, and ships wholly chartered in the service of the Government of Malta or employed in any postal service either by the Government of Malta or by any other Government.

Of course as shall be seen later, the underlying personal liability of the debtor for the maritime claim concerned is an essential requisite for an action in rem following an arrest to succeed.

#### 8. What is the position as regards sister ships and ships in associated ownership?

In cases concerning any one of the maritime claims listed in (a), (b) and (c) under question 5 above, an action in rem and may only be brought against that ship in connection with which the claim arose.

In all other cases concerning the remaining maritime claims listed in (d) – (y), an action in rem may be brought against (i) that ship, where the person who would be liable on the claim for an action in personam (the “Relevant Person”) was, when the cause of action arose, an owner or charterer of or in possession or in control of, the ship if at the time when the action in rem brought the Relevant Person is either an owner or beneficial owner of that ship or the bareboat charterer of it, and/or (ii) any other ship of which, at the time when the action is brought, the Relevant Person is the owner or beneficial owner as respects all shares in it.

In these cases, therefore, sister ship and associated ship arrest is possible.

The requirement of the Relevant Person being the owner or beneficial owner of the ship or the bareboat charterer of it at the time when the action is brought does not apply in regard to those maritime claims secured by a special privilege in accordance with Article 50 of the Merchant Shipping Act, which survive the voluntary sale of the vessel by up to one year from when such sale is recorded in the ship’s register.



#### 9. What is the position as regards Bareboat and Time-Chartered vessels?

The answer to this question is already to be found in the response given to Question 8 above. If at the time the cause of action arose the person who would be liable for the claim *in personam* (the "Relevant Person") was the charterer (which therefore includes both bareboat charterers as well as time and voyage charterers) of the vessel concerned, then if at the time the action is brought that same person is either an owner or beneficial owner of that ship or the bareboat charterer of it, that particular ship may be arrested in security of that maritime claim.

Furthermore, if at the time the action is brought the same charterer liable for the claim *in personam* happened to be the owner or beneficial owner of any other vessel, then that other vessel could also be arrested in security of the maritime claim concerned.

#### 10. Do your Courts require counter-security in order to arrest a ship?

An Owner whose ship has been arrested may request that counter-security be put up by the claimant; and the Court, upon good cause being shown, will uphold such request and determine the quantum of such counter-security in an amount of not less than €11,600 for the payment of the penalty for wrongful arrest, damages and interest; and in default the Court will rescind the warrant of arrest.

#### 11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Maltese law does not recognise the concept of a 'maritime lien' as such. However, a number of 'special privileges on ships' are recognised under Article 50 of the Merchant Shipping Act. The difference between an ordinary maritime claim (as recognised under Article 742B of the Code of Organisation and Civil Procedure) and a special privilege is essentially twofold. Firstly, special privileges survive the voluntary sale of a ship for a period of one year from when such sale is recorded in the ship's register. Secondly, special privileges would rank in priority to ordinary maritime claims.

#### 12. Does your country recognise maritime liens? Under which International Convention, if any?

As mentioned above, Malta does not recognise the concept of a 'maritime lien' as such; and Malta is not a signatory to any International Convention pertinent to maritime liens.

#### 13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Provided of course that the ship to be arrested is physically in a Maltese port, or at an anchorage within the territorial jurisdiction of the Maltese Courts, and we have received (i) a sufficient background of facts in relation to the claim; (ii) documentation substantiating the claim, (iii) a power of attorney – all of which may initially be forwarded to us by fax or e-mail – as well as (iv) funds covering fees and costs, then we could proceed to arrest the ship well within 24 hours.

#### 14. Do you need to provide a POA, or any other documents of the claim to the Court?

We always require these documents as we need to substantiate both our authority to act as special mandatories of the claimant, as well as the claim itself in order to avoid any possible claim for wrongful arrest.

#### 15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

We should perhaps differentiate between two separate and distinct stages, being the stage at which the precautionary Warrant of Arrest itself is issued in security of a maritime claim; and the action on the merits which must follow the precautionary warrant of arrest in order to maintain *in vigore* the effects of the warrant of arrest.

The Warrant of Arrest itself does not require to be substantiated by any documents according to law, which only requires the completion and filing of the official form of warrant. However, in the subsequent action on the merits, documents should be submitted to the Courts in original format, or at least as certified true copies in the manner required by the law of procedure. In the event that only copies of documents are available, these would need to be substantiated by evidence given either *viva voce* before the Court, or by means of a sworn Affidavit.



16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested? Provided the claim falls within the ambit of Article 742B of the Code of Organisation and Civil Procedure, then the Maltese Courts would be vested with jurisdiction to entertain the substantive claim on the merits.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Action on the merits is to be brought, or arbitration commenced, in respect of the Claim stated in the Warrant of Arrest not yet being judicially acknowledged in virtue of a final and unappealable judgment or arbitration award or not otherwise constituting an executive title (such as would a Ship Mortgage), within 20 days from the date of issue of the Warrant.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes. Maltese Courts would recognise, and penalise, wrongful arrest. In case the Court were to find that a Warrant of Arrest was issued on a demand maliciously made or unjustly obtained, it may impose a penalty upon the arresting party in an amount of not less than €11,600.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Our Courts would likely follow English principles of company law in this regard, and would therefore allow the piercing and lifting of the corporate veil in appropriate circumstances.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

The Court may order the sale of an arrested ship *pendente lite* if, on application of a Creditor, it appears that the debtor is insolvent or unlikely to continue trading and maintaining the asset. In reaching its conclusion, the Court will have regard to all the circumstances, including the nature of the claim, as well as of the defence; as well as to such steps as the defendant may have taken to secure the claim or otherwise to preserve the ship.



*\* Dr. Kevin F. Dingli is one of the original founders and currently Managing Partner of Dingli & Dingli Law Firm. He graduated from the University of Malta in 1981, and pursued postgraduate studies in shipping law at the University of London. He was admitted to the Bar at Valletta, Malta, in 1982, and practices as an advocate.*

*He is a member of the Chamber of Advocates and of the Institute of Financial Services Practitioners, and has been appointed as the Member for Malta on the Tax Commission of the Union Internationale des Avocats. He is a Deputy Registrar of the International Merchant Marine Registry of Belize, as well as of the Maritime Authority of Jamaica.*

*\* Dr. Tonio Grech is a Partner in the Firm, having joined the Firm in 2001. He graduated as Doctor of Laws (LL.D.) from the University of Malta in 1983. He was admitted to the Bar at Valletta, Malta in 1984, and initially practiced as an advocate at the Attorney General's Office.*

*He is the legal advisor to the Director General of Civil Aviation and has drafted the majority of laws on civil aviation during the last twenty years. He is also very much involved in court litigation and arbitration with regard to matters involving transport. He is a member of the Chamber of Advocates, as well as of the Institute of Financial Services Practitioners. He is also a Director of the Firm's licensed fiduciary company DG Fiduciary Limited.*

# SHIP ARREST IN MEXICO

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By Ignacio Melo, partner\*  
MELO & MELO LAWYERS  
lawyers@melo-melo.com.mx  
www.melo-melo.com.mx  
Rio Hudson # 8, Col. Cuauhtémoc  
06500 Mexico  
Tel: (52) 55 52112902  
Fax: (52) 55 55207165

## 1. Please give an overview of ship arrest practice in your country.

Mexico has no special procedural legislation on this matter neither in their old Codes of Commerce, nor in the Navigation and Maritime Commerce Act 1963 and was until 1994, when there was a draft chapter for procedural rules on this matter, but was not adopted because it was not considered appropriate to include adjective law in this Act. This project basically followed the concepts of the 1952 Convention on the ground that at the time it was far from the concepts of the Convention that was signed later in 1999.

On the Navigation and Commerce Act 2006, currently in force, it included adjective law provisions within that Act related to the arrest of ships.

## 2. Which International Convention applies to arrest of ships in your country?

In Mexico there is no International Convention in force but our internal legislation basically followed the concepts of the 1952 Convention.

## 3. Is there any other way to arrest a ship in your jurisdiction?

Executive seizure

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

There are not within the Mexican Legal system.

## 5. For which types of claims can you arrest a ship?

I. Loss or damage by the use of the ship;

II. Death or injury occurring, whether on land or on water, in direct relation to the use of the ship;

III. Assistance or salvage operations or any salvage agreement, including, if applicable, special compensation relating to salvage operations or assistance to a ship that by itself or its cargo threatened to damage the environment;

IV. Damage or threat of damage from the ship to the environment, coastline or related interests, measures taken to prevent, reduce or eliminate such damage; compensation for the damage, the costs of reasonable measures for restoration of the environment actually undertaken or to be taken, actual losses or losses that may occur in connection with such damage;

V. Costs or expenses relating to the raising, removal, recovery, destruction or the rendering harmless of a sunken, wrecked, stranded or abandoned ship, including anything that is or has been on board, and costs and expenses relating to the conservation of a vessel and its crew maintenance;

VI. Any contract related to the use or hire of a whether vessel formalised in a charter party or otherwise;

VII. Any contract related to the carriage of goods or passengers on the ship whether formalised in a bill of lading, passenger ticket or otherwise;

VIII. The loss or damage to the goods, including luggage, carried on board the vessel;

IX. General Average;

X. Tugging services,

XI. Pilotage;

XII. Goods, materials, supplies, fuel, equipment, including containers supplied or services rendered to the ship for her use, management, conservation or maintenance;

XIII. The construction, reconstruction, repair, alteration or fitting of the vessel;  
 XIV. The rights and duties of ports, canals, docks, harbours and other waterways;  
 XV. Salaries and benefits due to the master, officers and other crew members under their employment on the vessel including costs of repatriation and social security contributions payable on their behalf;  
 XVI. Disbursements incurred on account of the vessel or its owners;  
 XVII. Insurance premiums, including P&I, payable by the owner of the vessel, or the bareboat charterer, or on their own in relation to the boat;  
 XVIII. The commissions, brokerages or agency fees payable by the owner of the vessel, or the bareboat charterer, or on their own, in relation to the boat;  
 XIX. Any dispute concerning the ownership or possession of the vessel;  
 XX. Any dispute between co-owners of the vessel related to its use or exploitation of the vessel;  
 XXI. Claims secured by mortgage or pledge, and  
 XXII. Any dispute arising from a contract of sale of vessels.

6. Can you arrest a ship irrespectively of her flag?

Yes, the vessel can be arrested irrespective of her flag.

7. Can you arrest a ship irrespectively of the debtor?

Yes, a ship can be arrested irrespectively of the debtor, but only if this debtor is the owner or the Bareboat or Time Charterer.

8. What is the position as regards sister ships and ships in associated ownership?

Yes, sister ships and ships in associated ownership can be arrested.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Under Mexican Legislation any owner, disponent owner, bareboat charterer, operator and/or time charterer can be subject to the arrest of their vessel.

10. Do your Courts require counter-security in order to arrest a ship?

The Court, when granting an arrest order, sets the amount of the counter-security to be posted by the claimant to respond for the damages resulting of a wrongful arrest. The Court arrest order shall have no effect until the counter-security is filed at the Court. The counter-security can be posted either in a cash or by a bond issued by a Mexican bonding company.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

The Mexican Law states the cases in which a ship can be arrested and its a close list mentioned in point number 5 of this document.

12. Does you country recognise maritime liens? Under which International Convention, if any?  
 In Mexico, the Navigation and Commerce Act provisions state the liens, in the following order:

- I. Salaries and other amounts owed to the crew of the ship,, including costs of repatriation and social security contributions payable on their behalf;
  - II. Claims arising from death or personal injury occurring on land or water, in direct relation to the operation of the vessel;
  - III. Claims for the salvage of the vessel;
  - IV. Vessels credits, arising from the use of port infrastructure, maritime signalling, waterways and pilot.
  - V. Claims arising from tort, by reason of loss or damage caused by the use of the vessel, other than loss, or damage caused to cargo, containers and personal belongings of passengers carried on board.
- Maritime liens from the last trip will be preferred to those from previous trips.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

There is no mandatory period, but based on our experience, it would take approximately between

one or two weeks.

14. Do you need to provide a POA, or any other documents of the claim to the Court?  
Yes, we require a POA duly apostilled in order to act on behalf any Legal Entity or Person.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Maritime legislation in Mexico, requires the submission of original documents evidencing the credits and unfortunately we have to mention that this is a serious setback of the legislation, as in practice it is extremely difficult to file a claim in different jurisdictions either domestic or foreign, yet use original documents in more than one court..

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes, once the vessel is arrested, the claimant has five working days to file the substantive claim or to produce evidence that has being filed on another jurisdiction. If not, the Judge will lift the arrest order and will declare a wrongful arrest on the claimant.

We most point that the arrest shall be ordered without previous hearing to the other party and run without prior notice, meaning that rulings will be made secret. This is to avoid previous knowledge of the procedure by the debtor could hasten the departure of the vessel and thus evade justice.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Once the vessel is arrested, the claimant have five business days to file the substantive claim or to produce evidence that has being filed on another jurisdiction.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes, if the claimant fails to file the lawsuit or the final ruling is adverse, then the counter party have legal action against the claimant of the wrongful arrest.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Yes, but the burden of proof is very high in order to lift the corporate veil.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

Yes, it can be sold pendant the proceedings but its not likely to have a buyer that its willing to take the risk be affected by the procedures.



*\* Melo & Melo Attorneys, leading law firm in Mexico was established in 1881 by Macario Melo y Tellez. Since then, and for over a hundred years, the firm has gained national and international reputation in every area of its legal practice. Senior Partner of the firm, Dr. Ignacio L. Melo has been active litigating for over 50 years, specializing in Maritime matters. The firm joins its experience in corporate consulting and litigation, with the advice to various governmental and non-governmental organizations both, in Mexico and abroad.*

*Furthermore, the firm is involved in legal lecturing, researching and publishing in subjects in which we are specialized. From its establishment to the present, the firm has had the practice of Maritime Law as keystone, as our firm has been a pioneer in this area for over a century. In addition the firm also offers its services in other key disciplines such as Civil, Administrative, Tax, Commercial, Environmental, Corporate, Bankruptcy and Labor Law.*

# SHIP ARREST IN MOROCCO



By Hakim Lahlou\*  
LAHLOU ZIOUI & ASSOCIES  
lahlou.zioui@gmail.com  
www.lahlou-ziouï.com  
7, Rue Bendahan  
20080 Casablanca, Morocco  
Tel: +212522260008  
Fax: +212522266928

## 1. Please give an overview of ship arrest practice in your country.

Legally speaking, Morocco is certainly one of the most attractive forums for vessel arrests:

- the procedure is simple, fast and flexible: no power of attorney required, application is heard under summary and non adversary procedure, no original documents required,
- an alleged maritime claim is sufficient,
- a vessel can be arrested whoever is the debtor (even if Owner is not the debtor),
- no counter security is required
- no preliminary claim on the merits required and no obligation to start legal procedure on the merits
- no impact on jurisdiction

In order to get the arrest lifted, Owners should either :

- put up security in a form of bank guarantee or cash deposit before the court; practically speaking, it is common to accept P&I club LOU to be replaced by a bank guarantee within 8 days, or
- seek a judicial release under an adversary and summary procedure : release order would be granted if Owners prove that there is no legal basis for the arrest (if for instance there is no maritime claim or that the vessel is not concerned by the claim)

## 2. Which International Convention applies to arrest of ships in your country?

1952 Brussels convention (for the unification of certain rules relating to the arrest of sea going ships) is applicable in Morocco. It was ratified on 11.07.1990.

## 3. Is there any other way to arrest a ship in your jurisdiction?

Moroccan vessels and notably fishing boats, can be arrested by Moroccan creditors in application of the national law instead of Brussels Convention.

In the meantime, vessel detention can be carried out by port state control authorities or by Royal Navy in case of violation of administrative or criminal law; however this has nothing to do with an arrest under Brussels convention.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

Under Moroccan law, arrest is a conservatory seizure aiming to secure a claim. It is called "saisie conservatoire". "Saisie execution" requires an enforceable title and can lead to the judicial sale of the arrested vessel.

## 5. For which types of claims can you arrest a ship?

Vessels can be arrested as security for any maritime claim among those listed under article 1.1 of Brussels Convention.

On top of this, Moroccan courts accept, through an extensive interpretation of article 1.1, to grant arrest even in relation with claims arising out of provision of services (such as claims of ship classification companies ...).

In any case, it is sufficient to prove an alleged maritime claim; it is not necessary to prove at the arrest stage that the arrestor has a valid claim which is bound to succeed on the substantives merits

- it is sufficient to provide evidence of an alleged maritime claim. So a prima facie evidence of a claim is enough.

In the meantime, if both parties (applicant and owner of the vessel) are Moroccans, Moroccan law would be applicable. In that case that there is no restriction as per the nature of claims in relation of which arrest can be granted.

6. Can you arrest a ship irrespective of her flag?

Yes. Ship can be arrested whatever the flag she is flying.

7. Can you arrest a ship irrespective of the debtor?

Yes. The ship in relation of which the maritime claim arose can be arrested whoever is the debtor and even if the claim is related to voyage or time charterers, bareboat charterers...

Thus, vessel can be arrested even if :

- she is under charterparty whilst the debt is related to Owners or previous charterers
- she is operated by Owners whilst the debt is related to previous charterers

In any case, security has to be put up on behalf of Master of the vessel as representative of Owners and/or Charterers

8. What is the position as regards sister ships and ships in associated ownership?

Claimants are entitled to arrest either the vessel in relation of which the maritime claim arose (whoever is the debtor) or any other vessel in the same ownership that the said vessel.

Thus, it is possible to arrest sister ship vessels (i.e. owned by the same person who was the owner of the ship in connection with which the claim arises at the time the claim arose).

In the meantime, we should underline that in application of article 3.4 of Brussels convention, in case the claim arose whilst the ship was under charter by demise, claimant may arrest on top of the vessel in question, any other ship in the same ownership of the charterer by demise but no other ship in the same ownership of the registered owner

As per associated vessels, please see Q. 19 "lift of the corporate veil".

9. What is the position as regards Bareboat and Time-Chartered vessels?

The vessel in respect of which the maritime claim arose can be arrested even though she was under bareboat charterparty or time-chartered.

In the meantime, as per article 3.4 of Brussels convention, in case the debtor is the charterer, claimant can arrest either the vessel in respect of which the maritime claim arose or any other vessel owned by charterer but not other vessels owned by registered owners.

10. Do your Courts require counter-security in order to arrest a ship?

Even though Moroccan law provides such a possibility, practically speaking, counter security is never required.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

No. From a procedural point of view, there is no difference.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Maritime liens are recognized by Moroccan law that provides a list of the privileged debt. Morocco has not ratified any international convention on maritime liens.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Upon receipt of instructions and relevant documents, arrest order can be carried out within the same day (during week days and court opening time).

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No power of attorney is required under Moroccan procedure law.

Arrest application should just be supported by relevant documents proving the alleged maritime claim and the relation with the vessel the arrest of which is sought.



15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

At this arrest stage, no original documents are required.

However, court is sometime reluctant to take into consideration documents printed from internet (such as equasis website .. ); thus, it is preferable to disclose copy of original documents in whichever form of transmission they are obtained.

In the meantime, when documents are drafted in English, some judges familiar with English language - mainly at Casablanca- accept to consider same. However, it may be required to disclose translations into Arabic or French, especially if the application is filed out of Casablanca.

As per the procedure on the merits, court or Opponents are entitled to demand original documents or certified copies.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested? Moroccan court would accept jurisdiction only in the cases listed in article 7 of Brussels convention or if parties agree to provide competence to Moroccan court.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

There is no legal obligation for arrestor to start legal action on the merits within a specific time (in so far as time bar limits are respected).

For the sake of completeness, it should be specified that a couple of years ago Casablanca court was used to impose to arrestors the obligation to start legal action on the merits within 30 days from the date of the arrest order. However, court stooped to do so on the grounds that as per article 7.4 of Brussels Convention such an obligation can be imposed only in case the court in which the arrest was made has jurisdiction to decide the case on the merits.

18. Do the Courts of your country acknowledge wrongful arrest?

A claim seeking remedies for wrongful arrest supposes that the arrest was made knowingly that it was unlawful.

Thus, Moroccan courts are very reluctant to accept to grant remedies for wrongful arrest unless malice of arrestor is evidenced.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

As principle, sole the vessel in relation of which maritime claim arose or any other vessel in the same ownership can be arrested.

However, given single ship company practice, Moroccan courts accept to pierce corporate veil considering vessels owned by distinctive company as being under the same ownership if applicant can prove that both vessels pertains in fact to the same economical entity (same addresses, same management, same shareholders ...).

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

Conservatory arrest can be converted into an executory arrest in so far as arrestor gets an enforceable title (e.g a definitive court condemnation on the merits).

This procedure including judicial sale is rather long and complicated. It would take not less than a couple of months.



*\* Lawyer member of Paris Bar (2002) and Casablanca Bar (2006), Hakim LAHLOU is graduated in Master in law (2001) and hold two Postgraduate Diplomas (DESS and DEA) in insurance Law and Business Law (2002 and 2003) from the University of Paris 1 – Panthéon SORBONNE.*

*Since 2006, Hakim LAHLOU is partner of Lahlou – Zioui & Associés, a leading law firm in Casablanca Morocco. Hakim LAHLOU is in charge of the Shipping Department of LAHLOU – ZIOUI & Associés Law Firm, and as such, handles litigation and counsel cases in all shipping matters.*

# SHIP ARREST IN NETHERLANDS



By Peter van der Velden\*  
KIVELD INTERNATIONAL LAWYERS  
pv@kiveld.nl  
www.kiveld.nl  
Koningskade 40  
2596 CH The Hague, The Netherlands  
Tel: +31 [0]88 254 83 53  
Fax: +31 [0]88 254 83 83

## 1. Please give an overview of ship arrest practice in your country.

The procedure for obtaining leave for arrest starts with submitting an arrest petition to the court in whose jurisdiction the ship is located or is expected to arrive shortly. These proceedings are *ex parte*. The arrest petition can be filed even after office hours or on weekends. However, Dutch courts are over recent years casting a more critical glance at arrest petitions than in the past so to avoid leave for arrest is given on unjust grounds and rule according to published "best practices".

The arrest petition should contain *inter alia* the full style of the claimant and debtor, the grounds for the arrest, the nature and amount of claim, details of the ship, but also whether the claim is contested by the (alleged) debtor and if so, on what grounds. To be attached are the supporting documentation (such as the underlying contract, an overview of outstanding invoices, previous summoning letters and the like).

The bailiff enforces the arrest by handing the court order to the master. The port authorities will not allow the ship to order for a pilot without which the ship can/may not leave the port. The claim amount for which the arrest is permitted is raised with a certain percentage along a gliding scale between 10 and 30% over the capital claim amount to cover future interest and costs while proceedings are pending.

A time limit is set within which the arrestor must file his claim in main proceedings before the proper court or arbitrators, failing which the arrest expires.

The arrest must be lifted immediately once the claim has been settled or in case sufficient alternative security is offered. This can be done in the form of a first class Dutch bank guarantee or letter of undertaking by P&I Clubs of good standing. An arrest can be lifted without the intervention of the court by a simple telephone call to the bailiff.

The ship owner may apply for an injunction ordering release. Such proceedings can take place on a very short notice. A decision will follow shortly as well. The court decides whether the claim has sufficient merit to justify maintaining the arrest of the ship. In practice, it is an uphill battle to convince the court that the claim is clearly without merit.

## 2. Which International Convention applies to arrest of ships in your country?

The Netherlands is a party to the 1952 Brussels Arrest Convention since 1983. The provisions of this Treaty are not incorporated into the Dutch Civil Code (like in some other countries), with the effect that the 1952 Brussels Arrest Convention only applies when the arrest is sought of a ship flying the flag of a country being a party to this convention.

Therefore, in cases where the 1952 Brussels Arrest Convention is not applicable, an arrest on a ship is allowed for any, i.e. also non-maritime, claims against the debtor on any vessel (or other asset for that matter) owned by him. In such case the vessel can be arrested more than once for the same claim (which is not allowed under the 1952 Brussels Arrest Convention).

## 3. Is there any other way to arrest a ship in your jurisdiction?

A distinction can be made between conservatory and executory arrests on a ship. Executory arrests are a means of enforcing a judgment (or arbitral award). For such enforceable/executory arrest, the arrest is allowed based on a judgment rendered by a Dutch court. Express permission for such arrest is then not needed.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

An executory arrest can be followed by public sale if the debtor is, despite the arrest, not willing or able to comply with the judgment or award (see further in answer to question 20).

5. For which types of claims can you arrest a ship?

In case the Brussels Arrest Convention 1952 applies, the ship can only be arrested for maritime claims as defined in article 1 of the convention.

If Dutch law applies, the ship can be arrested for any type of claim.

6. Can you arrest a ship irrespectively of her flag?

Yes, however if the ship is flying a flag of a Contracting State to the Brussels Arrest Convention of 1952, the ship can only be arrested for a maritime claim as defined in that treaty.

7. Can you arrest a ship irrespectively of the debtor?

A ship may be arrested only for a claim against the (legal) owner of the ship and not for claims against any other party involved in the operation of the ship. There are exceptions to this rule. Subject to certain requirements, such as claims against the bareboat charterer of the subject ship, cargo claims and also claims against the time-charterer for services rendered to the ship in order to keep into operation (claims for unpaid bunkers, supplies).

Certain claims can attach to the ship such as a claim for crew wages, salvage, general average, mortgage and the like. For these claims, the ship may be arrested, even if it was sold to another after the claim arose.

State-owned ships may enjoy immunity, provided such ships are not commercially used. Where the claim is against debtors which cannot be considered as 'owners', like a time-charterer, an option could be an attachment on the ship's bunkers/fuel reserve (rather than a ship's arrest). This so-called 'bunker-attachment' can be a useful tool to enforce payment for delivered bunkers ordered, for example, by the time charterer of the ship. Under Dutch law, it is presumed bunkers are owned by the time-charterer.

8. What is the position as regards sister ships and ships in associated ownership?

As any asset of a debtor may be arrested in order to obtain security (or for that matter in enforcement of a judgment or award), a sister ship may be arrested. Ships not owned by the debtor cannot be arrested, i.e. only under extra-ordinary circumstances whereby the court "pierces the corporate veil". If a ship is owned by more than one owner, the ship can still be arrested for a claim against one of these "associated" owners.

9. What is the position as regards Bareboat and Time-Chartered vessels?

See the answer under question 7.

10. Do your Courts require counter-security in order to arrest a ship?

Dutch courts have discretionary power to demand counter security but in practice this rarely happens but courts nowadays tend to be more receptive for such requests

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

The common law concept of "maritime lien" is unknown in Dutch law. However, if a maritime *lien* means that a certain claim is attached to the ship, i.e. even if the debtor is not the legal owner of the ship, a ship may be arrested for such claim/lien.

12. Does your country recognise maritime liens? Under which International Convention, if any?

The Netherlands is not a party to any conventions on maritime liens. However, claims based on a maritime lien, having the legal status of being attached to the ship, may qualify for an arrest.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Generally between 3 and 8 hours. The petition will be dealt with by the court immediately. Once the arrest is permitted the bailiff, if put on stand-by beforehand, can then execute the arrest forthwith.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

A Power of Attorney is not required when filing the arrest petition. An attorney-at-law is assumed by law to duly represent his client.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The requirement of submitting original documents is under Dutch law very rare, i.e. only when the opposing party contests the authenticity of the document. As *original* documents are not required when applying for arrest permission, nor are notarisation and/or apostille.

In case of utmost dispatch, an arrest petition can even be filed electronically.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

The arrest creates jurisdiction unless international conventions to which the Netherlands is affiliated provide otherwise. If the parties had agreed on another jurisdiction or arbitration, Dutch courts must step aside.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The time limit for filing suit after the arrest has been enforced must be at least eight (8) days after the arrest was enforced. Usually a time limit for filing suit of one to two months is granted when it concerns a foreign ship. Courts are free to determine this time frame.

In case the creditor needs more time for filing suit, or in case the parties are still negotiating a settlement, the creditor can submit a request for an extension of the initial time limit to the Court. The grounds for the extension of the time limit need to be mentioned in the request otherwise it will be rejected by the Court.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes. If the claim on which the arrest is based appears not to exist or appears to be unfounded (because it has been rejected later on in proceedings on the merits), the arrest is deemed to be wrongful. The arresting party will be strictly liable for all damages suffered by the ship owner due to the wrongful arrest.

This means the (wrongful) arrestor is by definition obliged to reimburse the ship owner for all his damages and losses, like port dues, but even consequential damages, such as loss of hire (all amounts to be increased with statutory interest). This is premised on the condition that the ship owner renders sufficient evidence of the damages and losses incurred. Furthermore, the ship owner has a duty to mitigate its damages.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Dutch law is very strict in the definition of "ownership" and in acknowledging company structures. As a result, Dutch courts are hardly inclined to "*pierce the corporate veil*" and in principle do not allow a ship arrest for a claim against a third party which has close links to the ship owner.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

If a ship has been arrested and the arrest is not lifted in injunction proceedings or by way of alternative security, the arrest will be maintained until the creditor has obtained a title (judgment or arbitration award). Once such title is obtained, the conservatory arrest will automatically be transformed into an executory arrest. This may be followed by a judicial/public sale of the vessel before the court, if so requested, in which case the court will determine the pre-conditions for such auction.

Auctioning of a foreign seagoing vessel is subject to a detailed time frame and scheme of requirements to be fulfilled prior to the day on which the ship is actually auctioned. These procedural requirements and the bidding system aim at securing proper and fair auction proceedings with the purpose to obtain the highest price for the vessel to be auctioned.

The auction notice must be published in the newspapers as designated by the court at least thirty (30) days prior to the day of the auction. An auction can be organized between 30 and 40 days after the title is obtained in which the creditor's claim was adjudicated.

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\* Peter van der Velden is a founder and partner of Kiveld International Lawyers. His expertise, a result of 25 years of experience, includes Commodity Trade, Distribution/Agency/Franchising, Shipping/Aviation, Letters of Credit, International Arbitration, Complex Commercial Litigation and Business Law. His strength lies in combining these specialized areas, which is illustrated in his ability to draft highly protective, yet commercially viable, business contracts and his repeated success in handling disputes in international arbitration and other types of litigation. Additionally, Mr. van der Velden has unique knowledge about ship arrest/release and steel trade disputes. He is an author of several published trade, shipping and banking law articles and regularly speaks at seminars about his legal experiences.

# SHIP ARREST IN NEW ZEALAND

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Kerry Webster and Felicity Monteiro\*

WILSON HARLE

firm@wilsonharle.com

www.wilsonharle.com

64 Fort Street, 1010 Auckland, New Zealand

Tel: 00649 915 5700

Fax: 00649 915 5701



## 1. Please give an overview of ship arrest practice in your country.

Initial ship arrest in New Zealand can be fast and relatively inexpensive. It requires a notice and application, supported by affidavit, to be filed and does not require a hearing. An undertaking to meet the costs of the Registrar is also required. The time and cost involved in maintaining the arrest and claim against the ship, and possibly obtaining judicial sale, will depend upon a range of factors.

## 2. Which International Convention applies to arrest of ships in your country?

New Zealand is not a signatory to any International Conventions dealing specifically with arrests. Ship arrests in New Zealand are governed by the Admiralty Act 1973 and the High Court Rules.

## 3. Is there any other way to arrest a ship in your jurisdiction?

No (although note the comments on freezing orders in response to question four, below). Arrests in New Zealand are obtained by filing in the High Court, a Notice of Proceeding relating to an *in rem* claim against the vessel and an application for arrest, supported by an affidavit. The proceeding must relate to a claim falling within the heads of jurisdiction set out in the Admiralty Act 1973.

## 4. Are there alternatives e.g. saisie conservatoire or freezing order?

The New Zealand High Court also has jurisdiction to grant freezing orders over any type of asset and, while such orders could extend to ships, the powers do not relate specifically to vessels. It is harder to obtain a freezing order than it is to arrest a vessel: an application is usually made without notice and the applicant must, usually by way of a contested hearing, demonstrate a good arguable case, show that there is a risk of dissipation of the relevant asset and give an undertaking as to compensate the respondent for any damages caused by the order, before a freezing order is made. In contrast, for an arrest, the applicant will need file an *in rem* notice of proceeding, with a concise statement of the nature of the claim and of the relief or remedy sought, an application for a warrant of arrest and an affidavit in support setting out the details of the parties, the ship and the claim. No real interrogation of the matters set out in the notice and affidavit is carried out and the warrant for arrest is issued without a hearing. The applicant is required to provide an indemnity to the Registrar but this is limited to the costs of arrest and does not cover any damages suffered as a result of the arrest.

5. For which types of claims can you arrest a ship?

Arrest is available for claims coming under s 4(1) of the Admiralty Act 1973, which lists:

- a) any claim to the possession or ownership of a ship or to the ownership of any share therein.
- b) any question arising between the co-owners of a ship as to possession, employment, or earnings of that ship.
- c) any claim in respect of a mortgage of or charge on a ship or any share therein:
- d) any claim for damage done by a ship.
- e) any claim for damage received by a ship.
- f) any claim for loss of life or personal injury sustained in consequence of any defect in a ship or in her apparel or equipment, or of the wrongful act, neglect, or default of the owners, charterers, or persons in possession or control of a ship or of the master or crew thereof or of any other person for whose wrongful acts, neglects, or defaults the owners, charterers, or persons in possession or control of a ship are responsible, being an act, neglect, or default in the navigation or management of the ship, in the loading, carriage, or discharge of goods on, in, or from the ship or in the embarkation, carriage, or disembarkation of persons on, in, or from the ship.
- g) any claim for loss of or damage to goods carried in a ship.
- h) any claim arising out of any agreement relating to the carriage of goods in a ship or to the use or hire of a ship.
- i) any claim in the nature of salvage.
- j) any claim in the nature of towage in respect of a ship or an aircraft.
- k) any claim in the nature of pilotage in respect of a ship or an aircraft.
- l) any claim in respect of goods, materials, or services (including stevedoring and lighterage services) supplied or to be supplied to a ship in its operation or maintenance.
- m) any claim in respect of the construction, repair, or equipment of a ship or for dock or port or harbour charges or dues.
- n) any claim by a master or member of the crew of a ship for wages.
- o) any claim by a master, shipper, charterer, or agent in respect of disbursements made on account of a ship.
- p) any claim arising out of an act which is or is claimed to be a general average act:
- q) any claim arising out of bottomry.
- r) any claim for the forfeiture or condemnation of a ship or of goods which are being or have been carried, or have been attempted to be carried, in a ship, or for the restoration of a ship or any such goods after seizure, or for droits of admiralty.

6. Can you arrest a ship irrespectively of her flag?

Yes.

7. Can you arrest a ship irrespectively of the debtor?

For some claims, yes, except in cases of foreign state immunity. For certain claims, however, the debtor against whom the *in personam* claim arises must also be the owner or charterer of the vessel at the time that the action is brought.

8. What is the position as regards sister ships and ships in associated ownership?

For some claims, a sister ship may be proceeded against. Claims which cannot be transferred to a sister ship are claims for:

- 1.1.a ) possession or ownership;
- 1.1.b ) claims between co-owners;
- 1.1.c ) claims in respect of a mortgage; and
- 1.1.d ) claims for forfeiture, restoration or droits of admiralty.

For other claims falling within s 4(1) of the Admiralty Act, a sister ship may be proceeded against if the person liable on the claim was owner or charterer of the ship when the cause of action arose and was the beneficial owner or demise charter of the other ship when the action was brought.



9. What is the position as regards Bareboat and Time-Chartered vessels?

A ship can be arrested if the relevant person was the owner or charterer, or in possession or control of the ship when the cause of action arose and, when the action was brought, was beneficial owner or demise charterer of the ship. Arrest of a ship that is under time charter is not available in relation to claims against the time charterer.

10. Do your Courts require counter-security in order to arrest a ship?

No. However, a party seeking the arrest of a ship is required to provide an indemnity to the Registrar for the costs likely to be incurred by the vessel to be arrested, such as Harbour dues and crew expenses. The Registrar requires some payment upfront to cover initial arrest costs and then to be kept in funds in anticipation of subsequent costs.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Yes. A maritime lien entitles the claimant to arrest the relevant vessel regardless of beneficial ownership. For other claims, the person against whom the claim arises must also be owner or demise charter at the time the action is brought.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, for certain types of claims, but they are defined and recognised under the Admiralty Act, not an international convention.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Provided that all of the necessary information (including translations if required) is available, the proceeding can be prepared and the application for arrest made on the same day as the instruction is received. It is then in the hands of the Court to arrest the vessel, although this is usually done within a few days.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No. See 15 below.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

In order to obtain the arrest of a vessel, a notice of proceeding, application for arrest, supported by affidavit, and filing fee must be filed in the High Court Registry. The required documents are standard form documents and, while originals of these documents need to be filed, they can be prepared by the New Zealand law firm instructed. Usually, the documents would need to be physically filed with the Court but in cases where there is extreme time pressure, the documents may be accepted electronically in the first instance. No other original documents are required nor do any documents need to be notarised. A statement of claim which sets out the nature of the claim must also be filed, but can be done after the vessel has been arrested.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes. There may, however, be issues of jurisdiction if the claim is contract based or if a cross-border insolvency is involved.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

If the defendant enters an appearance following the arrest, then a statement of claim must be filed within 10 working days. The Courts will apply relevant limitation provisions to any claims.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes, where the party arresting has acted in bad faith or with gross negligence. It is not enough that the claim is made on a mistaken basis.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Only in exceptional circumstances where a failure to do so would cause substantial injustice.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

Yes. The time will depend on the urgency of the claimant's application, whether the application is opposed, whether there is a ready market for the vessel and whether the ongoing costs of arrest are likely to exhaust the security in the ship.



*\* Kerry Webster is a Senior Associate at Wilson Harle. Kerry is an experienced civil and commercial litigator with considerable trial experience. She has broad experience acting in a range of civil, commercial, and corporate criminal matters. She has particular expertise in maritime, breach of contract, international trade and public law disputes. She is currently secretary of the New Zealand branch of the Maritime Law Association of Australia and New Zealand.*

*\* Felicity Monteiro is a Senior Associate at Wilson Harle. Felicity is an experienced civil and commercial litigator and has assisted clients with a broad range of civil and commercial issues. She has developed expertise in telecommunications, regulatory and competition law as well as shipping and admiralty law. She is listed as an "Associate to watch" in Chambers and Partners 2013 Asia Pacific Rankings for Shipping. Felicity has recently completed an LLM at the University of Auckland and is currently Secretary of the Auckland Women Lawyers' Association.*

# SHIP ARREST IN NIGERIA



Mr. Lawrence Fubara Anga

AELEX\*

lfanga@aelex.com

www.aelex.com

7th Floor, Marble House

1 Kingsway Road, Falomo-Ikoyi, Lagos

Tel: +234 1 4614057

Fax: +234 1 2692072

## 1. Please give an overview of ship arrest practice in your country.

Nigerian law provides a simple uncomplicated procedure for the arrest of ships thereby making the country a suitable and favourable jurisdiction for such proceedings.

Jurisdiction in respect of admiralty matters is vested exclusively in the Federal High Court in the first instance. Appeals in respect thereof lie to the Court of Appeal and the Supreme Court. The court can order the arrest of a vessel in order to confer jurisdiction upon itself or to provide pre-judgment security for the applicant. The jurisdiction of the court applies to all maritime claims however arising and to all ships irrespective of their places of residence or domicile of their owners.

## 2. Which International Convention applies to arrest of ships in your country?

Nigeria has acceded to the International Convention for the Unification of Certain Rules Relating to the Arrest of seagoing Vessels, 1952 simply referred to as "The Arrest Convention" but has not promulgated it as municipal law so arrest is under extant municipal law.

## 3. Is there any other way to arrest a ship in your jurisdiction?

The Admiralty Jurisdiction Act, 1991 and the Admiralty Jurisdiction Procedure Rules, 2011, govern admiralty matters. The Act provides for two general classes of maritime claims namely: proprietary maritime claims and general maritime claims. A ship may be arrested pursuant to an action in rem brought against such ship in respect of a proprietary or general maritime claim.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

No. Arrests can only be effected pursuant to an action in rem brought against the ship or a sister ship.

## 5. For which types of claims can you arrest a ship?

A person seeking to arrest a ship in Nigeria's territorial waters must satisfy the court that his claim qualifies as a 'Maritime Claim' as defined in §2 of the Admiralty Jurisdiction Act, 1991. This generally means that it must be a proprietary maritime claim or a general maritime claim.

1. Proprietary maritime claims relating to the possession of a ship, title to or ownership of a ship or a share in a ship, mortgage of a ship or of a share in a ship, mortgage of a ship's freight or claims between co-owners of a ship relating to the possession, ownership, operation or earning of a ship. Also claims for the satisfaction or enforcement of a judgment given by the Court or a court (including a court of a foreign country) against a ship or other property in an admiralty proceeding in rem are maritime claims.

2. General maritime claims includes claims for damage done or received by a ship (whether by collision or otherwise), claims for loss of life, or for personal injury, sustained in consequence of a defect in a ship or in the apparel or equipment of a ship as well as arising out of an act or omission of the owners or characters of a ship.

Prior to applying to the court for an order to arrest a ship, the applicant must conduct a search of the caveat book to ascertain whether there is a caveat against arrest in force with respect to that ship. Where such a caveat exists, the applicant must inform the court of same.

Once an applicant has ascertained that his claim falls within the meaning of a maritime claim as defined by the Act, and that there are no caveats registered against the ship he may commence

proceedings by filing an action in rem at the Federal High Court in the judicial division covering the port or area where the ship is located. He may at the same time file an ex-parte application disclosing a strong prima facie case for the arrest of the ship. This application must be supported by an affidavit deposed to by the applicant, his counsel, or his agent stating the following:

- i. The nature of claim
- ii. That the ship is within the jurisdiction of the court or is expected to arrive within the jurisdiction within three days.
- iii. That the ship may leave the jurisdiction of the court at anytime thereby depriving the applicant of his pre-judgment security.

The applicant is also required to provide with the application the following:

- i. A statement of claim
  - ii. Exhibits supporting the claim
  - iii. An undertaking to indemnify the ship against wrongful arrest.
  - iv. An undertaking to indemnify the Admiralty Marshal in respect of any expenses incurred in affecting the arrest.
  - v. An affidavit of urgency stating facts why the application must be heard expeditiously.
- Although, at this stage of the proceedings, the court may admit photocopies of exhibits and undertakings, the applicant would subsequently be required to provide the originals or certified true copies. It is important to note that Nigerian courts will entertain an application for an arrest only when the ship has entered its jurisdiction. So where a prospective applicant is aware that a ship sought to be arrested is bound for a Nigerian port, it is advisable for him to instruct his counsel in Nigeria as soon as possible so that the requisite processes can be prepared and filed immediately the ship is within three days of entering Nigerian territorial water.

An arrest order is usually served along side an arrest warrant and the writ of summons and statement of claim by affixing sealed copies of the processes to a mast or some other conspicuous part of the ship. Copies of the said processes must also be delivered to the appropriate officers of the Nigerian Port Plc, for example the Chief Harbour Master, Traffic Manager and Port Manager.

#### 6. Can you arrest a ship irrespective of her flag?

Yes. A ship can be arrested irrespective of its flag, as long as it is within Nigerian territorial waters.

#### 7. Can you arrest a ship irrespective of the debtor?

No. In order to sustain an arrest, the claimant has to show that at the time his application is brought before the court the person liable to him otherwise known as the 'relevant person' is the beneficial owner or the demise charterer of the ship.

#### 8. What is the position as regards sister ships and ships in associated ownership?

A sister ship may be arrested in place of the offending ship if it is found within Nigerian territorial waters and if the 'relevant person' is also the beneficial owner in respect of all the shares in the sister ship.

#### 9. What is the position as regards Bareboat and Time-Chartered vessels?

The Admiralty Jurisdiction Act is silent on Time-Charters. However under §4(a) of the Act an action in rem may be brought against a ship where the 'relevant person' is the demise (bareboat) charterer of the vessel.

#### 10. Do your Courts require counter-security in order to arrest a ship?

An applicant for an arrest order may be required to give security for costs. The court will order security for costs where the claim is in excess of Five Million Naira or its foreign currency equivalent or where the plaintiff has no assets in Nigeria.

The form of security required is usually a deposit of the sum specified by the court; or a guarantee supplied by a Protection and Indemnity Club (P & I Club), an insurance company or a bank. In determining the quantum or nature of security to be provided, the court shall have regard to all the circumstances of the case and shall not restrict itself to the costs of the legal proceedings.

#### 11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Where the claim is one in respect of a maritime lien (a lien for salvage, damage done by a ship,

wages of the master of a ship or other crew member and master's disbursements), or a claim in respect of a proprietary maritime claim (relating to the possession of a ship, title to or ownership of the ship or a share in the ship, a mortgage of a ship or a share in a ship, or a mortgage of a ship's freight), or a claim as between the co-owners of a ship as regards the possession, ownership, operation or earning of the ship, an admiralty action in rem may be brought against the ship or property in connection with which the claim arises. In this instance, the ownership of the vessel is not material.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes. Nigeria recognises maritime liens by virtue of §5(3) of the Admiralty Jurisdiction Act which provides for a closed list of maritime liens such as liens for salvage; or damage done by a ship; or wages of the master or of a member of the crew of a ship; or master's disbursements. Furthermore, Nigeria is a signatory to the International Convention on Maritime Liens and Mortgages 1993 but has not promulgated the Convention as municipal law.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

An arrest order can be obtained within 24 hours of filing the requisite processes.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

There is no need to provide a POA, however copies of the documents listed in answer 5 above have to be presented to the court in support of the claim.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Original, hard copies of all the documents are required, but do not have to be notarised. Documents cannot be filed electronically.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes. Nigerian courts will accept jurisdiction over the substantive claim once a vessel has been arrested within Nigerian territorial waters.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

An order for an arrest will not be granted unless the ex parte motion for a warrant of arrest is accompanied by the statement of claim and supporting documents. There is accordingly no waiting period between the arrest taking place and the commencement of the substantive action.

18. Do the Courts of your country acknowledge wrongful arrest?

An applicant for an arrest order is liable to the ship owner for damages arising from a wrongful arrest. A ship owner has three options to wit:

- i. He may apply to court within three months from the termination of the suit for general damage of such amount as the courts may deem a reasonable compensation ; or
- ii. He may make an oral application for damages immediately after judgment. The court in this instance is entitled to summarily assess the damages due to the ship owner; or
- iii. He may also bring an action for wrongful arrest claiming all the damages arising from the arrest, which he can establish.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

The Nigerian courts recognize and exercise the powers to pierce or lift the corporate veil, in this regard an action may be commenced against a sister ship in respect of general maritime claims. However, the ship in relation to which it is a sister ship must be identified in the writ of summons. The writ of summons may identify more than one ship as a sister ship.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

The court may, on application by a party before final judgement in a proceeding, order that a ship that is under arrest in the proceeding be sold. Where the ship is deteriorating in value, the court

may at any stage of the proceeding, either with or without application order it to be sold (order 16 rules 1 & 3 Admiralty Jurisdiction Procedure Rules).

The sale of a ship ordered to be sold shall be by auction 21 days after the advertisement shall have been placed in two national daily papers by the Admiralty Marshal.



*\* AELEX is the leading Nigerian firm with expertise and institutional depth in Transportation. Our Maritime practice has evolved with developments in the sector, gaining us invaluable experience and capabilities. We offer various shipping services from ship finance to corporate, regulatory compliance and litigation.*

*Members of our Maritime team are located in Lagos and Port Harcourt in Nigeria and Accra, Ghana with an aggregate of over 30 years experience in maritime law. We act as counsel to ship-owners, P&I clubs, charterers, operators of ships and other offshore assets, insurance companies, financial institutions, oil and gas companies, port owners and operators.*

*AELEX advises on ship and mortgage registration, asset financing for off shore oil and gas operations, ship registration, ship finance and lease transactions. Our expertise also extends to claims arising from charter parties, collision, cargo and demurrage, both at arbitration and in the courts of law in Nigeria and Ghana. We are regularly instructed to undertake subrogated claims on behalf of insurers, arrest and release of vessels as well as negotiating the settlement of claims.*



# SHIP ARREST IN NORWAY (Questions 1 to 9)



By Ingar Fuglevåg\*  
ADVOKATFIRMAET SIMONSEN VOGT WIIIG AS  
ingar.fuglevag@svw.no  
www.svw.no  
Filipstad Brygge 1, PO Box 1503 Vikå,  
N-0125 Oslo  
Tel: (+47) 21 95 55 00  
Fax: (+47) 21 95 55 01

1. Please give an overview of ship arrest practice in your country.

Arresting a ship is relatively straight forward matter under Norwegian law, and can be arranged quickly at a reasonable cost. Advokatfirmaet Simonsen Vogt Wiig AS law firm can act in arrest cases in all Norwegian Courts/ports. The claimant must submit an application for arrest to the District Court where the ship is located or is expected to arrive, alternatively to the District Court in the judicial district where the debtor (the owner of the vessel) resides, if the ship owner is Norwegian. The application has to specify the claim, the size of the claim, the arrest ground and provide an outline of the allegations of the applicant. Documentation supporting the allegations is not mandatory, but should be provided. A well presented case with supporting evidence increases the probability of obtaining an arrest award ex parte. The Courts will however normally accept documentation in English.

The applicant must further prove upon a balance of probability that he has a maritime claim, that an "arrest ground" is present and that the averments for arrest are fulfilled. This is a requirement that is not found in the Arrest Convention and it is imposed in addition to the rules of the Arrest Convention.

What constitutes an arrest ground is set out in the Norwegian Dispute Act section 33-2 (1) which reads: *"Arrest of assets of economic value can be decreed when the behavior of the debtor gives reason to fear that the enforcement of the claim otherwise will either be made impossible or made substantially more difficult, or has to take place outside the Kingdom"*. In short this means that the Norwegian Courts is provided with the discretion as regards whether or not an arrest shall be granted.

If arrest is granted, the Courts issue an arrest decree which states the name of the parties, the claim, the maximum amount the claim shall be secured for and the arrest ground. The Courts notifies the enforcement authorities, which ensure that the ship does not leave the harbor and reports the arrest to the ship register.

2. Which International Convention applies to arrest of ships on your country?

The 1952 Arrest Convention applies. The convention is incorporated in the Norwegian Maritime Code, the Enforcement of Claims Act and the Dispute Act. Norway has also signed the 1999 Arrest Convention, but this convention has not been ratified pending international acceptance.

3. Is there any other way to arrest a ship in your jurisdiction?

If a vessel is flying Norwegian flag, it may be arrested by way of so called "register arrest". This is practical if the claim is not a maritime claim, as this is not an arrest of the vessel as such, and section 92 of the Maritime Code is not applicable. A register arrest means that instead of physically seizing the vessel, the arrest is registered as an encumbrance in the ship register. If a creditor fears that the vessel may be sold, and thereby he loses the only object that may provide security for the claim, this can be an effective alternative to arresting the vessel. A register arrest prevents a sale of the vessel but may not provide an offer of immediate security.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

In addition to the rules of arrest, there are two other important sets of rules under which a vessel may become legal security for a claim. Firstly, there are the ordinary rules on liens and mortgages. Under these rules a claim is secured by a right in the ship. Such security can have its legal basis in

contract, a decision by the enforcement authorities or statute. Secondly, there are rules that may give a creditor a right of retention, e.g. a yard retain a vessel until the bill is paid. The right of retention may be based in contract or law.

5. For which types of claims can you arrest a ship?

All maritime claims as listed in article 1 (1) of the Arrest Convention, with the addition of compensation for wreck removal, may be the basis for an arrest of the ship. These different maritime claims are listed in section 92 of the Norwegian Maritime Code.

However, a register arrest (see section 3 above) and arrest of other assets than the vessel, e.g. bunkers and insurance proceeds, may be granted for any type of monetary claims.

6. Can you arrest a ship irrespectively of her flag?

Yes.

7. Can you arrest a ship irrespectively of the debtor?

No, the debtor has to be the owner of the vessel that is being arrested, cf. the Maritime Code section 93(4). Norwegian legislators have deviated from the Arrest Convention on this point, as claims against bareboat charterers may not give raise to arrest of the vessel itself as per article 3(4) of the Arrest Convention. However, as mentioned in section 9 below, claims against the bareboat charterer and the time charterer may give raise to arrest of other assets, e.g. the bunkers onboard the vessel.

8. What is the position as regards sister ships and ships in associated ownership?

In principle, the only ship that may be arrested is the one out of which the claim arises. However, in accordance with the Arrest Convention, Norwegian law recognizes the right of sister ship arrest. If vessel A and B are owned by the same legal entity, and this legal entity is the debtor for the claim, either of the vessels may be arrested, even if the claim only arises out of vessel A. It should be noted that both the vessels in principle must be owned by the same legal entity in order to enable an arrest of the sister ship. If the ownership of vessels is organized with a holding company and single purpose companies as the registered owner of each vessel, arrest of a sister ship will in principle not be possible under Norwegian law.

9. What is the position as regards Bareboat and Time-Chartered vessels?

As mentioned above, claims against time- or bareboat charterers do not give the right of arresting the vessel, as the vessel is not owned by the charterers. The legal principle that the debtor has to be the owner of the ship is set out in section 93 (4) of the Maritime Code: *“Arrest can only be effected if the ship can serve as an object for the enforcement of a claim according to the general provisions of the Enforcement of Claims Act.”* Turning to the Enforcement of Claims Act, section 11-4 and 7-1, it is clearly said that the debtor must be the legal owner of the asset that is being arrested.

This means that an arrest of the vessel is not a remedy at hand where the Claimant has a claim against the bareboat charterer or the time charterer of the vessel. However, on bareboat chartered vessels, the bunkers onboard are normally owned by the charterer. This is often also the case under a time charter, and arresting the bunkers onboard may be an effective remedy where the claim is not against the owner of the vessel.



\* Ingar Fuglevåg was born in 1970, and has been with Advokatfirmaet Simonsen Vogt Wiig AS since 1999, a firm which is constantly ranked in the 1st category of shipping lawyers in Norway in the Legal 500. He became a partner of the firm in 2005. Ingar is one of the partners of the shipping department of Advokatfirmaet Simonsen Vogt Wiig, and specialises in shipping/admiralty law and insurance law. Ingar litigates insurance disputes, casualty disputes, including P&I and cargo disputes both in arbitration proceedings and before the Courts in Norway.

Ingar has given lectures on Maritime law to Lloyds Maritime Academy as well as at Norwegian forums, such as Nor Shipping, The Norwegian Maritime Law Association and the Norwegian School of Management – BI.

# SHIP ARREST IN NORWAY (Questions 10 to 20)



By Linn Hoel Ringvoll\*  
KLUGE ADVOKATFIRMA  
linn.hoel.ringvoll@kluge.no  
www.kluge.no/en

Postboks 7548 Vika, N-117 OSLO, Norway  
Tel: 0047 23 11 00 00  
Fax: 0047 23 11 00 01

10. Do your Courts require counter-security in order to arrest a ship?

The court can require the claimant to deposit securities as a condition for the implementation of the arrest. The security is fixed at the court's discretion based on the potential liability of the claimant in case of wrongful arrest.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Arrest in ships can only secure maritime claims, and the Maritime Code exempts maritime liens from the definition of a maritime claim. A maritime lien will however normally fall within the other categories of the definition of a maritime claim.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Norwegian law recognizes maritime liens. The Norwegian regulations are based on the 1967 Convention and include a relatively small group of claims.

Norwegian courts will also recognize maritime liens legally established under the laws of the country of registration, however so that maritime liens pursuant to the national statute, registered mortgages and execution liens shall rank higher than such foreign maritime liens.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Kluge's lawyers will normally be able to arrange for arrest of a vessel in any Norwegian port within 24 hours after receiving necessary documentation.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No POA is required, a statement from the legal counsel that he/she has been duly appointed by the claimant will suffice.

Although there are no formal requirements as to what documents should accompany the arrest petition, it is advisable to submit copies of any documentation relevant to the substantive claim.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Except for the arrest petition which has to be in original and signed by the claimant or its legal counsel, all documents relevant to the substantive claim may be submitted as copies. Notarisation and/or apostille are not required. Documents may not be filed electronically, but upon receipt of documents by e-mail, Kluge's lawyers will attach hard-copies of the same to the original arrest petition.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Subject to any possible valid agreement between the parties with respect to legal venue or arbitration, the Norwegian arrest court may take jurisdiction over the substantive claim.

17. Which period of time will be granted by the courts in order for the claimants to take legal action on the merits?

The defendant can request the courts to fix a time-limit by which the claimant must institute legal

proceedings to avoid the arrest order being quashed. If no such time limit has been fixed, the period will be one year from the issue of the arrest order, cf the Dispute Act Section 33-10.

The claimant may also take legal action of the merits after the arrest order has been quashed pursuant to the said rules. In such case the writ of claims must be filed to prevent the statute of limitations from running. The general limitation on claims under Norwegian law is three years.

18. Do the courts of your country acknowledge wrongful arrest?

Yes. If the claim did not exist at the time of the arrest or if the claimant by negligence or intent has given wrongful or misleading information regarding the ground for arrest, the claimant can be held liable for any economic loss the defendant has suffered as a consequence of the wrongful arrest and non-economic loss.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

As a general rule, the shareholders of a limited liability company will not be personally responsible for the obligations of the company. The courts will however make an overall assessment and, in exceptional circumstances, the possibility of piercing the corporate veil cannot be ruled out.

20. Is it possible to have a ship sold pendent lite; if so how long does it take?

When a ship has been arrested, the owner has lost his control over the ship, including the possibility to sell the ship.

On the claimant's side, the arrest does not give him/her/it any right to compulsory fulfilment. The courts can, however, permit a pendent lite sale if the claimant requests it and it is necessary to avoid substantial decrease in the ship's value.



*\* Linn Hoel Ringvoll works within Kluge's shipping and financing group. She is specialized in choice of law, jurisdiction and international arbitration, and assists Norwegian and international finance institutions with i.a. securing claims. She has her background from and is still connected to the Scandinavian Institute of Maritime Law.*

*Through its offices in Stavanger, Oslo and Bergen, Kluge's lawyers provide a wide range of national and international clients with first class advice and assistance with ship registrations, ship financing and securing claims including ship arrest.*

# SHIP ARREST IN PANAMA (Questions 1 to 9)



By Francisco Carreira-Pitti, Senior Partner\*  
CARREIRA PITTI P.C. ATTORNEYS  
paco@carreirapitti.com  
www.carreirapitti.com  
Panama, Republic of Panama  
Tel: (507)269-2444  
Fax: (507)263-8290

## 1. Please give an overview of ship arrest practice in your country.

The Republic of Panama and the Panama Canal are brand names in international shipping. The Panamanian Ship Registry is the largest in the world in number of vessels as well as tonnage. The Panama Canal is a focal point since there are over 21,000 ships calling Panamanian Ports every year and over 14,000 of them transit the waterway.

Until March, 1982, a United States Federal District Court for the Canal Zone (1) handled maritime claims at the Panama Canal. Since then, as a result of the Panama Canal Treaty Torrijos-Carter, Panama took over its maritime jurisdiction and the Maritime Court of Panama was created by Law 8 of 1982, which also adopted procedural rules closely patterned following the U.S. Rules of Civil Procedure. Since 1982 Maritime Court of Panama functioned as a specialized tribunal where the Judge is required by law to bear maritime law expertise; today there are two specialized maritime courts, being a direct consequence of a growing practice in the maritime litigation field.

Furthermore, the National Assembly of Panama adopted a bill amending the existing procedural rules for admiralty claims. The Maritime Code of Panama amended by Law 12 of 2009, fashioned after the U.S. Supplemental Rules for certain Admiralty and Maritime Claims of Federal Rules of Civil Procedure, incorporated American procedural devices such as: oral trials, discovery, arrests procedures, limitation of liability and mixed in rem and in personam claims.

All ships present in Panama, whether transiting the canal or calling any port, are subject to the jurisdiction of the Maritime Courts of Panama. Regardless of the flag, or the place where the claim arose, whether inside or outside Panama, the Maritime Courts will exercise its maritime jurisdiction. This is commonly referred to as forum arresti. Any vessel is subject to be arrested either under an in rem theory or an in personam action.

## 2. Which International Convention applies to arrest of ships in your country?

Panama has not ratified any of the International Conventions related to Ship Arrests. However where the applicable law to the claim is that of a country which has ratified any Convention the Maritime Courts of Panama will enforce it in cases where the law of the flag or the law of a particular country applies to the dispute. Panama adopted a statutory provision for the determination of the applicable law.

## 3. Is there any other way to arrest a ship in your jurisdiction?

Under our procedural rules, there are three ways to arrest a vessel. First, any vessel or property can be arrested so that a defendant cannot dissipate assets beyond the jurisdiction by depositing a 20-30% bond of the amount in controversy when defendant's property is found within the territory of the Republic of Panama. A defendant is "present" in Panama when its real and effective place of business is in the territory of the Republic of Panama. Second, a vessel can be arrested ascribe the Courts jurisdiction when such a defendant is not present for purposes of jurisdiction or when an asset of defendant property is attached in order to serve process. Finally, a Maritime Court may exercise its jurisdiction to enforce maritime liens or encumbrances via an in rem action.

(1) President Franklin D. Roosevelt on July 26, 1937, signed into law Executive Order 7676 which created the Panama Canal Zone Judiciary Exec. Order No. 7676, 2 FR 1579, 1937 WL 2827 (Pres.)

A variety of an administrative arrest is also available to plaintiffs. Under an Article 206 of the Panama Maritime Code, any Panamanian Vessels' Registration can be blocked at the Shipping Registry so as to prohibit its sale, deletion, transfer or registration of a mortgage or encumbrance. The evidentiary standard for this type of proceeding requires a showing that an "immediate and irreparable harm" may occur. A discretionary deposit may be ordered by the Court in the sum of no less than US\$ 10,000 to not more than US\$50,000.

#### 4. Are these alternatives e.g. saisie conservatoire or freezing order?

Panama does not have the saisie conservatoire or freezing orders as they are known in France or in the United Kingdom. However, the same results are obtainable under the arrest procedure established by the Maritime Code.

#### 5. For which types of claims can you arrest a ship?

In the case of in rem claim, if the applicable law concedes a maritime lien or a statutory right in rem, any vessel can be arrested. In Panama cargo or freight belonging to the defendant are also subject to being arrested on an in rem claim.

In the case of an in personam claim, any claim arising out of acts related to maritime commerce, transportation and traffic arising inside or outside the territory of Panama and when the claims arises from an act or that are or should be executed from, through or to Panama the Court will try the claim.

The amended maritime Law of 2009 also permits the filing of "mixed" or combined actions in rem and in personam, where the applicable law sets in rem and in personam liability for the underlying claim.

Claims that have been tried in the Panamanian Courts involve Personal Injury claims, Seaman labour claims, Longshore workers claims, Insurance litigation, P&I direct actions, Collisions & allisions, Charter party disputes, Contractual claims, Cargo claims, Necessaries, Bunkers, Maritime claims based on negligence, Vessel property disputes, Mortgage executions, Towage, Limitations of liability procedures, Salvage, General Average and Arbitration.

#### 6. Can you arrest a ship irrespectively of her flag?

Yes, in Panama the mere presence of any vessel at Panamanian waters, whether to transit the Panama Canal or to call any Panamanian port, gives the maritime court jurisdiction in rem over the vessel and in personam over the owners, operators and charterers. Panama does not recognize governmental immunity for state owned commercial trading vessels.

#### 7. Can you arrest a ship irrespectively of the debtor?

In Panama, the claims subject to Panamanian Law permit the arrest of a vessel, regardless of whether the underlying debt is incurred by owner, disponent owner, operator or charterer. Under Panama Law anyone with authority binds the vessel in rem, if the supplier is not timely notified otherwise.

#### 8. What is the position as regards sister ships and ships in associated ownership?

There are two separate matters here. If the applicable law to the claim permits the arrest of sisterships or associated ownership vessels, Panama will recognize it. In cases where Panama Law is applicable sistership arrest is permitted if the vessel are owned by the same company in an in personam claim. If the claim is in rem, the action has to be directed against the same vessel. However, Panama permits mixed or combined claims, where there is a maritime lien or a statutory right in rem and there is in personam liability upon owners, operators or charterers. In addition, where the applicable foreign law permits the arrest of "associated" ships Panama will recognize it.

In Panama piercing the corporate veil is an extraordinary remedy only available in cases of fraud or violation of public policy.



#### 9. What is the position as regards Bareboat and Time-Chartered vessels?

Under Panama Law anyone with authority over the vessel, owner, disponent owner, bareboat charterer, operator and/or time charterer binds the vessel for goods and services provided, except where the supplier is timely advised otherwise. As to cargo damages liability, the vessel is liable in rem regardless of who has control. In addition Bareboat and Time Charterers are liable in an in personam claim where the applicable law so permits.

Notice should be taken that under Panama law there is a system of registration of bareboat charters, which sets the liability of the charterer for operative liability of the vessel, keeping ownership issues in the original registration.



*\* FRANCISCO CARREIRA-PITTI. Licenciado in Law and Political Science, University of Panama. Doctorate in Law, Notre Dame Law School, Indiana, U.S.A. Admitted to practice in Panama, State of Michigan, Federal Bar and the U.S. Supreme Court.*

*1981 to 1985, Associate Attorney Parish & Rokely, St. Joseph-Benton Harbor, Michigan.*

*1986 - Date, Founding & Senior Partner, CARREIRA PITTI P.C. ATTORNEYS*

*1990 to 2010 Professor of Maritime Law, USMA Panama and UMIP, Master and Doctorate Programs in Admiralty and Maritime Law.*

*Member of the Panama Maritime Law Association (PMLA), MLAUS, ICMA, CMI, IPBA, IBA.*

*Since 1991 Mr. Carreira-Pitti has been a speaker at more than 50 international events, including the Lloyd's Ship Arrest 2011 Conference in London. Mr. Carreira-Pitti has the honor of being the first Panamanian Lawyer admitted to practice before the Supreme Court of the United States and is also a Candidate to Solicitor by the Law Society of England & Wales.*

# SHIP ARREST IN PANAMA (Questions 10 to 20)



By Jorge Loaiza III\*  
ARIAS, FABREGA & FABREGA  
jloaiza@arifa.com  
www.arifa.com

16 th Floor, P.H. Plaza 2000, Panama  
Tel: (507) 205 70 00  
Fax: (507) 205 70 01/02

10. Do your Courts require counter-security in order to arrest a ship?

Yes. It depends on the purpose of the arrest: a) prevent disposition (20 to 30% of the amount of the complaint); b) to give jurisdiction to the court over the owner (US\$ 1,000.00); or c) for enforcement of maritime liens (US\$ 1,000.00).

An up-front amount of US\$2,500.00 would be required upon submitting the arrest petition for maintenance and the Marshall would thereupon be entitled to require additional amounts. Failure to do so would result in the release of the asset.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Not in terms of the procedure for the arrest itself. The Law also provides for mix proceedings (*in rem and in-personam*). Foreign law could apply to determine the right to arrest.

12. Does your country recognise maritime liens? Under which International Convention, if any?

The concept of maritime lien against the vessel, freight and cargo is expressly contemplated in the law of Maritime Commerce.

Liens may be recognised under foreign law, by application of conflict of law rules and there are also special provisions for enforcement of naval mortgages, which applies to national and foreign vessels which are arrested in Panama.

Panama has not ratified international conventions on maritime liens.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

The arrest of a vessel could be arranged on a same day basis, considering that the Court and the Marshall would be available (as provided in the law) 24 hours.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

The POA, in principle, and prima facie evidence of the right to claim would be needed when submitting the application for arrest (and the corresponding complaint).

By supplementary application of the Code of Civil Procedure, it is possible for a lawyer to act in lieu of POA (i.e. negotiorum gestor). The POA would have to be submitted within 60 days. In case of foreign entities, proof of existence of the same (i.e. certificate of existence or good-standing) would also be necessary.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The general rule is that documents must be filed in original form; in particular, documents deemed of a "public" source (coming from an official or Governmental entity).

The law expressly provides that public documents issued outside of Panama would have to be legalised to be admissible in Court, either by Panamanian Consul or, where the 1961 Hage Convention applies, Apostilled, or in lieu thereof by the Consul of a country deemed amicable to Panama.

The law provides for the possibility of admission of copies, including discovery motions to seek

agreement of the parties in this connection, which is commonly accepted. The Judge should assess overall under rules of logic and experience (ie “*sana crítica*”).

Documents deemed essential for the representation of the parties, such as power of attorney are to be produced in original and duly noticed and legalised (see 14 above).  
Currently, documents are to be filed with the Court as opposed to allowing electronic filings.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Generally, the arrest in the events mentioned in item 10 above are meant to support proceedings which, in turn, implies the review of a matter on the merits by the Court.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

As per 16, above, the complaint would have to be filed at the time of the request of the arrest. The Court would review if the underlying claim stands (*prima facie*) to initiate the proceedings with the admission of the complaint.

The order for the arrest of a vessel would be served together with the complaint, and would trigger the term to answer the complaint, to start the proceedings.

18. Do the Courts of your country acknowledge wrongful arrest?

The law contemplates the following specific proof for wrongful arrest when: a) the arrest has been performed over property which is different from the one against which the suit was brought; or b) which does not belong to the defendant; or c) on which the maritime lien or *in rem* right for whose execution the arrest was requested is extinguished or inexistent; or d) if the arrest was requested in contravention of a prior agreement between the parties, as the case may be; as overall.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

This would be in exceptional situations involving fraud or criminal actions, before competent courts in that respect. Therefore, it should be noted that Maritime Courts may be reluctant to do so, on strictly maritime causes of action, without an order or further support from a Penal Court.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

Yes, in the following situations:

- a) If the arrest may result in a deterioration of the vessel (depending on its type);
- b) After 30 days from date of the arrest;
- c) If the costs for custody and maintenance become excessive in respect to the sale value;
- d) If the complaint is not timely answered;

The first three scenarios would require the intervention of both parties, whilst the fourth, would proceed at the request of the claimant and in case of enforcement of naval mortgages, *ipso jure*.

The proceeds would then be deposited at the National Bank of Panama, in an interest bearing account.



\* Jorge Loaiza III. Bachelor of Laws and Political Science - Santa Maria La Antigua University (1988) -Master of Laws, Southern Methodist University (1989) (concentration on comparative and international law).

Foreign associate with Kelley Drye & Warren in Washington D.C. (1989); over 23 years concentrating in ship registration, ship finance and maritime litigation - Arias, Fabrega & Fabrega; Board of Directors of the Panama Maritime Law Association from 2008-2012; Drafting Committee to Amendments of 2009 to Law 8 of 1982 of Maritime Judicial Procedure.

Part of the joint Commission for complementary regulations to Law 57 of 2008 - Merchant Marine; Speaker: Seminars at the Panama Maritime University; Inter-institutional Commission for the National Maritime Strategy (2011).

Recognition on Marine Money's 2012 "Deals of the Year". Leading Shipping lawyer, Panama, Chambers Global (2010-2013). Leading Shipping lawyer, Panama, Chambers Latin America (2010-2014).

# SHIP ARREST IN PERU



By Sandro O. Monteblanco, Managing Partner\*  
LAW OFFICES OF MONTEBLANCO & ASSOCIATES, LLC  
info@peruvianlaw.com  
www.peruvianlaw.com  
Manuel de la Fuente 676, Barranco, Lima-04  
Tel: +51 (1) 251-9628

## 1. Please give an overview of ship arrest practice in your country.

Peru is a country that has no maritime law per se, so in cases of this nature one must use foreign doctrine but most importantly, one must use current laws in order to arrest a ship. Some Peruvian universities offer advanced degrees in maritime law but this only studies the legislative drafts and foreign conventions as well but no law of its own. Peru only has a handful of maritime attorneys who can be referred to as such but only by profession and not by dedication. Given the intricacies of practicing law in an area that does not have a law of its own is a monumental task because there is only experience on which to base your legal actions for filing claims and following them through to the end. The concept of arresting a ship in Peru is non-existent, it must be done through a preliminary injunction that if requested "out of process" it can be obtained in up to 72 hours, but this on its own is a costly, tedious and complex task. The counterpart of requesting said injunction "within the judiciary proceeding" in Peru may take up to four months and for know about arresting ships, they can understand that anything more then a few days would be futile.

## 2. Which International Convention applies to arrest of ships in your country?

- a. International Convention on the Arrest of Ships, Geneva 1999
- b. Santiago Declaration.
- c. The Hague Rules.
- d. Convemar.
- e. Cartagena Agreement
- f. Decision 487
- g. Decision 532

## 3. Is there any other way to arrest a ship in your jurisdiction?

As precautionary measure. However, mostly used in the event of having incurred debts with companies or government agencies located within the Peruvian territory. I would add that limiting this to debts incurred in Peru only is erroneous as we have been able to arrest vessels for debts with foreign entities just as well.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

Only precautionary measures.

## 5. For which types of claims can you arrest a ship?

Debts, criminal activities, international arrest warrants, suspicion of illegal trafficking or human trade, etc.

## 6. Can you arrest a ship irrespectively of her flag?

Yes, in accordance with the Covention of 1999.

## 7. Can you arrest a ship irrespectively of the debtor?

Yes, if it can be demonstrated that there is just cause and a pre-existing debt then yes it can.

8. What is the position regarding sister ships and ships in associated ownership?

Although not customary, a sister ship can be arrested if the property can be demonstrated beyond doubt.

9. What is the position as regards Bareboat and Time-Chartered vessels?

The bareboat chartered is only for charter. Its specific purpose is freight cargo. The Time-chartered is a charter party.

10. Do your Courts require counter-security in order to arrest a ship?

Yes, counterclaims are mandatory.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

The judicial process will be the same for both.

12. Do you country recognise maritime liens? Under which International Convention, if any?

Yes. International Convention on Maritime Liens and Mortgages.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

If the files are apostilled then they only need to be officially translated into Spanish. However, if the Peruvian consulate legalizes the documents then they must be registered with the Peruvian Ministry of Foreign Affairs and then officially translated. There must also be a Power of Attorney done in our favor. The Peruvian Consulate in the country's jurisdiction can only do this document. This must then be registered locally and entered into the Lima Public Records. Suffice it to say that companies must start this process as soon as possible in order to be done in time. Assuming all documents are in order then an arrest can be obtained in 72 hours and even less depending on the circumstances.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Yes, POA is necessary as well as all supporting documents that would lead to a ship arrest. These documents can be BL, Invoices, Charter party, etc.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The rule of thumb is that ALL documents must be either apostilled or legalized at the Peruvian Consulate of the country's jurisdiction. But in general.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Legal action starts with the granting of the arrest of the ship. If the arrest is granted "out of process" then the claimant must initiate actions immediately after said arrest has been granted.

18. Do the Courts of your country acknowledge wrongful arrest?

Only through the counterclaim deposited in the court. However, if it can be shown that it was in fact a wrongful claim then the affected party can file for damages against the claimant.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Corporate veils can only be lifted through judicial orders ratified by a local judge in the event the order is foreign.

20. Is it possible to have a ship sold pendente lite; if so how long does it take
- a. Only through a court order from a local judge.



*\* Sandro O. Montebianco is a licensed attorney in the city of Lima, Peru.*

*Mr. Montebianco grew up in the United States and spent his formative years between Oregon and New York. Later in life he travelled to Europe where he lived, studied and graduated from Chelsea University with an advanced degree in International Business Administration.*

*Mr. Montebianco later returned to Peru where he worked as a foreign business consultant and whose main objective was to assist foreign companies set up offices in Peru and several other jurisdictions in the continent. While successful at this venture, Mr. Montebianco felt that there was a void between concluding the business consulting and carrying the project forward. As a result, Mr. Montebianco began attending law school with the idea of bridging the gap in his consulting firm.*

*Nowadays, Mr. Montebianco is Managing Partner at a practice that specializes in Maritime Law, Mining Law and Corporate Law as well as other specialties handled within.*



# SHIP ARREST IN PHILLIPINES

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By Domingo G. Castillo\*  
SYCIP SALAZAR HERNANDEZ & GATMAITAN  
dgcastillo@syciplaw.com  
www.syciplaw.com  
SyCip Law Center, 105 Paseo de Roxas  
Legaspi Village, 1226 Makati City, Philippines  
Tel: +632 9823500  
Fax: +632 8173896

1. Please give an overview of ship arrest practice in your country.

Ship arrests in the Philippines are allowed pursuant to Sec. 10 of Presidential Decree (P.D.) No. 1521 otherwise known as the Ship Mortgage Decree of the Philippines with respect to ship mortgages which are duly recorded and registered. Moreover, P.D. 1521 allows the arrest of vessels to enforce maritime claims or necessities furnished to the vessel.

2. Which International Convention applies to arrest of ships in your country?

The Philippines has not adhered to any international convention on arrest of ships in the Philippines. In fact, none of the international conventions on maritime liens has been ratified by the Philippines.

3. Is there any other way to arrest a ship in your jurisdiction?

Yes, the 1997 Philippine Rules of Civil Procedure allow the attachment of a vessel. This in effect is an arrest or detention of the vessel.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

Yes, attachment is a form of freezing order.

5. For which types of claims can you arrest a ship?

The various types of claims which will justify the arrest of a ship are, as follows:

- a) Ship mortgage duly recorded or registered with the primary flag of registration; and
- b) Any person furnishing repairs, supplies, towages, use of dry dock or marine railway, or other necessities, to any vessel, foreign or domestic.

6. Can you arrest a ship irrespectively of her flag?

Yes.

7. Can you arrest a ship irrespectively of the debtor?

Yes.

8. What is the position as regards sister ships and ships in associated ownership?

The Philippines does not allow sister ship arrest or ships in associated ownership. However, if the ship will be detained pursuant to an attachment, the claimant needs to show that the ship to be arrested is owned by the defendant.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Arrest is allowed on bareboat vessels provided that the person has the needed authority to get the necessities such as, repairs, supplies, towage, use of dry dock or marine railway given by the ship owner since the bareboat charterer is considered the owner pro hac vice (for this purpose). The same does not hold for time-chartered vessels.

10. Do your Court require counter-security in order to arrest a ship?

Yes, the counter-security will pay all costs and damages which may be adjudged to the adverse party if the Court shall finally adjudged that the applicant was not entitled to the Warrant of Arrest earlier issued.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?  
No.

12. Does your country recognize maritime liens? Under which International Convention, if any?

Yes, the Philippines recognize maritime liens under Sec. 21 of P.D. No. 1521 but not under any international convention.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

It will take approximately five (5) working days to arrest a ship since a formal Complaint has to be drafted and the Certificate of Non-Forum Shopping has to be signed by the authorized representative of the claimant stating that no previous Complaint for arrest has been filed with any Court. Additionally, filing fees must be paid.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Yes, a copy of the basis for the claim must be attached to the Complaint which will be the "actionable document."

15. What original documents are required, what documents can be filed electronically, what documents require notarization and/or apostille, and when are they needed?

The original basis of the claim has to be presented in Court during the presentation of evidence. If the original is not presented the opposing party may move to dismiss the Complaint.

16. Will your Court accept jurisdiction over the substantive claim once a vessel has been arrested?  
Yes.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The Claimants must pursue the legal action within a reasonable period of time; otherwise, the defendant may move to dismiss or suspend the case in the event that the plaintiff does not vigorously pursue its claim.

18. Do the Court of your country acknowledge wrongful arrest?

Yes.

19. Do the Court of your Country acknowledge the piercing and lifting of the corporate veil?  
Yes.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

Yes, Philippine courts allow the sale of a vessel pendente lite provided that a motion is filed in Court alleging that there will be damage or loss to the vessel if the sale is not granted. The sale may take place after two (2) months from the filing of the motion.

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*\* Domingo G. Castillo obtained his Bachelor of Science in Business Administration (BSBA) and Bachelor of Laws (LI B) from the University of the Philippines in 1973 and 1977, respectively. He then obtained his Master of Laws (LI M) in 1981 from New York University. He is currently a partner in the firm of SyCip Salazar Hernandez & Gatmaitan, with offices at the Seventh Floor, SyCipLaw Center, 105 Paseo de Roxas, 1226 Makati City, Philippines, Tel. Nos. (63-2) 982-3540, 982-3600, and 982-3700, Fax Nos.: 817-3896 and 818-7562; e-mail address: dgcastillo@syciplaw.com.*

*Mr. Castillo has handled various cases involving vessel arrest, collisions, oil pollution, cargo claims, personal injury, and insurance claims.*

# SHIP ARREST IN POLAND



By Bartosz Biechowski\*  
MARITIME & COMMERCIAL LAW OFFICE BARTOSZ BIECHOWSKI  
bartosz@biechowski.com  
www.biechowski.com  
ul.Krasickiego 2a/21  
81-385 Gdynia, Poland  
Tel: + 48 50 462 89 29  
Fax: + 48 58 661 33 38

## 1. Please give an overview of ship arrest practice in your country.

Under Polish law, to arrest a vessel you need a decision of the court (court order). Such order is given in accordance with provisions of the Polish Civil Procedure Code (**PCPC**) on securing claims (art. 730 - 757). These provisions do not apply only to vessels but also to any other types of claims - both pecuniary and non-pecuniary.

Under the art. 730 (1) of the PCPC the security order will be granted to a creditor:

- whose claim is probable (you do not have to prove your claim at this stage of proceedings),
- who has legal interest in the arrest.

Legal interest means the situation in which **(1)** lack of security makes it impossible to satisfy creditor's claim or **(2)** satisfaction of this claim is connected with serious difficulties. These circumstances should be probable but you do not have to prove them.

Arrest orders are enforced by bailiffs who prior to seizure of the vessel should inform maritime authorities and Border Guard about the arrest.

## 2. Which International Convention applies to arrest of ships in your country?

International Convention Relating to the Arrest of Sea-Going Ships of 10th May 1952 (**Brussels Convention**). The Brussels Convention is integral part of Polish law and is applied directly.

## 3. Is there any other way to arrest a ship in your jurisdiction?

Maritime authorities may detain vessel for up to 72 hours (on Sundays and public holidays this time does not run) to secure claims for outstanding port fees, claims for damages in port facilities, docks or sailing routes and claims arising from environmental pollution.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

If a vessel is entered into the Polish register this is possible to encumber it with compulsory mortgage. In practice this is used mainly for securing creditors' claims on vessels under construction.

## 5. For which types of claims can you arrest a ship?

Vessels flying flag of member states of the Brussels Convention can be arrested only for maritime claims listed in art. 1.1 of this convention. Other vessels can be arrested also for other claims.

## 6. Can you arrest a ship irrespective of her flag?

Yes, this is possible.

## 7. Can you arrest a ship irrespective of the debtor?

Yes (excluding warships and other vessels in state service)

## 8. What is the position as regards sister ships and ships in associated ownership?

As under the article 3.1. of the Brussels Convention

## 9. What is the position as regards Bareboat and Time-Chartered vessels?

As under the article 3.4 of the Brussels Convention

## 10. Do your Courts require counter-security in order to arrest a ship?

The court may require payment of deposit to satisfy potential claims of the debtor connected with wrongful

arrest. This is, however, quite rare situation.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien? Procedure is the same.

12. Does your country recognise maritime liens? Under which International Convention, if any? Poland is a party to Brussels convention on maritime liens and mortgages of 1926. Polish Maritime Code also contains provisions concerning maritime liens.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm? About 3-4 days (much depends on the judge)

14. Do you need to provide a POA, or any other documents of the claim to the Court?

We need POA and documents which prove that the person(s) who signed the POA is (are) duly authorised to represent the company (extract from commercial registers, etc.) We also need documents which show that claim is probable (we do not have to prove the claim in this stage of proceeding).

Certified translations to Polish are necessary in all cases.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

All documents should be filed in the Court in paper version – scans and copies are acceptable provided they are certified as "true copy" by the attorney-at-law (legal adviser or advocate). Additional legalisation, notarisation or apostille may (but do not have to) be necessary for claims listed in art. 1 para 1 letters "o", "p", "q" and with respect to maritime liens (actions in rem).

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested? As under the art. 7.1 of the Brussels Convention. Moreover, careful examination of other sources of law is recommended (the PCPC and Council Regulation 44/2001 in the first instance).

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Up to 14 days. Otherwise the arrest collapses (see also art. 3.3 of the Brussels Convention).

18. Do the Courts of your country acknowledge wrongful arrest?

Yes. Debtor can lodge a complaint against the security order. If the court allows the complaint, the debtor may claim for compensation for its losses connected with the arrest. The same relates to situation when the arrest collapses – for example **(1)** if the action as to the merits is not commenced in prescribed time, **(2)** the writ of summons is returned or rejected for formal reasons or **(3)** the claim is dismissed.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

No.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

No. Generally, no forced sale of the vessel in Poland is recommended. This is too complex and takes too much time.

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*\* Bartosz Biechowski, attorney-at-law, owner of the Maritime & Commercial Law Office in Gdynia, rendering tailor-made services to customers worldwide. Born on 19th March 1977 in Gdynia, Poland. Graduated from the Faculty of Law of the University of Gdansk and Postgraduate Study of Intellectual Property Law of the Uniwersytetu of Warsaw.*

*In his professional career, Mr. Biechowski represents both individual clients and large companies. With maritime law as his main area of interest and expertise, he specialises mostly in arrests and release of vessels as well as claims for personal injuries at sea, claims related to damages to cargo, H&M claims and any other types of maritime claims. In addition to this Mr. Biechowski deals also with company law, international trade law as well as intellectual property law.*

*Mr. Biechowski has vast experience in international business environment and speaks fluently English as well as some Russian and French.*

# SHIP ARREST IN PORTUGAL (Questions 1 to 9)



By Mafalda Rodrigues Fonseca\*  
CSBA, RL  
csba@csbadvogados.pt  
Rua Castilho, no. 71, 2º Dto.,  
1250-068 Lisboa  
Tel: 00 351 21 384 62 00  
Fax: 00 351 21 386 17 35

## 1. Please give an overview of ship arrest practice in your country.

Ship arrests are common in Portugal and such a fact is not surprising taking into account its extensive coast, strategic location and key importance of navigation throughout its history.

Ship arrests are a provisional remedy envisaging a court decision pertaining to the collection of a debt though the seizure of assets. Indeed, according to Portuguese Law, the arrest petitioner must provide the court with the facts that show a serious probability that the claimed credit does exist and in addition demonstrate the risk of losing the guarantee (“*fumus boni iuris*” and “*periculum in mora*”).

Ship arrest under applicable international Law does not require evidence of “*periculum in mora*”, but the creditor must still evidence the apparent existence of the claimed credit. In the aforementioned cases it is not required evidence of the credit’s existence, it is necessary to demonstrate that there is a serious probability that the credit indeed exists.

Considering the provisional nature of this “legal instrument” it is also important to emphasise the relevance of its link to the declaratory procedure, since, it has to be filed by the petitioner within 30 days after the notification of the arrest decision or in another deadline if requested by the petitioner and ordered by the maritime court. If the petitioner does not act accordingly the arrest provisional remedy it is extinguished.

## 2. Which International Convention applies to arrest of ships in your country?

The International Convention for the Unification of Certain Rules relating to the Arrest of seagoing Ships of 1952 (below simply referred to as 1952 Convention) is applicable in Portugal to the arrest of foreign ships.

An additional number of particularities arise from Portuguese law, namely from articles 406 and 409 of the Civil Procedure Code and article 619 of the Civil Code.

It is in accordance with the aforementioned laws that the competent entity, i.e., the Maritime Court orders the arrest of ships.

## 3. Is there any other way to arrest a ship in your jurisdiction?

No. In Portuguese territory the only way to arrest a ship is through the aforementioned legal instrument. The entire legal basis mentioned is specifically referred to ship arrest and therefore these legal issues do not find solution in any other law. The arrest of ships in Portugal must be requested before the Maritime Court through the initial petition.

## 4. Are these alternatives e.g. *saisie conservatoire* or freezing order?

In Portugal the debtor can only stop a ship from leaving the country through a *saisie conservatoire* since the national legal system has specific laws for this kind of situations. This legal instrument will allow the creditor to secure his credit’s payment keeping an asset (ship) well located.

## 5. For which types of claims can you arrest a ship?

In accordance with the 1952 Convention, namely article 2, ships can only be arrested in the jurisdiction of another State in respect of a maritime claim.

However the Convention does not overlap or restrict internal laws and any national regulation of the State concerning ship’s arrest.

Regarding the above mentioned we can conclude that the Maritime Court is competent to arrest ships, whether Portuguese or not, in accordance with both Portuguese and International Law, namely the aforementioned 1952 Convention.

It is important to emphasise that although in some cases Portuguese Courts may not have jurisdiction to decide on the merits of the claim, the arrest of ships in Portuguese waterways is possible, under the 1952 Convention. Should this be the case, the prerequisite of the maritime nature of the underling claim must be in place in order for the Convention to be applied, although it is not required demonstration of the “periculum in mora”, as it is presumed to exist.

6. Can you arrest a ship irrespectively of her flag?

Yes. Since the Portuguese and International Law do not forbid the arrest of a vessel concerning its flag, through a reverse interpretaion we can conclude that a ship can be arrested irrespectively of its flag.

7. Can you arrest a ship irrespectively of the debtor?

Yes, it is possible in some situations to arrest a ship irrespectively of the debtor.

For example, paragraph 1 of the 3rd article of the 1952 Convention allows, a Claimant to request the arrest of either (i) the ship in respect of which the maritime claim arose, or (ii) any other ship owned by the person who was, at the time when the maritime claim arose, the owner of the ship (responsible for the maritime claim).

This situation is possible even though the ship arrested is ready to sail. However no ship, other than the particular ship in respect of which the claim arose, can be arrested in respect of any of the maritime claims enumerated in Article 1 (1) (0), (p) or (q) of the 1952 Convention.

Another example, is stated in paragraph 4 of the 3rd article of the 1952 Convention, referred to situations of ship freight with nautical management transfer, which allows, (when the only responsible for the maritime claim against that vessel is the charterer), the arrest of that specific ship or any other owned by the charterer.

8. What is the position as regards sisters ships and ships in associated ownership?

Regarding sister ships, paragraph 1 of the 3rd article of the 1952 Convention allows the arrest of ships in respect of which the maritime claim arose and also of any other vessel owned by the same person / company.

Regarding ships in associated ownership, the Portuguese legal system allows the arrest of ships in associated ownership, there is not a law forbidding it.

9. What is the position as regards Bareboat and Time-Chartered vessels?

There is a difference between these two types of charter contract. In a Time-chartered vessel the petitioner can request the arrest of the vessel from which the maritime claim arose or of any other vessel owned by the charterer. In a Bareboat Chartered vessels the only asset/ship that can be arrested is the vessel from which the maritime claim arose.



*\* Born on 4 September 1978*

*Portuguese*

*Graduate and pos graduate by Portuguese Catholic University;*

*Member of the Portuguese Bar Association since 2004;*

*Ship Arrest and in general Maritime Law is a very active area of work in which her has deal of experience.*



# SHIP ARREST IN PORTUGAL (Questions 10 to 20)



By Ana Cristina Pimentel\*  
ARMANDO HENRIQUES, ANA CRISTINA PIMENTEL & ASSOCIADOS,  
SOCIEDADE DE ADVOGADOS, RL  
ah.acp@netcabo.pt  
Av. Miguel Bombarda, 50 - 2º  
1050-166 Lisboa - Portugal  
Tel: 351 21 781 99 90  
Fax: 351 21 793 06 15

## 10. Do your Courts require counter-security in order to arrest a ship?

Although it is established on article 374 nr. 2 of the Portuguese Code of Civil Procedure that the judge may request the arrestor to put up an adequate security, considering the particular circumstances of the case, to our knowledge never did a Maritime Court Judge request for such counter-security to be given by the arrestor as a requisite for the arrest.

## 11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is no difference in respect of arresting a ship for a maritime credit or maritime lien; the same rules apply on both situations. However, when the arrest is requested on the basis of national law only, the arrestor will have to produce evidence on the probability of the existence of his credit, as well as on the financial situation of the arrestee, to justify that the arrest of the ship will be the only measure that will allow the arrestor to be able to receive payment considering the overall situation of the arrestee and his assets.

## 12. Does your country recognize maritime liens? Under which International Convention, if any?

Since 13th May 2012 Portugal is no longer be a party to the 1926 Brussels Convention for the Unification of Certain Rules relating to Maritime Liens and Mortgages. The issue of maritime liens is now ruled by the Commercial Code, namely article 578, listing as maritime liens the “hypothèque” in the third place, after court costs and expenses incurred in the common interest of the creditors and salvage, and before other liens such as pilotage and tug costs; light, harbour and port dues; crew wages; supplies and repairs to the vessel; insurance premiums; unpaid last sale price of the vessel; unpaid amounts arising from shipbuilding contracts and indemnities due to cargo owners.

## 13. What lapse of time is required in order to arrest a ship since the moment the files arrives to your law firm?

Once the file is analysed by the Lawyers, it will be necessary to prepare and draft the arrest application stating clearly all the relevant facts of the case, the reasons for the arrest to be granted and the amount claimed, all dully supported by the relevant documentary evidence (contracts, invoices, exchange of correspondence, etc.), translated into Portuguese (at least the most relevant documents). A list of witnesses to be heard has also to be included. The judge will have a period of 24 hours to analyse the file and give the first detention order preventing the vessel from sailing. This order is immediately sent by fax by the Court to the Harbour Master office of the port where the vessel is staying. The hearing of the witnesses appointed will take place a few days later.

## 14. Do you need to provide a POA, or any other documents of the claim to the Court?

When submitting the arrest application it will be necessary to attach a power of attorney, as well as all the supporting documents evidencing the facts of the case and the amount of the claim, for the judge to be able to analyse the merits of the arrest application.

## 15. What original documents are required, what documents can be filed electronically, what documents require notarization and/or apostille, and when are they needed?

All documents are filed electronically and the originals kept by the Lawyers. The original POA is kept by the Lawyers; the supporting documents may be kept only in copies. The POA has to be legalized with apostille or at least documents evidencing the identity and powers of the person signing the power of attorney should be presented to the Lawyer and considered as sufficient evidence.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Portuguese Courts will accept jurisdiction over the substantive claim on the situations listed on article 7 nr 1 of the 1952 Brussels Arrest Convention.

17. Which period to time will be granted by the Courts in order for the claimants to take legal action on the merits?

The time limit for the claimant to take legal action on the merits is thirty days counting from the date the arrestor is notified by the Court that the arrest application has been served on the arrestee.

18. Do the Courts in your Country acknowledge wrongful arrest?

Yes. Article 374 of the Code of Civil Procedure determines that if the arrest is considered unjustified or will become void because of the arrestor, the arrestor is responsible for the damages caused to the arrestee if the arrestor did not act as a normal and prudent man should have done. Civil liability rules will apply.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

No. In principle only the debtor / arrestee and his registered assets are liable for the payment of the debts claimed against such debtor, an individual or a company. The Court will not look into the links between different companies and their shareholders or allow the arrest of assets belonging to entities other than the debtor/arrestee.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

It will be possible to request for the anticipated sale of the ship, providing one can justify the need for such measure because of, for instance, the depreciation of the value of the ship and the consequences thereof for the owner and claimants. The circumstances of each particular case are analysed by the Court and the sale is normally only allowed when the ship is abandoned by the owner/arrestee, remains arrested for a long period of time and her situation is uncertain. The sale procedure will take several months considering the need to obtain the judge's order, the service on the owner of the ship and the sale procedure that will follow thereafter.



*\* Ana Cristina Pimentel is a Senior Partner to Armando Henriques, Ana Cristina Pimentel & Associados, Sociedade de Advogados, RL, a Portuguese Law Firm formally registered in 1999, although some Partners started their practice back in the years 80. The main areas of activity of the Firm include maritime law, transport law an insurance law. She took her degree in Law in Belgium, at the Université Catholique de Louvain-La-Neuve, in 1991 and she also obtained a Post graduation in Maritime Law at the London Metropolitan University (London Guildhall University), in the United Kingdom, in 2003. She is a Lawyer registered at the Portuguese Bar Association since 1994. She is also a teacher at the Portuguese Nautical School (Escola Nautica Infante D. Henrique), since 2004, on subjects including maritime, transport and labour law.*

# SHIP ARREST IN ROMANIA



By Adrian Cristea\*  
CRISTEA & PARTNERS Law Office  
adrian@cristealaw.ro  
www.cristealaw.ro  
54 Cuza-Voda Street, flat 3, G-floor, 900682 Constanta  
Tel: +40 744 518 583  
Fax: +40 241 518802



By Augustin Zabrautanu\*  
ZABRAUTANU & ASSOCIATES  
augustin.zabrautanu@pialaw.ro  
www.pialaw.com  
37 Mircea Voda Blvd, BL. M 29, SC. A, G-Floor, Apt.. 3  
Sector 3, 030663 Bucharest  
Tel: +40 21 336 73 71  
Fax: +40 21 336 73 72

## 1. Please give an overview of ship arrest practice in your country.

Conditions imposed by Romanian law :

- a) Indicate and provide evidences to the Court that plaintiffs have started the main legal action (Court action or arbitration proceedings according to the provisions of the C/P or B/L) against the defendant. The evidence should be a letter from a Court, apostilled according to Hague Convention 1961 or a letter from the arbitrator appointed showing that arbitration has started;
- b) Indicate and provide evidences to the Court that the defendant in the main proceedings is the owner of the vessel;
- c) Provide a bank letter of guarantee to the Court as a percentage of the claimed amount (the amount will be fixed by the Court but in most of the cases is 10%). In accordance with the new Civil Procedural Code which entered into force on 15th of February 2013, the amount of the guarantee should be placed in cash and is limited at 20% of the claimed amount. The main purpose of such bank letter of guarantee is to compensate the losses of the defendant owner if finally the claim of the plaintiff will be found ungrounded by the Court.

In case the matter is very urgent, vessels can be provisionally arrested through the Harbor Master, paying a tax of Euro 400 (Saturdays and Sundays Euro 800).

A notice of arrest will be notified to the Harbor Master.

Harbor Master will place the order of arrest to the vessel's file and will not interrupt in any way vessel's operations. Notice of arrest will become effective when the vessel will finalize operations and vessel's agent will attend Harbor Master to receive vessel's permit to leave outside. Starting with the hour when vessel's agent will ask for the Permit to leave, Harbor Master will count 24 hours (Saturdays and Sundays are not included within this hours anyway) and the vessel will be arrested for 24 hours. During these 24 hours, plaintiff will need to apply to the Court asking for the arrest of the vessel. Courts are judging these cases on an urgent basis and normally are issuing the decision within 24 hrs. There is no need for the time being to place the counter-security which will be requested by the Court at a later stage.

Court costs are low. Lawyer fees normally calculated on hourly basis Costs are usually recoverable from defendant.

## 2. Which International Convention applies to arrest of ships in your country?

Romania has acceded to the International Convention for the unification of rules about the arrest of vessels, signed in Brussels on May 10th 1952, on November 8th 1995. For the participant states of the 9th Diplomatic Convention of Maritime Law, it was enforced on February 24th 1956. Article 8, paragraph 1 of the Convention provides that its provisions are applicable in any contracting state to any vessel that carries the flag of a contracting state. Paragraph 2 of the same article concedes the possibility that vessel that carries the flag of a non-contracting state may be arrested in one of

the contracting states according to one of the claims listed in Article 1, or according to any other claim that permits the arrest according to the laws of that state. Romanian Courts are applying this principle when are taking into consideration the arrest of one vessel in Romanian jurisdiction.

3. Is there any other way to arrest a ship in your jurisdiction?

Sister ships may be arrested in Romania, following the provisions of the article 907 and 908 Romanian Commercial Code and not the provisions of the 1952 Arrest Convention. Condition that substantive claim proceedings against the owner of the vessel has to be accomplished also.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

No.

5. For which types of claims can you arrest a ship?

A ship can be arrested in Romania for one or more of the claims listed in article 1.1 of the 1952 Arrest Convention. Ships may be arrested in Romania also for one or more of the claims listed by the 1926 maritime liens and mortgages Convention.

6. Can you arrest a ship irrespectively of her flag ?

Paragraph 2 of the article 8 of 1952 Arrest Convention mentions the possibility that vessels that carries the flag of a non-contracting state may be arrested in one of the contracting states according to one of the claims listed in Article 1, or according to any other claim that permits the arrest according to the laws of that state.

7. Can you arrest a ship irrespectively of the debtor?

As already mentioned, it is compulsory to indicate and provide evidences to the Court that the defendant in the main proceedings is the owner of the vessel.

8. What is the position as regards sister ships and ships in associated ownership?

Sister ships may be arrested in Romania, following the provisions of the articles 951-952, 959-968 of Romanian Civil Procedural Code and not the provisions of the 1952 Arrest Convention. Romanian Courts are reluctant to order the arrest of sister ships, although this is possible. Ships in associated ownership cannot be arrested in Romania.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Bareboat and Time-Chartered vessels cannot be arrested in Romania for the claims against the Bareboat and/or Time-Charterer.

10. Do your Courts require counter-security in order to arrest a ship?

Court will order to provide a bank letter of guarantee to the Court as a percentage of the claimed amount (the amount will be fixed by the Court but in most of the cases is 10 % ). In accordance with the provisions of the new Civil Procedural Code the amount of the guarantee may be increased up to 20% of the claimed amount and needs to be placed in cash at the disposal of the Court.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Arrest of a ship for a maritime claim will be done according to the procedure established by the 1952 Arrest Convention also in case of arrest of a ship for a maritime lien mentioned by the 1926 maritime liens and mortgages Convention.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Romania recognizes maritime liens according to 1926 maritime liens and mortgages Convention.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

A notice of arrest will be notified to the Harbor Master.

Harbor Master will place the order of arrest to the vessel's file and will not interrupt in any way vessel's operations. Notice of arrest will be placed immediately as the file arrives to our law firm and a legal

assistance contract, even by e-mail and/or fax, will be signed with the client.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Based on the legal assistance contract signed with client or the engagement letter signed by Client, law firm will provide to the Court a power of attorney in the standard format prescribed by Lawyers statute.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

There is no need to provide original documents to the Court, only copies mentioned to be true copies will be provided to the Court, on the understanding that originals will be kept by the law office. It is necessary to be provided with originals of the documents in order to translate them into Romanian and present legalised translations to the Court, taking into consideration that Public Notaries will not legalise translations without being provided with the originals of the documents. The evidence that main claim proceedings has been instituted should be a letter from a Court, apostilled according to Hague Convention 1961 or a letter from the arbitrator appointed showing that arbitration has started.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?  
No.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Arrest cannot be requested if legal action on the merits has not yet started prior to the application to the Court. According to the new Civil Procedural Code, it will be possible that, in urgent cases, arrest of the vessel to be permitted without the need to commence substantive claim proceedings in advance. In such a case, substantive claim proceedings has to be commenced in 20 days from the date the arrest application has been admitted by the Court.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes. In practice, it is very difficult to prove such a claim.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?  
No.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?  
No.

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*\* Adrian Cristea graduated from "Mircea cel Batran" Marine Institute in 1984 and in 1989 started the Law School of Bucharest University. Acting within the Claims Dept. of "ROMLINE" SA Navigation Company since its foundation, he became manager of Claims Dept. as from January 1994.*

*Adrian has written several articles exclusively on maritime law published by well-known Romanian publications such as "Law" and "Commercial Law Journal" as well as by the English "International Journal of Shipping Law". In 2001, he published the "Maritime Law" Book.*

*Lawyer within the Constanta Bar Association since 1996. He also regularly acts as an arbitrator within the International Commercial Arbitration Court of the Chamber of Commerce and Industry of Romania. He is an authorised mediator and insolvency practitioner. He speaks English and Romanian.*

*\* Augustin Zabraitanu is a graduate of Bucharest University. He holds a degree in juridical science and is a licensed attorney in Romania. His post graduate activity included Master in maritime law at Constantza Maritime University, private legal practice and criminology at Bucharest University School of Law. He is a member of the Romanian National Bars' Association and of the Bucharest Bar.*

*Although Augustin is a experienced and dedicated criminal law litigator, his current practice focuses on commercial and maritime law, international trade law, private international law, insolvency & bankruptcy law, intellectual property law, real estate, administrative and tax law.*

*Starting with 2005, Augustin Zabraitanu and his colleagues had successfully represented numerous and various clients (both of domestic and international companies), in a broad array of maritime issues, including arrest of ships. He is an authorised insolvency practitioner and intellectual property counsellor. Augustin speaks English and Romanian.*

# SHIP ARREST IN RUSSIA (Questions 1 to 9)



Andrey Kosmachevskiy and Andrey Suprunenko\*

LAW FIRM "REMEDY"

general@remedy.spb.ru

www.remedy.ru

40-42 Nevskiy av.

191186 St.Petersburg - Russia

Tel. (+7 812) 702-51-00

Fax.(+7 812) 702-51-01

1. Please give an overview of ship arrest practice in your country.

The ship arrest practice in Russia is wide and may be different due to the differences in court practice in regions – west, south, north, east. Basic ports where there is wide practice of ship arrest are: St.Petersburg, Novorossiysk, Vladivostok, Kaliningrad.

2. Which International Convention applies to arrest of ships in your country?

Russia ratified the International Convention on the Arrest of Sea-Going Ships (10 May 1952, Brussels). The provisions of this Convention are mandatory applicable to all ships flying the flag of another Contracting State and calling at Russian ports.

Merchant Shipping Code of Russia (1999) is the domestic law which implemented basic principles of the 1952 Brussels Convention and even Merchant Shipping Code (1999) is an advance over the 1952 Brussels Convention as it is based on principles of International Convention on Arrest of Ships (Geneva, 1999 ) especially in regard to the wide list of claims subject to ship arrest. According to both above mentioned Conventions a ship may be arrested only under the authority of a Court. The regulations of procedure for the Court in Russia are defined in two Codes: the Civil Procedural Code of Russia and Arbitration Procedural Code of Russia. In general the Civil Procedural Code defines the procedure for the physical persons acting as claimants or applicants, and the Arbitration Procedural Code defines the procedural for the legal entities.

3. Is there any other way to arrest a ship in your jurisdiction?

Due to absence in above mentioned procedural codes of special clauses devoted to the ship arrest there is a way to arrest the ship as property of the debtor (regardless of status of a ship as special kind of property) by means of filing to the Court the application for the arrest of property of the debtor. Such application is filed together with the statement of the claim. The ship may be arrested also under criminal or administrative procedure as exhibit of case or as subject of criminal or administrative offence.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

There is a way to arrest the ship as property of debtor in security of civil action as well as in the bankruptcy proceeding.

5. For which types of claims can you arrest a ship?

Under Domestic Law - In Merchant Shipping Code of Russia (1999) the whole list of maritime claims (a to v) from the 1999 Geneva Convention is included. The domestic law is applied by the Russian courts mostly in respect of the Russian flag seagoing vessels.

Under the 1952 Brussels Convention – the Russian courts are more or less in line with the list of the maritime claims indicated in the 1952 Brussels Convention. But the courts apply this Convention mostly to the foreign flag vessels.

6. Can you arrest a ship irrespectively of her flag?

You can arrest a ship irrespectively of her flag.

7. Can you arrest a ship irrespectively of the debtor?

According to the 1952 Brussels Convention which was ratified by Russia a ship may only be arrested



in respect of a maritime claim only. Therefore bearing in mind the regulations established in the Arbitration Procedural Code of Russia the claimant first of all should prove the existence of the maritime claim in respect of the specific ship and same time the claimant should prove that the claim arose due to the actions of the specific debtor in respect of this specific ship when (as the claimant supposes) the debtor was the owner/ charterer of this ship. It may lead to that the real owner of the ship will try to object the arrest saying the ship never belongs to the debtor. The claims "in rem" can not be initiated in Russia.

Certain claims may follow the ship regardless in whose hands it may be, e.g. claims for crew wages, salvage, port dues (maritime liens).

8. What is the position as regards sister ships and ships in associated ownership?

It is possible to arrest sister ship as the property owned to same debtor.

9. What is the position as regards Bareboat and Time-Chartered vessels?

The provisions for the arrest of the vessels in accordance with the domestic law are the same as in the Convention, 1999 article 3 par.(1)-(2). If the Convention, 1952 is to be applied then the provisions for the arrest from Convention, 1952 will be applied.

Arrest Procedure



*\* For more than 15 years Remedy Law firm helps in obtaining a highly professional and commercially oriented advice on issues relating to shipping and transportation in the widest range. Remedy Law Firm deals mainly with claims handling, represents cases of its clients in common law courts, arbitrations and appeals courts on all aspects of civil, maritime and administrative law, scrutinizes documentation and its enforceability under Russian and international laws and gives legal opinions on different issues. We also offer advice on the interpretation of charter party clauses, bills of lading, insurance policies and other contracts.*

*Mr.Andrey Suprunenko is a director of the firm. Mr.Andrey Kosmachevskiy is a lawyer.*

# SHIP ARREST IN RUSSIA (Questions 10 to 20)



By Alexander Mednikov\*

JURINFLOT

Alexander.Mednikov@jurinfлот.ru

www.jurinfлот.ru

PO Box 60 Moscow, 109147 Moscow, Russia

Tel: (+7 495) 792-57-01

Fax: (+7 495) 792-57-00

## 10. Do your Courts require counter-security in order to arrest a ship?

In accordance with article 393 of the Code of Merchant Shipping, the court or arbitration which considers the application on arrest of a ship, may (but is not obliged to) order an applicant for arrest to provide security against any damages which may be caused by arrest and for which the applicant may be held liable. Amount and terms of such security shall be determined by the court. In practice, courts often require such counter-security as a condition for imposition or continuation of arrest of the ship.

However, counter-security may not be required from the applicant which demands arrest of a ship on the basis of a claim for amounts due to the master or crew of the ship for their work on board.

## 11. Is there any difference in respect of arresting a ship for a maritime claim and a maritime lien?

In accordance with the Code of Merchant Shipping (article 388), a ship may only be arrested on the basis of a maritime claim. However, all types of claims which are, under the Russian law, secured by a maritime lien are, at the same time, included in the list of maritime claims provided by the CMS.

## 12. Does your country recognize maritime liens? Under which international Convention, if any?

Yes it does - by the Federal law of 17/12/1998, Russia acceded to the International Convention on Maritime Liens and Mortgages of 1993.

## 13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

In practice, it normally takes 4-5 days from the date of arrival of the full package of necessary documents is the shortest term to have the vessel arrested: (a) on day 1 the documents arrive and [if the documents come from abroad] - a certified translation of foreign documents is arranged; (b) on the evening of day 1 or the morning of day 2, the authorized lawyer leaves for the city where the territorially competent court is located (normally – the arbitration (commercial) court of the), (c) on day 2, the application for arrest with attachments is filed to the competent court; (d) on day 3, the court considers the application and grants the arrest, (e) on day 3 or 4, the court issues an executive order on the basis of its decision by which arrest is granted, (f) on day 4 or 5, executive order is submitted to the bailiffs service which commences executive procedure and filed the executive order to the harbor-master of the port where the vessel is located. In practice of some (but not all) courts and ports, procedure may be speeded-up by 2 days if the court is requested to include in the arrest ruling the order to the harbor-master not to grant to the vessel the permission to leave the port. If such order is included in the ruling, the vessel will be effectively immobilized before involvement of the bailiffs.

It must be noted, though, that in order for the above-mentioned time-frames to be observed and for the arrest to be successfully obtained, coherent work between the clients and the lawyers is required at the preparatory stage, so as to ensure that the correct information is provided for drafting of an application and the necessary support documents are also supplied.

## 14. Do you need to provide a POA, or any other documents of claim to the court?

Yes, the POA is necessary. Documents which confirm the existence of a maritime claim must also be provided in order to confirm the existence of grounds provided in the law for imposing the arrest.

15. What original documents are required, what documents can be filed electronically, what documents require notarization and/or apostille, and when are they needed?

Of the documents filed together with the application, only the POA needs to be in original (or a copy certified by the notary public). Other documents may be presented in copy certified by the applicant (an endorsement saying 'true copy of an original', a signature of a director and a company stamp). A general requirement of the law is that documents in the foreign language must be accompanied by a certified translation into Russian and that a document obtained abroad must be legalized, unless such requirement is abolished by an international treaty to which Russia is a party (for example, the Hague convention of 05/10/1961 and other multi-lateral or bilateral treaties, including the ones with CIS countries, Baltic countries, India, Argentina, Poland, Spain, etc.). In practice, commercial documents are not required to be apostilled but do require a certified translation. Filing of documents in electronic form is also possible.

16. Will the Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

When an arrest over the ship has been imposed in Russia, the Russian courts may accept jurisdiction over the substantive claim in cases provided for by the 1952 Convention:

- if a person which is a creditor under such claim has its main place of residence or business in Russia;
- if the substantial claim arose in Russia;
- if the claim relates to the voyage during which the arrest was imposed;
- if the claim arose from a collision or from other damages caused by one vessel to another vessel, or to people or goods on board of such a vessel;
- if the claim arose from salvage;
- if the claim is based on mortgage of the arrested vessel.

Alternatively, Russian courts may accept jurisdiction over the substantive claim on one of the general grounds which the procedural legislation provides for Russian courts to consider matters with foreign element. They include, i.a.:

- defendant having a place of residence, place of business or property located in Russia;
- the dispute arising from the contract which was intended to be fulfilled on the territory of Russia;
- the dispute arose out of damage to property, if such damage was caused or arose on the territory of Russia.

17. Which period of time will be granted by the Courts in order for the claimant to take legal action on the merits?

If arrest will be treated as a preliminary security measure for the purposes of commencing the main suit in the Russian court, than such period will be determined by the court in its ruling by which arrest will be granted. But in any event, it should not exceed 15 days.

18. Do the Courts of your country acknowledge wrongful arrest?

Russian courts have a right to refuse application of arrest. When the judge considers the application, he/she refuses or satisfies it on the basis of its internal conviction. Also, as mentioned above, it is possible for the court to order the applicant to provide counter-security against any damages which may be caused by the arrest, including wrongful arrest and to determine the extent of applicant's liability in such case.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

It may be said that at present, Russian courts dealing with maritime claims will not be likely to pierce/lift the corporate veil, but at the same time, in one of the acts of the Supreme Arbitration [Commercial] Court (in a case completely unrelated to shipping), the doctrine of piercing the corporate veil was expressly acknowledged, so it is quite possible that this doctrine will gain wider application in Russia in the near future.

20. Is it possible to have a ship sold pendent lite; if so how long does it take?

No.

*\* Since 2003, Alexander Mednikov is a partner in "Jurinflot International law office", a Russian law firm which specializes in maritime law. His primary professional interests include ship finance and vessel mortgage, as well as joint-ventures and M&A in shipping and other spheres. Alexander graduated with honours from the law faculty of the Russian Peoples' Friendship University and speaks English and French.*



# SHIP ARREST IN SCOTLAND (Questions 1 to 9)



By Bruce Craig\*  
MACKINNONS

bruce@mackinnons.com  
www.mackinnons.com

14 Carden Place, Aberdeen AB10 1UR, UK

Tel: +44 (0) 1224 632464

Fax: +44 (0) 1224 632184

1. Please give an overview of ship arrest practice in your country.

The right to arrest a ship in Scotland derives from Part V of the Administration of Justice Act 1956. This part is headed "Admiralty Jurisdiction and Arrestment of Ships in Scotland". This has been amended over the years, most recently by the Bankruptcy and Diligence etc (Scotland) Act 2007 which is an Act of the Scottish Parliament.

For the ship to be capable of being arrested in Scotland it must be the very ship with which the dispute is concerned or all the shares in the ship must have the same owner as the ship with which the dispute is concerned.

If the Scottish courts would not otherwise have jurisdiction, the ship can be arrested in a Scottish Port "to found jurisdiction". Arresting in this way however merely gives the court jurisdiction, but does not create any security over the ship itself.

A Claimant (Pursuer/Plaintiff) can often obtain a significant advantage by being able to arrest a ship at the outset of a court action for payment. This is one of the few instances in Scots Law where it is feasible for a Claimant to obtain security pre judgement. It is necessary to go to the court (either the Court of Session in Edinburgh or the local Sheriff Court) to seek the permission of the Judge to arrest the ship if the case can be brought within one of the many categories listed in the 1956 Act. If the Judge grants the permission then the ship can be arrested by Court Officers even without the alleged debtor (or anyone else associated with the ship) necessarily being aware up to that point that an arrest is being contemplated, far less that it is imminent. The court papers then require to be served on the Defender (Defendant) albeit that the papers can be served on the ship itself if what is raised is an action in rem in respect of a maritime lien such as collision or salvage. The Defender then has an opportunity to challenge the arrest with the Pursuer being liable in damages if it is found to be an unlawful arrest.

2. Which International Convention applies to arrest of ships in your country?

The United Kingdom (of which Scotland forms part) is a signatory to the International Convention Relating to the Arrest of Seagoing Ships 1952. This was brought into UK domestic law by the 1956 Act. Jurisdiction is governed by the Brussels Convention 1968 and the Lugano Convention 1988. These were introduced into UK Law by the Civil Jurisdiction and Judgements Act 1982 as amended.

3. Is there any other way to arrest a ship in your jurisdiction?

Port Authorities in Scotland have the right to detain a ship for non-payment of harbour dues in terms of the Harbours, Docks and Piers Clauses Act 1847. Detention under the 1847 Act is the equivalent of arrestment. It is also possible to arrest a ship in a Scottish port in implementation of an order of a foreign court. Such an arrestment must comply with the Civil Jurisdiction and Judgements Act 1982. In certain circumstances, arbitration judgements can also result in ship arrest in Scotland.

4. Are there alternatives, for example saisie conservatoire or freezing orders?

Scots Law does not provide any alternatives beyond arrestment under the 1956 Act, detention by a Port Authority and in respect of a foreign action, all as referred to above.

5. For which types of claims can you arrest a ship?

A ship can be arrested in a Scottish port in implementation of a Court or Arbitration Judgement. More common, however, is an attempt to arrest on the dependence of an on-going court action.

Where the ship is the one with which the dispute is concerned (or where all the shares in the ship have the same owner as the one with which the dispute is concerned), section 47 (2) of the 1956 Act lists various circumstances in which arrestment on the dependence is permissible. These categories include damage done or received by any ship, loss of life or personal injury relating to the ship, salvage, any agreement relating to the use or hire of any ship, loss of or damage to goods carried in any ship, towage, pilotage, liability for dock charges or dues and Master's disbursements.

6. Can you arrest a ship irrespective of her flag?

The question of flag is irrelevant to arrest in Scotland except that UK ships owned by the Crown and ships which themselves are owned by foreign states cannot be arrested unless they have been contracted for commercial purposes.

7. Can you arrest a ship irrespective of the debtor?

Scots Law recognises the exercise of a right in rem in certain specific circumstances, for example in relation to collision damage and salvage. Where there is a right in rem a court action can be raised directly against the ship with the court papers served on the ship itself. This can create a significant advantage for a Claimant since it obviates the need which would otherwise exist to serve the court papers on the owner which of course might be abroad.

8. What is the position as regards sister ships and ships in associated ownership?

As set out above, it is possible to arrest sister ships and ships in associated ownership so long as all the shares in the two ships have the same ownership. Common ownership is however becoming less frequent.

9. What is the position as regards bareboat and time-chartered ships?

Bareboat chartered ships can be arrested in Scotland where the alleged debtor is the bareboat charterer. Ships under time charter can however only be arrested in respect of an action in rem.



*\* Bruce Craig is a Partner in Mackinnons, a Scottish Law Firm. He deals primarily with marine claims and litigation including ship arrest. He is highly experienced in offshore and shipboard accident and casualty investigation, and has provided advice to and represented international drilling contractors, offshore operators, ship owners and operators and P & I Clubs in Scotland and further afield. He has presented at International Conferences in Ship Charterparties.*

# SHIP ARREST IN SCOTLAND (Questions 10 to 20)



By Tim Edward\*  
MACLAY MURRAY & SPENS LLP  
tim.edward@mms.co.uk  
www.mms.co.uk

Quartermile One, 15 Lauriston Place  
Edinburgh EH3 9EP, Scotland, UK  
Tel: 0330 222 0050  
Fax: 0330 222 0052

10. Do your Courts require counter-security in order to arrest a ship?

No, counter-security is not required

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

A ship may be arrested to satisfy a maritime lien or it may be arrested to secure a debt pending the outcome of a court action. A maritime lien gives rise to a real right: a right which is good against the world and not just an individual. Where the pursuer has a real right by virtue of a maritime lien, an action is brought to arrest the vessel *in rem*. This means the action is brought against the ship itself i.e. the ship is named as defender in the action. Therefore an action to enforce a maritime lien can be brought against the relevant ship, regardless of any change of ownership that has taken place.

By contrast, where an action is raised against the owner of a ship, and the vessel arrested as security against the debt litigated upon, this is an arrestment *in personam*. The right to arrest a ship in a maritime claim based on a personal right will not survive a change of ownership. An action can be raised both *in rem* and *in personam* where the pursuer has rights against the owner and the vessel.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, Scotland recognises maritime liens. Liens can arise from things such as collisions, where a lien is created over the vessel at fault, from the contractual claims of seamen for their wages, or from salvage where a maritime lien is created in favour of the salvor.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

The time required will depend on the complexity of the facts. If the papers are available and in order, it might be possible to obtain warrant from the court and have the arrestment formally executed in a matter of hours.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No. Power of Attorney is required however the Court would expect to see evidence of ownership of the vessel to be arrested and proof of the debt alleged to be owed.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The documents required will depend on the facts of the case. Generally, copy (not original) documents are lodged with the court. Documents cannot currently be filed electronically.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

The general answer to this is yes, however there are numerous complexities and advice would need to be taken with regard to the specific circumstances of each case. Scotland is subject to Council Regulation (EC) 44/2001 as well as the 1968 Brussels and the Lugano Conventions. These instruments would be applied by the court in deciding whether to accept jurisdiction over the underlying dispute. The existence of any exclusive jurisdiction clause or arbitration clause in an agreement between the parties would also be a relevant factor.



17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The action is deemed to have commenced at the point at which the summons or writ is served on the defender, after having been approved by the court. Defenders within the EEA are given 21 days' notice and defenders domiciled outwith the EEA are given 42 days' notice before the case then calls in court.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes, wrongful arrest is a delict (tort). Care should be taken in deciding whether to arrest a ship as wrongful arrest can result in significant damages being awarded against the arresting party.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Yes, however piercing of the corporate veil will only occur in exceptional circumstances, generally where it can be shown that the corporate structure has been used to defraud or evade liabilities.

20 Is it possible to have a ship sold pendent lite; if so how long does it take?

This is not possible in Scotland.



*\*Tim Edward is shipping litigation partner with MacLay Murray & Spens. He has been with the firm since 1990 and a partner in the Dispute Resolution Department since 1996. He has dealt with a wide variety of shipping disputes over that period, including arrestment of vessels in Scottish waters, personal injury claims arising from accidents at sea, pollution and salvage claims and claims arising from collisions and cargo loss and damage. He has acted for owners, cargo interests and Clubs and notable clients have been North of England P&I, Steamship Mutual P&I, Transocean, Schlumberger and most of the major London shipping law firms.*

# SHIP ARREST IN SENEGAL



By Philippe Pruvot  
3A AFRIQUE DAKAR  
legal@group3a.com

Route de l'aéroport Leopold Sedar Senghor, Foire Ouest  
BP 25897 Dakar Fann  
Tel: +221 8 2546 0770

## 1. Please give an overview of ship arrest practice in your country.

The procedure of arrest enables a natural or legal person who has a maritime claim relating to a ship to detain her it when there is not any enforcement title and obtain a Bank guarantee. This Bank guarantee enables the creditors to recover their debt after having obtained an enforceable decision against the ship/her Master/her Owner or after having obtained an enforceable decision to sell the ship.

The arrest order issued by the President of the Court is notified to the ship, to the Port Harbour Master and to some other Competent Port Authorities.

## 2. Which International Convention applies to arrest of ships in your country?

Senegal did not ratify the Brussels International Convention dated 10th May 1952 but accepted to apply it after having accessed independence.

## 3. Is there any other way to arrest a ship in your jurisdiction?

The answer is no. There is however a difference between "saisie conservatoire" and "saisie exécutoire de navire".

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

These alternatives are "saisie conservatoire" which means "arrest" and not freezing orders.

## 5. For which types of claims can you arrest a ship?

In such procedure, when the Brussels Convention applies, the arrest must be justified by a maritime claim as defined by the article 1 § 1 of the Brussels Convention. Usually, the Courts easily issue easily an arrest order when the claim appears to be justified.

## 6. Can you arrest a ship irrespectively of her flag?

The answer is yes because, as per the Article 8 § 2 of the Brussels Convention "A ship flying the flag of a non-Contracting State may be arrested in the jurisdiction of any Contracting State in respect of any of the maritime claims enumerated in Article 1 or of any other claim for which the law of the Contracting State permits arrest".

## 7. Can you arrest a ship irrespectively of the debtor?

The debtor is usually either the owner or the charterer of the ship. The quality of the debtor is however not so important given that the debt is "in rem".

## 8. What is the position as regards sister ships and ships in associated ownership?

The article 3 §2 of the Brussels Convention provides that "Ships shall be deemed to be in the same ownership when all the shares therein are owned by the same person or persons". Consequently, the ship which is directly linked with the maritime claim or which is owned by the same owner or associated owner can be arrested by the creditor.

## 9. What is the position as regards Bareboat and Time-Chartered vessels?

The article 3 §4 of the Brussels Convention provides that "When in the case of a charter by demise

of a ship the charterer and not the registered owner is liable in respect of a maritime claim relating to that ship, the claimant may arrest such ship or any other ship in the ownership of the charterer by demise, subject to the provisions of this Convention, but no other ship in the ownership of the registered owner shall be liable to arrest in respect of such maritime claims. The provisions of this paragraph shall apply to any case in which a person other than the registered owner of a ship is liable in respect of a maritime claim relating to that ship”.

The international Convention points out the cause of the debt, i.e. a maritime claim relating to the ship.

10. Do your Courts require counter-security in order to arrest a ship?

The answer is no. It is sufficient to evidence that the claim is a maritime claim and relates to the ship.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

The procedure is exactly the same, i.e. obtain an arrest order from the Court by evidencing the reality of the maritime claim relating to the ship.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Senegal recognizes Maritime Liens and Mortgages but does not apply any International Convention but local Laws.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

If the file is complete, the arrest could be obtained within the same day of reception of the file.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

The commercial invoices, the Bills of Lading, the preliminary survey report if any would be required. However, there is no need to submit any power of attorney.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

It is usually better to submit original documents. If it is impossible however, copies of the documents sustaining the claim can be transmitted by e-mail or fax. The Documents in English Language must be translated into French.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

In principle, once the vessel is arrested in Senegal, the Courts accept jurisdiction.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Once the vessel is arrested, the claimant must take legal action on the merits within one (1) month.

18. Do the Courts of your country acknowledge wrongful arrest?

Senegal recognizes wrongful arrest if evidence shows that an arrest is abusive and the claimant can be condemned to pay damages. However, this situation is rare because when the Judge considers that the claim is not justified, he rejects the motion for the arrest.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

The answer is yes.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

It is not possible to sell a ship *pendente lite*.

A ship can be sold by Court decision to do so and supposes that the debtor has kept low profile during the procedure.



# SHIP ARREST IN SINGAPORE



By Dato Jude P Benny, Managing Partner\*

JOSEPH TAN JUDE BENNY LLP

judebenny@jtjb.com

www.jtjb.com

6 Shenton Way, #23-08 DBS Building Tower 2,  
SINGAPORE 068809

Tel: 65-62209388

Fax: 65-62257827

## 1. Please give an overview of ship arrest practice in your country.

Ship arrests is frequently carried out in Singapore due to various factors, including being one of the world's busiest ports, a key bunkering port, an efficient Court system with specialist Admiralty judges to promptly handle arrest matters and the adjudication of the substantive dispute. As a key maritime port, Singapore has a few specialised maritime law firms, including JTJB, that handle arrest cases on a regular basis, and therefore very familiar with the processes, as well as the procedural laws and requirements. Recent developments in Admiralty law in the past few years have imposed greater obligations of disclosure on the part of the arresting party in the application for a warrant of arrest, however that has not significantly dampened the rate of arrest, given the popularity of Singapore as a key port of call for many vessels.

## 2. Which International Convention applies to arrest of ships in your country?

Singapore is a signatory to the Convention on Limitation of Liability for Maritime Claims, 1976, which has been given effect and incorporated into Singapore's Merchant Shipping Act.

## 3. Is there any other way to arrest a ship in your jurisdiction?

No

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

It may be possible to seek to detain a vessel as part of a Mareva Injunction taken out against the shipowners, but practically it may be costly, imposes more difficult threshold hurdles and time consuming, and therefore not attempted.

## 5. For which types of claims can you arrest a ship?

Section 3 of the High Court (Admiralty Jurisdiction) Act [HC(AJ)A] sets out a closed list of claims for which the Court may exercise its Admiralty Jurisdiction to arrest a vessel. This list is similar to section 20(2) of the U.K. Supreme Court Act.

## 6. Can you arrest a ship irrespective of her flag?

Yes.

## 7. Can you arrest a ship irrespective of the debtor?

Yes.

## 8. What is the position as regards sister ships and ships in associated ownership?

It is possible to arrest sister ships but not ships in associated ownership.

## 9. What is the position as regards Bareboat and Time-Chartered vessels?

The HC(AJ)A states that where a claim arises in connection with a ship, a warrant of arrest may be issued against that ship, if at the time the writ is issued, that ship is bareboat chartered to the person who would be liable to the Claimant for the claim. It is not possible to arrest a vessel that is under time charter to the person liable for the claim.

10. Do your Courts require counter-security in order to arrest a ship?

No. However, the Sheriff is entitled to request that the arresting party place security to cover the Sheriff's expenses in maintaining the vessel while under arrest, as the arresting party is obliged to maintain the vessel during the period of arrest. This can be requested at the outset of the arrest, and from time to time, when the Sheriff deems necessary. If funds are not provided to maintain the vessel, the Court may release the vessel from arrest.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Yes, maritime claims are divided into maritime liens and statutory claims (non maritime lien claims listed in the HC(AJ)A). Maritime liens will survive a change of ownership such that it is still possible to arrest for claims incurred by the ex-owners, notwithstanding a change of ownership. For statutory claims, the right of arrest will be extinguished if ownership of the vessel changes before a writ is issued for the claim. It is possible, but difficult, to challenge the change of ownership, on the basis that it is a sham transaction designed to avoid liability.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, in respect of claims for salvage; crew wages; damage done by a vessel; Master's wages and disbursements; and bottomry and respondentia. This is recognised as a matter of common law, and not by Convention or statute.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Due to the strict requirements of disclosure of all relevant documents and information that may have an impact on the Court's decision to grant a warrant of arrest, we will usually request for at least 48 hours to review the supporting documents and correspondence, more if the matter appears complicated and/or if the documents are voluminous. However, once the documents are prepared and ready for an arrest, the Court hearing for the issuance of the warrant of arrest can be very quickly arranged within a few hours, and once the warrant of arrest is issued, a vessel can be arrested within a matter of a few hours, depending on the location of the vessel.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

A POA is not required for the arrest. It is necessary for the arresting party to file a writ that briefly describes the claim, and to prepare an affidavit which is in support of the application for a warrant of arrest for the vessel.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Original documents are usually not required to effect an arrest, though the claimant must retain the originals of the documents, and to make it available for inspection, if and when necessary / ordered by the Court. Copies of all relevant documents must be exhibited in the supporting affidavit, including those that may be detrimental to the claim. All Court documents for the arrest are filed electronically to the Court's system. Only the affidavit in support needs to be signed before a Commissioner of Oaths (if in Singapore), or a Notary Public (if affidavit is executed overseas).

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

The Court generally assumes jurisdiction over the substantive claim, following an arrest. However, it is possible to arrest to obtain security for a foreign arbitration proceedings (ongoing or anticipated), and it is the obligation of the arresting party to indicate that fact in the supporting affidavit, as otherwise there might be complications when applying for a stay of proceedings. Following provision of adequate security, the vessel can be released, and the action stayed in favour of the foreign arbitration.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

As stated above, a writ is filed at the time the application is made for the warrant of arrest. The writ has to be served on board the vessel, together with the warrant of arrest. Upon the issuance of the writ, the Singapore proceedings are deemed to have commenced, and the procedural timelines for the progress of the substantive claim will start to run once service of the writ is effected.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes. However, in order to be entitled to damages for wrongful arrest, the Defendant will have to show that the arrest was carried out in bad faith or with gross negligence.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

While the Courts have allowed the piercing/lifting of the corporate veil, it is a power done only in exceptional cases, as the Courts do generally give effect and recognise the principle of separate legal entities, with each company having its own legal rights and liabilities. One exception, as mentioned above, is where the vessel is sold to a separate legal entity for the purposes of evading the claim.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

It is possible to do so. The application for sale of the vessel can be done fairly quickly once the arresting party can show that the vessel has been arrested for some time but no security is forthcoming, and in the meantime the vessel is a wasting asset and continues to incur costs. After the order has been granted for the vessel to be sold *pendente lite*, the question as to how long it will take it actually sell the vessel will depend on the commercial circumstances, i.e. the prevailing market conditions and demand for that type of vessel. The vessel will usually be put up for public auction and the potential purchasers will have to meet the reserve price put up by the Sheriff. In bad market conditions, it may take several auctions to sell the vessel. It may be possible to sell the vessel by way of a private treaty if that will result in a better return for the vessel, as opposed to a public auction. The sale by private treaty will have to be sanctioned by the Court.



*\* Jude P Benny is the Managing Partner of Joseph Tan Jude Benny LLP (JTJB). He commenced practice in 1983, after completing his legal education at Queen Mary College, University of London, and being admitted as a Barrister at Middle Temple. In 1988, he set up the firm of JTJB. Jude has an extensive maritime practice, in both the wet and dry side, including ship financing and sale and purchase. He is also an accredited arbitrator in multiple jurisdictions, and is also the Editor of Halsbury's Laws of Singapore, Shipping Volumes. Jude also sits on the Board of the Maritime and Port Authority of Singapore.*



# SHIP ARREST IN SLOVENIA



By Patrick Vlačić\*  
patrick.vlacic@fpp.uni-lj.si  
patrick.vlacic@gmail.com  
Ulica XXX. divizije 16, 6320, Portoroč – Portorože  
Tel: +386 417 18474

## 1. Please give an overview of ship arrest practice in your country.

There is exclusive jurisdiction of the District Court of Koper for all maritime cases. The eventual appeal should be filed before the Court of Appeal of Koper. Under certain circumstances it is possible to file extraordinary appeal before the Supreme Court of the Republic of Slovenia.

It is essential for both parties to retain local lawyers as all the documents must be filed in Slovenian and the proceedings before the court are in Slovenian. The POA could be a fax or scanned document but during the procedure (before the court decision) the original has to be presented. For the defendant attorney the vessel's master signature of POA would suffice.

Article 8 of Constitution of the Republic of Slovenia provides: Laws and regulations must comply with generally accepted principles of international law and with treaties that are binding on Slovenia. Ratified and published treaties shall be applied directly.

There are two situations for the non-contracting states of International Convention for the Unification of Certain Rules Relating to the Arrest of Seagoing Ships, 1952 (the 1952 arrest convention). The first situation would be when there is reciprocity between the state whose flag the ship flies that could potentially be arrested in Slovenia. If a vessel flying a Slovenian flag could be arrested in that state only as a security for maritime claims also a ship flying the flag of that state could be arrested in Slovenia only for maritime claims as provided in Maritime Code 2001. The second situation is when there is no reciprocity. In that case the ship could be arrested in Slovenia for any kind of claim.

In order to achieve the arrest of ship the claimant should submit the following documents:

- An application (usually filed by a local attorney) and POA,
- A description of the claim, the amount and eventual claim for interest and costs,
- Documents that support the claim (translation in Slovenian by sworn translators).

Usually the court would issue the arrest order without hearing. In some cases a hearing could be possible (e.g. oral evidence is needed).

## 2. Which International Convention applies to arrest of ships in your country?

Slovenia is a party of the 1952 arrest convention since 1967 (at the time still as a part of ex Yugoslavia) and has adopted the 1952 arrest convention also after 1991 as a sovereign state, on 13 October 1993.

## 3. Is there any other way to arrest a ship in your jurisdiction?

In cases when the 1952 arrest convention is not applicable the Maritime Code 2001 would apply. In these cases Maritime Code 2001 is a *lex specialis* governing the type of claims, other maritime matters and procedure whereas the Enforcement and Security Act 1998 applies in all civil proceedings and is *lex generalis* for enforcement in Slovenia.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

In certain circumstances (see the answer to question 1) there are some alternatives for arrest of ship through temporary injunctions under Enforcement and Security Act 1998.

## 5. For which types of claims can you arrest a ship?

of claims are the ones from the original text - exclusively maritime claims listed in article 1 of the 1952 arrest convention. For non-contracting states of the 1952 arrest convention the list of claims from Maritime Code 2001 applies. Claims in Maritime Code 2001 are broader than the ones listed in article 1 of the 1952 arrest convention and are almost identical to the claims of International Convention on Arrest of Ships, 1999 (the 1999 arrest convention).

6. Can you arrest a ship irrespective of her flag?

Yes, taking into account the differences mentioned above.

7. Can you arrest a ship irrespective of the debtor?

The Article 948 of the Maritime Code 2001 provides:

Any ship may be arrested which is owned by the same personal debtors, or which is for the claim for which arrest is sought, encumbered by maritime lien or hypothec for another right of pledge based on the foreign law, and or another claims listed in Maritime Code 2001, which relate to the ship.

If the debtor is the bareboat or demise charterer of the ship or a charterer, who according to the law applicable to the contractual relation between him and the shipowner or ship operator is alone liable to the third persons - this ship may be arrested or any other ship which is owned by the debtor.

The provisions of the previous paragraph shall also apply in all other cases where an operator or employer who is a personal debtor, and who is not the owner of the ship is himself liable for the claims for which the arrest of the ship is sought.

In respect of a claim that relates to the ownership, co-ownership or a hypothec on the ship, only the ship to which this claim relates may be arrested.

Slovenian law does not allow "*actio in rem*" therefore the personal liability is relevant.

8. What is the position as regards sister ships and ships in associated ownership?

The claimant must prove that at the time of arrest the sister ship(s) are in the ownership of the debtor.

9. What is the position as regards Bareboat and Time-Chartered vessels?

The ship can be arrested for claims against the Bareboat and Time-Chartered vessels.

10. Do your Courts require counter-security in order to arrest a ship?

Usually not but it might happen that the court demands the necessary funds for maintenance of the ship and of the crew and necessary funds for the watching of the ship. This happens when a ship owner or a carrier fails to perform his obligation to maintain the ship and the crew.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is a difference. The action could be filed directly against the ship in cases of maritime lien. On the other hand in cases of a maritime claims *actio in rem* is not permitted.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, it does recognize the maritime liens. The provisions governing the maritime liens are in Maritime Code 2001 and are more or less the same as the one in International Convention for the Unification of Certain Rules Relating to Maritime Liens and Mortgages. Slovenia is not party of any international convention governing maritime liens, though.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

The arrest of ship would be usually obtained the same day when it is applied or the following day.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

The original POA is required but in the first phase the copy (e.g. fax or scan of original POA) would suffice.

The proof of the claim is required (probability of existence of claim) and the claimant has also proof the danger that without the arrest there is a risk that the debtor will alienate the ship, conceal, take away the ship or in any other way prevent or make difficult enforcement of the claim.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Copies of documents suffice at the stage of petition for arrest. Sworn translators should translate the documents that are not in the Slovenian language.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

The court in Slovenia will grant an arrest even if the contract contains a jurisdiction or arbitration clause. Anyway, any arrest has to be justified by commencement of proceedings of the merits. If the parties do not agree on the jurisdiction or arbitration clause the court will in most cases also decide the case on the merits.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The claimant has to start the legal action on the merits within 15 days.

18. Do the Courts of your country acknowledge wrongful arrest?

Courts in Slovenia do acknowledge a wrongful arrest. The claimant is liable to pay damages to the debtor if the arrest subsequently turns out as not justified. There is no need for *"mala fide"* in order to prove a wrongful arrest. Damages are assessed in special proceedings on classic civil law ground (e.g. ordinary damages and loss of profit).

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

There are provisions regarding the piercing and lifting of the corporate veil but in practice there have not been decisions like that in past in connection to arrest of ship.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

It is possible but in practice it does not happen. Procedures for a sale of ship are anyway quite long.



*\* Patrick Vlacic got his bachelorship from Faculty of Law in University of Ljubljana, Slovenia, masters from Faculty of Law in University of Split, Croatia and Ph. D. from Faculty of Law in University of Ljubljana, Slovenia. Worked for two years as judicial trainee (1995-1997) and passed bar exam (1998). From 1998 to present time he was lecturing Maritime Law, Transport Law, Commercial Law, Civil Law and Air Law at University of Ljubljana, Faculty for Maritime Studies and Transport and Faculty of Mechanical Engineering. In between he was CEO of Airport of Portorož (2002-2004) and Minister of Transport of Republic of Slovenia (2008-2012). At present time besides lecturing also practicing law.*

# SHIP ARREST IN SOUTH AFRICA



By Shane Dwyer\*  
SHEPSTONE & WYLIE, ATTORNEYS  
dwyer@wylie.co.za  
www.wylie.co.za  
Durban Office, PO Box 305  
La Lucia 4153, South Africa  
Tel: +27 31 575 7000  
Fax: +27 31 575 7300

## 1. Please give an overview of ship arrest practice in your country.

There are essentially three ways in which one can arrest or attach a ship in South Africa:

### (i) An arrest in rem -

A maritime claim may be enforced by an action in rem :

- if the claimant has a maritime lien over the property to be arrested; or
- if the owner of the property to be arrested would be liable to the claimant in an action in personam – where he/she would be personally liable in a direct action against them.

### (ii) An arrest in personam -

A maritime claim may be enforced by an action in personam when the Defendant is a :

- person resident or carrying on business at any place in South Africa;
- person whose property within the Court's area of Jurisdiction has been attached by the claimant to found or confirm jurisdiction;
- person who has consented or submitted to the jurisdiction of the Court;
- company, if the company has a registered office in South Africa.

Note that it is only where the defendant is a foreigner and therefore it is necessary to found jurisdiction that their property has to be attached to establish that jurisdiction. An "attachment" is the term used for this proceeding, borrowed from Roman Dutch law, as distinct from an "arrest" which is the procedure to commence an action in rem, based on the English in rem Admiralty procedure.

### (iii) A security arrest;

A court may order the arrest of any property for the purpose of providing security for a claim which is or may be the subject of arbitration or any proceedings contemplated, pending or proceeding, either in the Republic of South Africa or elsewhere, and whether or not it is subject to the law of South Africa.

The Court will have jurisdiction over all matters pertaining to the arrest itself and any security furnished in relation thereto. The claimant, however, does not submit to South African jurisdiction for the merits of the claim in respect of which security is sought.

## 2. Which International Convention applies to arrest of ships in your country?

South Africa has not acceded to any International Convention related to the arrest of ships. The law and practice in respect of the arrest of ships in South Africa is regulated by the Admiralty Jurisdiction Regulation Act of 1983 as amended with effect from 1 July 1992 ("the Act"). In the drafting of the Act, certain aspects of the Arrest Convention 1953 were taken into account and incorporated into the legislation, such as the provision for the arrest of "associated ships", which is a wider concept than "sister ships". The Act provides the formula to determine what law applies to the substantive merits of a maritime claim, but the arrest procedures are determined by the provisions of the Act itself.

## 3. Is there any other way to arrest a ship in your jurisdiction?

Apart from the procedure to "attach" a ship in personam there is no other procedure to detain a ship for a maritime claim. The Act is specific in its requirements for the arrest or attachment of a ship, where the claim is a maritime claim as defined in Section 1 of the Act. If the claim is not a maritime claim as defined and the claimant has a claim enforceable in personam against its owner, then subject to certain restrictions such as that the claimant must be domiciled locally and the

defendant must be a foreigner, the ship could be attached by order of the High Court in exercise of its parochial (non-admiralty) jurisdiction to found jurisdiction to sue in common (Roman Dutch) law.

4. Are these alternatives e.g. *saisie conservatoire* or freezing order?

See above. They might have certain similarities, but they are not identical.

5. For which types of claims can you arrest a ship?

The definition of a maritime claim in the Act effectively covers all causes of action in relation to ships, the carriage of cargo and matters maritime. The definitions are also wide enough to cover matters which are ancillary to "shipping" matters. A comprehensive list of maritime claims can be found in Section 1 of the Act.

6. Can you arrest a ship irrespectively of her flag?

Yes, a vessel can be arrested within our jurisdiction irrespective of the flag she is sailing under.

7. Can you arrest a ship irrespectively of the debtor?

No - the claim must be enforceable in personam against the owner or demise charterer (who is deemed to be the owner for this purpose). However a vessel can also be arrested on an associated ship basis, meaning that where the maritime claim arises in respect of one ship, it is possible to bring an action in rem, or a security arrest, by arresting an "associated ship" instead of the ship in respect of which the maritime claim arose. The ship will be an "associated" one, effectively where the respective companies which own the "guilty" ship and the "associated" ship, are controlled directly or indirectly by the same person or persons.

8. What is the position as regards sister ships and ships in associated ownership?

A sister ship as well as an associated ship can be arrested (in fact the former falls within the definition of the latter) for liabilities of the owner or bareboat charterer of what is termed the "ship concerned" or "guilty ship".

An associated ship is one (in simple terms) which is owned by a company which is controlled directly or indirectly by the same person who controlled the company which owned the "guilty ship" (the ship concerned) at the time the cause of action arose.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Bareboat charterers (or "demise charterers") are deemed to have been and to be, the owner of a vessel for purposes of an arrest in rem. As such, if the liability sought to be enforced, is that of the bareboat charterer, the ship can be arrested in rem for the liabilities of the bareboat charterer. The same does not however apply to a time chartered vessel.

Nevertheless, for purposes of an associated ship arrest, the charterer (whether bareboat, time or voyage) is deemed to have been the owner of the ship concerned (the "guilty ship") for purposes of the arrest of an associated ship (i.e. one owned by a company which is controlled by a person who controlled the company which was the charterer and therefore the deemed owner of the guilty ship, at the time the cause of action arose)

10. Do your Courts require counter-security in order to arrest a ship?

No, South African courts do not require counter-security as a pre-condition for ordering the arrest of a ship. However, the owner of the ship arrested can seek an order for counter security to be put up, if they can make out a case that the arrest has *prima facie* been obtained without reasonable and probable cause, or the security demanded to obtain its release, is excessive.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Yes. The concept of a maritime lien is different to a maritime claim. A ship can always be arrested in rem for the claims recognised by South African law as maritime liens (but not for claims giving rise to a maritime lien in a foreign jurisdiction), even if the ship has been sold. It is a claim which properly lies in rem against the ship, notwithstanding in personam liability of its owner. In addition a vessel can be arrested for enforcement of a maritime claim, as defined in the Act, even if not a maritime lien, where the owner is liable in personam.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, but only those restricted maritime liens recognised in terms of our common law as being so classified, which are in effect those claims recognised by English law. These are those that were recognised by the Colonial Courts of Admiralty in 1890, i.e. claims for bottomry, salvage, seamen's wages, master's wages, disbursements and liabilities, and any claims for damage caused by a vessel. No International Convention applies and no claim classified as a maritime lien by a foreign law, will be enforced as such.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

In the case of an in rem arrest, an arrest can generally be effected as soon as the papers are drafted and issued at Court. This can be achieved within a few hours after instructions are received. In the case of a security arrest however, an Affidavit is required to be deposed to and as soon as a Judge is available to hear the application, an order can be granted and the arrest effected. Although a more substantive application therefore, a security arrest can still be effected within a few hours of the receipt of the instruction, subject to the availability of a Judge to hear the matter, but this should be capable of being arranged the same day, including over weekends and after hours.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No power of attorney has to be filed at the time of seeking an arrest order. All that is needed initially in order to place a vessel under arrest is -

(i) the issuing and service of a Summons that includes a statement of the facts upon which the claim is based, as well as the issuing and service of a Warrant of Arrest; and  
(ii) a Certificate in terms of Rule 4(3) of the Act, deposed to by the attorney representing the claimant, or by the claimant itself, in support of the Summons and the Warrant, which sets out the necessary averments as required by the Act and confirms the accuracy thereof.

If a security arrest is sought however, an affidavit must be filed and this must have the relevant documents in support of the cause of action (if any) attached to it. The owner of the ship can after the arrest is granted, challenge the authority of the attorney who obtained the arrest, in which case a power of attorney must be filed.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

For an arrest no original or notarised or authenticated documents are required. It is permissible to file electronically transmitted documents, whether faxed or scanned and emailed. If however a matter proceeds to trial and documents are required to be submitted in proof of the claim, it may be necessary to produce the original document or a copy thereof, which would then have to be authenticated by notarisation and apostille.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

If an action is commenced before this court in rem or following an attachment to found jurisdiction, in personam then it is the court seized of the matter notwithstanding where the cause of action arose, or where the claimant or the defendant are domiciled and the court will as a matter of domestic law have inherent and statutory jurisdiction.

The defendant can however seek an order that the court thereafter decline to continue to exercise jurisdiction, or stay the action on the merits, on the basis of forum non conveniens where e.g. there is a choice of forum clause in a contract or where it is more appropriate that the matter be heard in the jurisdiction where e.g. a collision occurred. The test of when the court should consider deferring jurisdiction in favour of another court or forum, is determined by the common law of South Africa, which however follows the test applied by the English courts.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The arrest procedure in rem is itself the commencement of the substantive proceedings on the merits and is not merely a conservatory procedure, as a summons is served simultaneously with the warrant of arrest which has to be answered with a defence on the merits. With an attachment to found jurisdiction in personam the court will normally authorize and direct that particulars of claim be served within one month of the attachment.



18. Do the Courts of your country acknowledge wrongful arrest?

Yes. It is however termed an arrest "without reasonable and probable cause", which is a narrower concept to one of "wrongful arrest".

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Yes, but strictly speaking only when circumstances of fraud have been proven. The associated ship arrest provisions also allow a measure of piercing the corporate veil, but only where the strict issues of common control of owning companies is proven.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

Yes. From the time of the order the ship can be sold within 6 weeks but the time period can be longer if the owner or another creditor opposes the sale or the terms for sale stipulated by the Court.



*\* Born 5th April 1946, Shane Dwyer served with the South African Navy before attending Stellenbosch University and obtaining the BA & LL.B degrees. After serving as a State Prosecutor, he joined Shepstone & Wylie in 1972 and became a partner in 1975. Shepstone & Wylie, although a general service law firm, have been the legal representative of most International Group P&I Clubs for many years. The firm now has some 75 lawyers, with specialist maritime offices in Durban, Cape Town, Richards Bay and Johannesburg.*

*He has specialized in Maritime Law since he joined the firm and has been involved in most, if not all, of the many major shipping casualties along the Southern African coast in the last 40 years.*

*He is recognized as one of the leading international transport lawyers in South Africa and has been published widely on both maritime and air law in numerous international publications.*

# SHIP ARREST IN SPAIN



By Dr. Felipe Arizon\*  
ARIZON ABOGADOS SLP  
felipearizon@arizon.es  
www.arizon.es

Paseo de Reding 43, groundfloor  
29016, Malaga, Spain  
Tel. +34 952 211774  
Fax. +34 952 226676

## 1. Please give an overview of ship arrest practice in your country.

Arresting a ship in Spain is a good tool to enforce claims against ship owners and other operators. The recent implementation of specialized mercantile Courts in Spain has improved the swiftness of the procedure and reaction of the Court where an arrest application is presented. Likewise, the perception of a ship arrest as a tool to obtain security rather than as a way to proceed to the ship's auction has increased. A ship arrest can be carried out in 3 or 4 hours from the client's first call. A power of attorney is required in order to aver the representation of the plaintiff. A lawyer and a bailiff need to be employed before the Court. Registration of a lawyer before any Spanish province entitles him to act before all Spanish ports for a ship arrest, including the Canaries and Balearics islands, Ceuta and Melilla.

## 2. Which International Convention applies to arrest of ships in your country?

As from 14 September 2011 the 1999 Geneva Arrest Convention applies in Spain due to its signature by Albania last 14 March 2010 and the amendment of the Procedural Law Act, the scope of maritime claims is now wider than under the 1952 Convention (1). Indeed until very recent times in Spain the 1952 Brussels Arrest Convention was the main tool to arrest a ship in Spain, offered a high degree of certainty gained over many years of application.

## 3. Is there any other way to arrest a ship in your jurisdiction?

Under general principles of Spanish law, any property, and so a ship arrest may be applied for by a creditor, before, at the time, or after, bringing an action on the merits for the main proceedings.

For those ships uncovered by the 1999 Arrest Convention a creditor might apply to under general principles of Spanish procedural law. To be able to succeed in his application, he needs to aver before the Court the existence of a "fumus boni iuris" and a "periculum in mora". The plea under the general principles of Spanish procedural law has the benefit of comprehending any type of claim based on debts or damages whatsoever been caused, not therefore limited to the scope of maritime claims listed under Art. 1 of the 1999 Arrest Convention.

Fumus boni iuris is defined by the Spanish Courts (2) as the sort of evidence provided by the creditor, normally by means of documentary evidence, from which an obligation from the debtor is showed for the alleged credit. The creditor does not need to present a sole document stating the existence of the credit but merely that on the whole of various documents the obligation of the debtor is evidenced. Periculum in mora is held by the Spanish jurisprudence as the situation, proven on evidence, of the existence of peril for the enforcement of a given credit, i.e., the well-known suspectio debitoris.

(1) Nestor gives fighting power to P&I, Lloyds' List 2003 by Felipe Arizon

(2) Spanish Constitutional Court ruling, 14/1992, and Ciudad Real Court of Appeal ruling 49/1999

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

No, they are not. In practice the stoppage of a ship can only made by an arrest of the ship. A different scenario may come up where the ship is detained by her involvement in a criminal matter, or for having breach Administrative Laws.

## 5. For which types of claims can you arrest a ship?

It will depend on the basis the application is made:

(1) Nestor gives fighting power to P&I, Lloyds' List 2003 by Felipe Arizon.

(2) Spanish Constitutional Court ruling 14/1992, and Ciudad Real Court of Appeal ruling 49/1999

Under the 1999 Brussels Convention you may arrest a ship for the following claims:

1. "Maritime Claim" means a claim arising out of one or more of the following:

- (a) loss or damage caused by the operation of the ship;
- (b) loss of life or personal injury occurring, whether on land or on water, in direct connection with the operation of the ship;
- (c) salvage operations or any salvage agreement, including, if applicable, special compensation relating to salvage operations in respect of a ship which by itself or its cargo threatened damage to the environment;
- (d) damage or threat of damage caused by the ship to the environment, coastline or related interests; measures taken to prevent, minimize, or remove such damage; compensation for such damage; costs of reasonable measures of reinstatement of the environment actually undertaken or to be undertaken; loss incurred or likely to be incurred by third parties in connection with such damage; and damage, costs, or loss of a similar nature to those identified in this subparagraph (d);
- (e) costs or expenses relating to the raising, removal, recovery, destruction or the rendering harmless of a ship which is sunk, wrecked, stranded or abandoned, including anything that is or has been on board such ship, and costs or expenses relating to the preservation of an abandoned ship and maintenance of its crew;
- (f) any agreement relating to the use or hire of the ship, whether contained in a charter party or otherwise;
- (g) any agreement relating to the carriage of goods or passengers on board the ship, whether contained in a charter party or otherwise;
- (h) loss of or damage to or in connection with goods (including luggage) carried on board the ship;
- (i) general average;
- (j) towage;
- (k) pilotage;
- (l) goods, materials, provisions, bunkers, equipment (including containers) supplied or services rendered to the ship for its operation, management, preservation or maintenance;
- (m) construction, reconstruction, repair, converting or equipping of the ship;
- (n) port, canal, dock, harbour and other waterway dues and charges;
- (o) wages and other sums due to the master, officers and other members of the ship's complement in respect of their employment on the ship, including costs of repatriation and social insurance contributions payable on their behalf;
- (p) disbursements incurred on behalf of the ship or its owners;
- (q) insurance premiums (including mutual insurance calls) in respect of the ship, payable by or on behalf of the shipowner or demise charterer;
- (r) any commissions, brokerages or agency fees payable in respect of the ship by or on behalf of the shipowner or demise charterer;
- (s) any dispute as to ownership or possession of the ship;
- (t) any dispute between co-owners of the ship as to the employment or earnings of the ship;
- (u) a mortgage or a "hypothèque" or a charge of the same nature on the ship;
- (v) any dispute arising out of a contract for the sale of the ship.

6. Can you arrest a ship irrespectively of her flag?

In Spain the 1999 Arrest Convention applies irrespectively of the ship's flag.

7. Can you arrest a ship irrespectively of the debtor?

Not in all cases, but in some, depends on the facts of the case. This question needs to be paid careful attention. The response is to be positive where the claim is based upon a maritime lien.

Equally, the same result can be reached by application of Article 586 of the Spanish Commercial Code, which reads "The shipowner and the ship operator, "navier" shall be civilly liable of the acts of the Master and of the obligations undertaken by the latter to repair, habilitate, and supply the ship, provided that the creditor proves that the amount claimed was invested in benefit of the ship". This article provides creditors with a generous safety net to collect their claims arising from time charterer, voyage charterer, or even a ship manager. The ship owners will be held under this article responsible for the claims against the other parties.

Moreover, where the ship is under a time charter or a voyage charter, or operated under the management of a third Company the 1999 Geneva Convention establishes the possibility of

arresting a ship for those cases in which a person different to the owners shall respond of the maritime claim.

Therefore, to undertake the arrest itself, the claimant by pleading the aforesaid provision, will be entitled to obtain from the Court the arrest order. However, in order to enforce his claim on the arrested ship, the claimant will need to bring an action against the current ship owners in personam, either based on the aforesaid art. 586 CCo, or in a lien. As an alternative in some cases the claimant may bring an action against the actual debtor by enforcing the bank guarantee placed in substitution for the arrested ship.

8. What is the position as regards sister ships and ships in associated ownership?

Sister ships can be arrested in accordance to the provisions of the 1999 Arrest Convention. For cases of associated ownership see below “lift of the corporate veil”.

9. What is the position as regards Bareboat and Time-Chartered vessels?

There is no case law setting out the position on these cases. However, as far as bareboat chartered ships are concerned, the 1999 Arrest Convention sets it clear that the ship can be arrested. Time and voyage charterers ships can also be arrested if the claim amounts to a maritime lien, or where the ship owner is legally liable for the claim.

10. Do your Courts require counter-security in order to arrest a ship?

Yes, the amount varies according to the criterion of the Judge. A certain practice is accepted whereby Courts admit as sufficient counter-security an amount of circa 10% of the claimed amount, but the Court may establish otherwise.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is no procedural difference.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, in two different scenarios, as the case may trigger. Firstly, under the International Convention on Maritime Liens and Mortgages 1993 that has recently entered into force in Spain. Likewise, article 580 of the Spanish Commercial Code recognizes the existence of a list of liens that hold priority among them and above other common claims in case a ship is auctioned.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Provided all the necessary items are fulfilled, namely a copy of the POA is advanced by fax, and supporting documents are likewise delivered, the arrest can be carried out in less than 3 or 4 hours. The concrete timing will depend on the reaction of the Court's officials and Judges towards the writ.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

A POA is indeed needed, a faxed copy may suffice, but originals duly legalized shall follow. In some recent arrest applications some Commercial Court Magistrate are requesting original POAs to proceed with the arrest. Moreover, while the documents of the claim are not necessary in the arrest application it is very advisable to provide the Court with some of them enabling the Judge to foresee a good claim, which also may play a role in the Magistrate agreement to fix a low amount of countersecurity.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Initially most commercial Courts will accept copies of any documents. The only document which production is mandatory is the power of attorney. Other documents related to the claim should be provided to the Court in order to ensure the best understanding of the case by the Magistrate, which in turn may assist in getting his agreement to a low countersecurity.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Under the 1999 Convention, article 5 sets out the following:

## Article 7. Jurisdiction on the merits of the case:

1. The Courts of the State in which an arrest has been effected or security provided to obtain the release of the ship shall have jurisdiction to determine the case upon its merits, unless the parties validly agree or have validly agreed to submit the dispute to a Court of another State which accepts jurisdiction, or to arbitration.

2. Notwithstanding the provisions of paragraph 1 of this article, the Courts of the State in which an arrest has been effected, or security provided to obtain the release of the ship, may refuse to exercise that jurisdiction where that refusal is permitted by the law of that State and a Court of another State accepts jurisdiction.

3. In cases where a Court of the State where an arrest has been effected or security provided to obtain the release of the ship:

(a) does not have jurisdiction to determine the case upon its merits; or

(b) has refused to exercise jurisdiction in accordance with the provisions of paragraph 2 of this article, such Court may, and upon request shall, order a period of time within which the claimant shall bring proceedings before a competent Court or arbitral tribunal.(...).

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Normally, the Court grants 20 working days for presentation of the action on the merits.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes. Where the claimant fails in his action on the merits or in the arrest procedure per se, the Court will normally hold the plaintiff to pay for the legal costs of the defendants and the damages flowing from the arrest.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Yes, in fact it is an up-rising tendency. Spanish jurisprudence accepts both, the lifting and the piercing of the veil. The former aimed at discovering the reality behind the corporation, while the latter goes a step further, by unmaking the illegality sought under the corporation. In Spain, for it to be able to pierce the corporate veil, the claimant needs to establish the following; enough evidence to prove the unity of assets, interest, management, and actions between the Companies; the existence of an aim to defraud or prevent the application of the law, damaging the creditors' rights; no other possibility to obtain satisfaction of his credit.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

A ship's auction will normally take place as an enforcement of an action, hence at the end of the proceedings. Unless all parties agree to have the ship sold at an earlier stage, the action will take place at the very end of the process. Alternatively, in some cases the parties have reached an agreement to bring the ship to Gibraltar for an urgent auction.



*\* Felipe Arizon is the managing partner of Arizon Abogados S.L.P. He holds a Ph.D in English Law from Newcastle University, a LL.M from Southampton University, and has been a "Visiting Scholar" at the University of Tulane-New Orleans. Dr. Arizon acts before many international and domestic arbitration forums including ICC, Gafta, Fosfa, CAP and RSA. He is a well-known barrister before Spanish Courts, including High Courts, Appeal Courts, and Supreme Courts. Felipe is an author of the world leading maritime law book series, The Lloyd's Shipping Law Library (co-author of the volumen Maritime Letters of Indemnity). He is regular contributor to international and Spanish publications in commercial law, carriage of goods, insurance and arrest of ships and is The founder of [www.shiparrested.com](http://www.shiparrested.com).*

*Felipe is lecturer at the Spanish State Institute for International Trade and has lectured widely in Spain and abroad, including: England (Newcastle University; Lloyd's Maritime Academy), Russia, Ukraine, Netherlands, France, and Turkey. Felipe is supporting member of the LMAA.*

# SHIP ARREST IN SRI LANKA



By Asoka Somaratne\*  
C. MATHEW & CO. (a Partner of Palitha Mathew & Company)  
172 Hufldtsdorp Street, Colombo 12, Sri Lanka  
contact@cmathew.com  
www.cmathew.com  
Tel: 0094 11 3135440  
Fax: 0094 11 2471255

## 1. Please give an overview of ship arrest practice in your country.

A ship can be arrested under the Admiralty Jurisdiction Act No. 40 of 1983 for claims arising under Section 2 of the Act. In an Action in rem filed in the Admiralty High Court of Sri Lanka, a ship can be served with a Writ of Arrest for claims arising on matters as set out in Section 2(1)(e) to (q) in the Admiralty Jurisdiction Act No. 40 of 1983.

In the first instance application to arrest a ship is made ex-parte by filing an affidavit by the plaintiff, setting out his full claim with all the supporting documents and supported by way of a motion with a draft copy of the warrant of arrest to be issued by the judge of the High Court to the Marshal commanding him to arrest the vessel and until further orders are given by court. As a matter of practice, copy of a draft of a writ of summons in rem, a copy of the warrant of arrest to be signed by the registrar, copy of a certificate of service of the warrant of arrest by the Marshal of the High Court to be filed in court after the arrest are also filed along with the affidavit of the plaintiff.

## 2. Which international Convention applies to arrest of ships in Sri Lanka?

Sri Lanka is a signatory to the 1952, Brussels Convention on the arrest of sea going ships. Sri Lanka was in the committee which drafted the **"INTERNATIONAL CONVENTION ON ARREST OF SHIPS, 1999"** under the auspices of the UN. If the provisions of this convention are not in conflict with any other legislation of Sri Lanka, the provisions of these two conventions will also apply to matters relating to the arrest of ships in Sri Lanka.

## 3. Is there any other way to arrest a ship in the Sri Lankan jurisdiction?

Other than under the provisions of the Admiralty Jurisdiction Act No. 40 of 1983, there are no other ways to arrest a ship within the Sri Lankan jurisdiction.

## 4. Are these alternatives e. g. saisie conservatoire or freezing order?

These legal concepts are not applicable under the Sri Lankan law.

## 5. For which types of claims can you arrest a ship?

Admiralty Jurisdiction Act No. 40 of 1983 sets out the following types of claims under Section 2(1)(e) to (q) for which a ship can be arrested.

- "2. (1) (e) any claim for damage done by a ship;  
(f) any claim for loss of life or personal injury sustained in consequence of  
(i) any defect in a ship or in her apparel or equipment; or  
(ii) the wrongful act, neglect or default of the owners, charterers or persons in possession or control of a ship or of the master or crew thereof or of any other person for whose wrongful acts, neglect or defaults the owners, charterers or persons in possession or control of a ship are responsible, being an act, neglect or default in the navigation or management of the ship, in the loading, carriage or discharge of good on, in or from the ship or in the embarkation, carriage or disembarkation of persons on, in or from the ship;  
(g) any claim for loss of or damage to goods carried in a ship;  
(h) any claim arising out of any agreement relating to the carriage of goods in a ship or to the use or, hire of a ship;  
(i) any claim in the nature of salvage;*



(j) any claim in the nature of towage in respect of a ship;  
 (k) any claim in the nature of pilotage in respect of a ship;  
 (l) any claim in respect of  
 (i) goods or materials supplied, or  
 (ii) services rendered, to a ship for her operation or maintenance ;  
 (m) any claim in respect of the construction, repair or equipment of a ship or dock charges or dues;  
 (n) any claim by a master or member of the crew of a ship for wages and any claim by or in respect of a master or member of the crew of a ship for any money or property which under any law in force for the time being is recoverable as wages ; (n) any claim by a master or member of the crew of a ship for wages and any claim by or in respect of a master or member of the crew of a ship for any money or property which under any law in force for the time being is recoverable as wages ;  
 (o) any claim by a master, shipper, charterer or agent in respect of disbursements made on account of a ship;  
 (p) any claim arising out of an act which is or is claimed to be a general average act;  
 (q) any claim arising out of bottomry;"

6. Can you arrest a ship irrespective of her flag?

Yes. Irrespective of the flag of the vessel anyone can file papers to arrest a vessel, if you have a claim arising under Section 2(1)(e) to (q) under the Admiralty Jurisdiction Act No. 40 of 1983.

7. Can you arrest a ship irrespective of the debtor?

Yes. Arresting of a ship is with respect to any of the claims for damages under Section 2(1)(e) to (q) of Admiralty Jurisdiction Act No. 40 of 1983. Therefore immaterial of the debtor, if there is a *prima facie* claim for damages a ship can be arrested.

8. What is the position as regards sister ships and ships in associated ownership?

If the owner of a ship or ships is liable to a maritime claim, then not only the ship in respect of which the maritime claim arose may be arrested but also all other ships in the same ownership, when all the shares of those ships are owned by the same person or persons. However, Admiralty Jurisdiction Act is silent, on sister ships and associated ownership.

9. What is the position as regards Bareboat and Time-Chartered vessels?

If the registered owner of the ship is not liable for a maritime claim, then an arrest of a vessel under the bareboat or time charter is not possible. Only where the owner is found to be the debtor of the maritime claim an arrest is possible. Arrest of the vessel is not possible, if the time charterer or bareboat charterer is solely liable for the claim.

A vessel can be arrested for a maritime lien, even if the vessel is on a bareboat or time charter. However if the claim is in respect of the property itself such as relating to the supply of bunkers to the vessel or unpaid repair bills which has enhanced the value of the property, the ship may be arrested even if it is under the bareboat or the time charter.

10. Do your Courts require counter-security in order to arrest a ship?

No. It is the debtor who has to provide security to have the arrested vessel released.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Maritime claims for which a ship can be arrested are mentioned under the Sri Lankan law under Section 2(1)(e) to (q) in the Admiralty Jurisdiction Act No. 40 of 1983. On the basis of these claims, a ship can be arrested provided the owner is the same at the time, the cause of action arose and is still the owner at the time of the arrest of the vessel. However maritime liens can be enforced irrespective of the ownership of the vessel. Maritime lien can be enforced even if the ownership has changed. The procedure for arrest of a ship is the same whether it be for a maritime claim or arising out of a maritime lien.

12. Does your country recognize maritime liens? Under which International Convention, if any?

Yes. In fact Sri Lanka is a signatory to the International Convention on Maritime Liens and Mortgages 1993, held in Geneva. Maritime liens under the law of Sri Lanka are set out in Section 83 of the Merchant Shipping Act No. 52 of 1971 as follows:

*“83. Maritime liens of a ship shall arise out of-*

*(a) wages and other sums due to the master, officers and other members of the ship's complement, in respect of their employment on the ship;*

*(b) port, canal and other waterway dues and pilot age dues;*

*(c) claims against the owner (which term shall for the purposes of this section also include the charterer, manager or operator of the ship) in respect of loss of life or personal injury occurring, whether on land or water, in direct connection with the operation of the ship;*

*(d) claims against the owner, based on a wrongful act and not capable of being based on contract, in respect of loss of or damage to property occurring, whether on land or on water, in direct connection with the operation of the ship;*

*(e) claims for salvage, wreck removal and contribution in general average.”*

Further priority of liens it is set out in the Merchant Shipping Act, Section 84 as follows:

*“84. The maritime liens set out in section 83 shall take priority over mortgages and preferential rights registered under Chapter 4, or arising under the Crown Debtors Ordinance or the Insolvency Ordinance, and no other claim shall take priority over them, except as is provided in section 86.”*

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

An application to court can be made almost immediately, if all the documents to support the maritime claim or lien is ready with the affidavit of the plaintiff on an urgent basis once filed can be supported even after normal hours in the chambers of the judge.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No Power of Attorney is required to arrest a ship. Normal proxy form has to be signed by the plaintiff, authorizing the instructing attorney appearing for the plaintiff to file papers. Thereafter an affidavit of the plaintiff fully setting out the maritime claim with all the supporting documents should be prepared and filed in court to proceed to arrest a vessel.

15. What original documents are required, what documents can be filed electronically, what documents require notarization and/or apostille, and when are they needed?

Under the Sri Lankan legal system filing of documents electronically is not yet in practice. All documents filed in courts can be certified as true copies by the instructing attorney of the plaintiff. When the case proceed to hear on merits, the original documents need to be produced in court.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Once the Admiralty Court orders the arrest of a ship, it retains jurisdiction to adjudicate the substantive claim of the plaintiff, unless there is exclusive agreement between the relevant parties to litigate in another jurisdiction or to submit their dispute to arbitration. In such a situation the arrest of the ship may not be maintainable.

17. Which period of time will be granted by the Courts in order for the Claimants to take legal action on the merits?

Once the ship is arrested on the ex-parte application of the plaintiff, court will grant time to file objections to the arrest. If no objections are filed to the arrest of the vessel, court acting under rules framed under the Admiralty Jurisdiction Act, will grant time to the plaintiff to file by way of a petition all matters to be adjudicated by court on the merits of the case.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes. The plaintiff is liable in damages for any wrongful arrest. These damages will arise irrespective of the fact that the plaintiff did not act in bad faith or negligently, when

enforcing the arrest of the vessel.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil? If a vessel is sold to a separate legal entity for the purpose of evading a claim the court can examine the circumstances of the sale and in exceptional situations will allow the piercing of the corporate veil on grounds of fraud.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take? *Pendente lite* is a Latin term meaning “awaiting litigation” or “pending litigation”. A vessel can be sold, if the party who made the application for the sale of the vessel can show that the vessel had been arrested for some time and the ship is losing its value by deterioration.

Therefore court can sanction the sale of the vessel by public auction and deposit auction money in a court account to settle claims arising in respect of the vessel.

It is specifically provided under Section 7(3) of the Admiralty Jurisdiction Act No. 40 of 1983 that if the property arrested is “*subject to speedy decay the court may on an application made in that behalf by the marshal direct that such property be sold and the proceeds deposited in courts, pending the determination of the action*”.



\* Mr. Somaratne was admitted to the Bar in the Year 1973. He is a Senior Partner at the CMathew & Co. Law Office in Sri Lanka. He along with the other partners assists in all Shipping & Admiralty matters in Sri Lanka besides all the other services offered by the C. Mathew & Co. Law Firm.

Mr. Somaratne has more than 40 years of professional experience. His key practice areas are Admiralty and Maritime Law and other related areas not limited to Maritime Commercial Law, Customs Law, Ship Registration, etc. He is a member of the Bar Association and the Organization of Professionals Association. Among his many achievements, he is the Author of 'Shipping Laws & Regulations of Sri Lanka'. He is also the former advisor to the Ministry of Ports and Shipping and a former member of parliament.

# SHIP ARREST IN SWEDEN



By Karl Johan Dhunér\*

DHUNÉR JÄRVENGREN

kjd@djlaw.se

www.djlaw.se

Riddargatan 7A, SE-114 35 Stockholm

Tel: (+46) 707 551199

Fax: (+46) 8 663 7501

## 1. Please give an overview of ship arrest practice in your country.

Ship arrest actions in Sweden must be said to be very efficiently pursued. The courts and the enforcement authorities are, particularly in case of interim arrest applications, acting very swiftly. Often it is only a matter of hours from lodging the application to the court to enforcing the arrest decision of the ship.

Information of the movements of the target ship within the jurisdiction is normally easily obtained from the relevant port authorities and ships' agents. The most time consuming element is rather the preparation of the arrest application with relevant facts and proof of the claim and in particular the obtaining of the required counter-guarantee through the banks. This calls for efficient collaboration with the claimant, his lawyers and the local lawyer at the arrest jurisdiction.

## 2. Which International Convention applies to arrest of ships in your country?

The 1952 Arrest Convention. The Swedish Maritime Code Chapter 4 'On arrest of ships in international legal matters' incorporates the rules of the Convention.

The 1967 International Convention on Maritime Liens and Ship Mortgages. Chapter 3 of the Maritime Code 'On maritime liens' incorporates this Convention.

The Maritime Code thereby contains specific provisions for arrest of ships, however, in conjunction with the application of the ordinary provisions of arrest of property covered by the Code of Court Procedure.

## 3. Is there any other way to arrest a ship in your jurisdiction?

No.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

N/A

## 5. For which types of claims can you arrest a ship?

A. A ship may be arrested for a maritime claim based on the following:

1. Damage caused by a ship by collision or any other way.
2. Death or personal injury caused by a ship or occurred in connection with the running of a ship.
3. Salvage.
4. Bareboat chartering.
5. Contract for carriage of goods with a ship based on a charter party, bill of lading or similar.
6. Loss of or damage to goods including personal goods under carriage by ship.
7. General average.
8. Bodmeri (does not exist in Swedish law).
9. Towage.
10. Pilotage.
11. Delivery of goods or material for the running or maintenance of a ship.
12. Building, repairing or equipping a ship or costs for docking.
13. Salary or other compensation to the master or other crew member in connection with his employment on the ship.
14. Outlays made by the master or by a sender, charterer or shipper or agents on account of the ship or its owners.
15. Dispute of the ownership of the ship.
16. Dispute between part owners to a ship of the ownership or possess to the ship or the running of it or the income of it.

17. Lien based on mortgage or other contractually based lien.

B. A ship may be arrested for a maritime lien as follows.

1. Salary or other compensation to the master or other crew member in connection with his employment on the ship.
2. Harbour-, canal- and other waterway fee and pilotage.
3. Compensation due to personal injury having occurred in direct connection with the running of the ship.
4. Compensation due to damage to property having occurred in direct connection with the running of the ship, provided the claim is not based on contract.
5. Salvage reward, compensation for wreck removal and contribution to general average.

6. Can you arrest a ship irrespective of her flag?

Yes, the Maritime Code is applicable to ships entered into the Swedish ship's register or a similar foreign ship's register. However, the provisions are not applicable for Swedish ships, if the applicant is residing in Sweden or has his principal place of business there.

Foreign state owned ships as well as ships owned or used by the Swedish state may not be subject to arrest.

7. Can you arrest a ship irrespective of the debtor?

No, if the debtor of the maritime claim is not the owner of the vessel at the time when the arrest shall be decided, it will have to be required that the claim is covered by a maritime lien or other title to the vessel. Otherwise the vessel may not be seized or in any other way be used for the claim.

8. What is the position as regards sister ships and ships in associated ownership?

A ship may be arrested to which the maritime claim refers. If a claim is based on any of the cases covered by Sec. 5 items A. 1 – 14 above, arrest may instead be made of another ship which at the time of the occurrence of the maritime claim is owned by the same owner.

9. What is the position as regards Bareboat and Time-Chartered vessels?

A vessel may also be arrested for claims against a charterer of the vessel if the claim is based on a maritime lien (cf. 5. B above).

Claims stated in 5. A items 11. and 14. above will be applicable also in relation to Time-chartered vessels. Hence, a claim i.a. for unpaid bunkers delivered to a ship ordered by the time-charterer may be arrested both in relation to him and the owner.

10. Do your Courts require counter-security in order to arrest a ship?

Yes, counter-security by way of a bank guarantee, normally issued by a Swedish bank, will be needed. The normal practice is that it shall be for an amount roughly covering one month's chartering hire of the ship or type of ship (cf. Sec. 17 below).

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

An arrest for a maritime claim, in accordance with the ordinary provisions of arrest of property generally, will require, apart from that the claimant has demonstrated likely reasons of having a valid claim against debtor, that the debtor may be expected to evade his payment obligation by hiding, removing property for execution or otherwise acting in a blameworthy way. Normally the evasion of a clear and due debt against the debtor will be sufficient for arresting easily moving property out of the jurisdiction such as a foreign vessel. However, it has happened that a court has considered that it has not been sufficiently demonstrated that the debtor did attempt to evade payment, so that requirement has to be addressed in the arrest application. The Maritime Code Chapter 4 incorporating the Arrest Convention is silent on this issue and accordingly is assumed not to contain such a requirement.

On the other hand Chapter 3 of the Maritime Code contains a provision explicitly stating that an arrest may be granted for a claim based on a maritime lien even without risk of the debtor is evading payment.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, the 1967 International Convention on maritime liens and ships mortgages.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

For obtaining sufficient information and documentation of the claim, for providing information of the arrest procedure to the client, to obtain information of the ship's movements, power of attorney and - in particular - the bank guarantee, preparing the relevant court and enforcement authority on a forthcoming arrest application for a speedy handling procedure, preparing the application, etc., - by experience - a couple of days would at least be needed. However, as said in the above Overview in Section 1, once the complete application is lodged it is normally a matter of hours only for obtaining an interim arrest decision (i.e. without hearing the owner/debtor).

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Yes, a POA together with extracts of a trade register or similar proving authorisation to sign for the signor/s of the POA, documentation proving the claim, other relevant background documentation.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Apart from the POA there are no requirements for originals. Nor are there any requirements for notarisation and/or apostille.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

It depends. The courts will respect a dispute clause covered by a contract to which the claim refers prorogating disputes to a court in another country. It shall be noted, however, that a judgment by such court must be enforceable in Sweden. Accordingly, this requirement must be considered already upon the time of application of the arrest. Judgments within EU are covered by the Regulation on Recognition and Enforcement of Judgments 2001 (Brussels Regulation) and hence fully enforceable in Sweden. Judgments from countries outside EU need bilateral agreements for enforcement. Arbitration agreements will also be respected and awards may be enforced based on the 1958 New York Convention on the Recognition and Enforcement of Arbitral Awards.

With no prorogation on contractual claims and for claims in tort Swedish Courts will accept jurisdiction, normally at the court having rendered the arrest decision.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

One month after the arrest decision.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes, in the sense that a defendant ship owner may claim compensation for damages incurred, which the counter-guarantee provided by the applicant claimant is supposed to cover.

It shall be noted that when applying for an interim arrest decision, which is the normal procedure for obtaining the arrest of a vessel, the court makes a prima facie assessment of the application. The court will thereafter make a final decision based on also the position by the owner/debtor.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

No.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

No. In case the ship owner, or his P&I-club, does not put up a counter guarantee for the claim in order to release the ship, which of course is the normal practice, the claimant will have to pursue the case in the merits in order to obtain a judgment based on which he can apply for an enforced sale of the ship by the Enforcement authority. Depending on the circumstances this may take several months.

*\* Karl J. Dhunér is an advocate and Member of the Swedish Bar Association since 1980. As a business lawyer he has particular focus on shipping and transport, EU and competition, Swedish and international commercial disputes in litigation and arbitration. In the area of shipping Karl J. Dhunér represents cargo interests, ship owners and charterers, marine insurance companies etc. in settling of cargo claims in domestic and international transports in negotiations and legal actions. He also assists in other specific maritime matters relating to chartering of vessels, maritime accidents, arrest of ships etc. He represents Swedish ports in various legal matters. He has been recommended in Legal 500, Chambers Europe and Chambers Global for Shipping for several years.*



# SHIP ARREST IN TAIWAN



By Vincent W. Liu, Founder\*  
LIU & CO.

liuncotw@ms31.hinet.net  
www.liunco.com

7th Floor, 73,

Fu-Sing North Road, Taipei 10552, Taiwan.

Tel.: +886 2 2773 1133

Fax: +886 2 8773 0880

## 1. Please give an overview of ship arrest practice in your country.

An arrest of ship in Taiwan shall be subject to either the Chapter on Precautionary Proceedings under the Civil Procedure Code, promulgated on 1st February, 1935, effective from 1st July, 1935, and last amended on 8th May, 2013 (the "CPC"), or the Compulsory Execution/Enforcement Act, promulgated on 19th January, 1940, effective from 21st January, 1940, and last amended on 29th June, 2011 (the "CEA"). In addition to the foreclosure of ship mortgage and the enforcement of a final and irrevocable Court Judgment or Arbitration Award in favour of the claimant/creditor against the registered shipowner as the debtor; wherein, any ship of the same shipowner shall be at stake under the CEA, the competent Court may grant a Ruling to provisionally seize/attach or dispose the ship in question, upon an application therefor submitted by the creditor/claimant. The criteria thereof, however, are stringent, and the procedures involved are cumbersome.

## 2. Which International Convention applies to arrest of ships in your country?

Taiwan is not the signatory country to the International Convention for the Unification of Certain Rules Relating to the Arrest of Sea-Going Ships, 1952. Ship arrest is governed by the CPC or CEA as mentioned under 1.

## 3. Is there any other way to arrest a ship in your jurisdiction?

No, there is no other way to arrest a ship, in terms of securing the creditor's/claimant's alleged claim.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

Under certain circumstances, the ship could be subject to freezing order or saisie conservatoire, if she violates specific Taiwan administrative laws and/or regulations.

## 5. For which types of claims can you arrest a ship?

Arrest ship is available for general claims, no matter maritime or not, under the *lex causae*, vis-à-vis the registered shipowner of ship to be arrested, and for maritime liens according to the law of ship's flag, albeit the debtor in this context may be different from the registered shipowner of her.

The Maritime Act, promulgated on 30th December, 1929, effective from 1st January, 1931, and last amended on 8th July, 2009 (the "MC"), provides, inter alia, that:

The claims listed hereunder may be secured by maritime liens and are entitled to a preferential right of compensation:

(1.) Claims of the shipmaster, seafarer or other members of the ship's complement which have arisen from their contracts of employment;

(2.) Claims against the shipowner, in respect of loss of life or personal injury directly arising from the operation of the vessel;

(3.) Claims for salvage rewards, expenses for wreck removal or ships' contribution on general average;

(4.) Claims against the shipowner, based on tort in respect of damage to or loss of property occurring, whether on land or on water, in direct connection with the operation of the vessel; and

(5.) Harbour charges, canal or other waterway dues or pilotage dues.

6. Can you arrest a ship irrespectively of her flag?

Yes.

7. Can you arrest a ship irrespectively of the debtor?

Yes, as long as the debtor/opponent is the registered shipowner, or whom the maritime lien claim is against.

8. What is the position as regards sister ships and ships in associated ownership?

It is possible to arrest sister ships owned, at the time when arrest is effectuated, by the identical registered shipowner who is liable for the general claims mentioned hereinabove. The "ships in associated ownership" has not been defined under Taiwanese laws, including the MA.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Unless the alleged claim constitutes a maritime lien against the subject ship, the ship may not be arrested for any claims vis-à-vis her bareboat charterer, or time charterer.

10. Do your Courts require counter-security in order to arrest a ship?

With the exception of an arrest based upon the final and irrevocable Court Judgment, Arbitration Award, or Civil Ruling granting the foreclosure of ship mortgage, the Court would only grant, without adjudicating the validity of claimant's application or claims on the merits of the case, such an arrest, seizure/attachment against a counter-security in the form of cash, the amount of which is subject to the Court's discretion, normally one-half (1/2) or more of the alleged claim amount.

In addition, the claimant should pay around decimal eight percent (0.8% or 8/1,000) of its claim amount to the Court for the provisional seizure execution/enforcement fees when submitting the subject application, which shall be deductible when the compulsory enforcement/execution of the final and irrevocable Court Judgment is eventually lodged.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Subject to the law of ship's flag, an arrest for a maritime lien can be done irrespective of ship's ownership, who may be not identical to the registered shipowner. The application for arrest in this context should be thoroughly elaborated upon since generally speaking, the Court adjudges such an application prudently and strictly, as there is no concept of "*action in rem*" under Taiwanese legal system.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, but it is subject to the law of ship's flag. As to the maritime liens under Taiwanese law, please refer to above-mentioned 5. Taiwan is not a signatory country to any International Conventions on maritime liens.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Provided the required information, documents and counter-security, if necessary, are well-prepared, an arrest may be completed within three (3) to five (5) days, should no complications arise.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

Yes, notarized and legalized Powers of Attorney (the "POA") as well as the following documents/information are required:

(1) The full style of claimants, including their full name, registered address of headquarters and the name of their legal/statutory representative, i.e., the chairman of board of directors, the managing director, the president or the general manager who is the legal/statutory representative for the claimants under the law of the country/state where the claimants are duly incorporated;

(2) The information set forth in the preceding Item (1) of the debtors/opponents and if necessary, the proof in this context;

(3) The proof as to the ownership of the vessel to be arrested, i.e., a Certificate issued by the competent authorities of the state/country of her flag, which could sufficiently certify that she is currently owned by and registered under the name of debtors, or a similar statement on search

therefor issued by the lawyer practising in the state/country of her flag;

(4) The description of claimants' claims vis-à-vis the debtors;

(5) Copies of all the relevant documents regarding the claimants' claims; and

(6) ETA and ETD of the vessel.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Certain numbers of type-written originals each of POA duly and separately executed by the chairman of directors board, the managing director, the president, or the general manager, who is deemed to be the legal/statutory representative therefor under the laws of the country where the claimants have been incorporated, of the claimants, before a notary public (notarization) and legalized/authenticated by the Taiwanese consulate or de facto consulate stationed in the country where POAs shall have to be issued and then sent to us by e-mail, facsimile and post. For the purpose of arresting ship, other documents could be submitted in copies thereof at the outset.

Nevertheless, all the respective originals thereof shall be required to present before the court of trial, if any, at a later stage.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Unless the claim arising from a contract contains an exclusive foreign jurisdiction clause, or an arbitration in foreign forum clause, the Taiwanese Court accepts jurisdiction over the substantive claim once the vessel has been arrested.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The shipowner of arrested ship, or the named debtor may apply with the Court for a Ruling ordering the claimant to take legal action on the merits within normally seven (7) days, failing which the arrest may be left. Such a Ruling shall be rendered within two (2) to three (3) weeks upon an application.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes, but the substantiation of damages and/or loss shall be subject to another lawsuit.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Very rarely.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

It is very impossible.



*\* Vincent W. Liu, LL. B., 1978, Faculty of Law, Fu-Jen Catholic University; LL. M., 1985, The London School of Economics and Political Science, University of London, admitted in Taiwan as an attorney-at-law, patent attorney & licensed conveyancer, as well as arbitrator (registered in panel), who helms Liu & Co. has been nominated and selected since December, 1999 as one of three leading international trade and maritime lawyers in Taiwan by Euromoney Legal Media Group in its "Guide to the World's Leading Shipping & Maritime Lawyers" and "Guide to the World's Leading International Trade and Shipping Lawyers".*

# SHIP ARREST IN THAILAND



By Philippe Pruvot  
3A BANGKOK CO., LTD.  
legal@group3a.com  
Eastern Tower - Condominium 39/16 - Jermjumphol Road  
20110, Chonburi, Sriracha, Thailand  
Tel: +221 8 2546 0770

1. Please give an overview of ship arrest practice in your country.

In Thailand, the ship arrest procedure is subject to The Arrest of the Ships Act, B.E. 2534. The vessel subject to a potential procedure of arrest must be a seagoing ship used in the international carriage of goods or passengers. The arrest must be made by way of petition before the Court which has jurisdiction. If the creditor provides evidence before the Court that his claim is a maritime claim as stated by the section 3 of the aforementioned Act, the Court would order the arrest of the ship concerned.

Under the provision of the Arrest of the Ships Act, B.E. 2534, the arrest procedure must be urgent. For instance, upon acceptance of a petition for ship arrest, the Court would hold an ex parte inquiry without delay.

However, the creditor who would like to apply for a petition to arrest a ship must be domiciled in Thailand. If not, the Court would not allow the arrest of the ship.

2. Which International Convention applies to arrest of ships in your country?

Thailand does not apply any International Convention. However, the Arrest of the Ships Act, B.E. 2534 is based on the content of the International Convention Relating to the Arrest of Seagoing Ship, signed at Brussels, on May 10th, 1952.

3. Is there any other way to arrest a ship in your jurisdiction?

No.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

No.

5. For which types of claims can you arrest a ship?

The maritime claims which could base an arrest procedure in accordance with the Arrest of the Ships Act, B.E. 2534, are the following:

- Loss of life or personal injury caused by any ship or which occurs in connection with the operation of the ship;
- Salvage;
- Agreement relating to the use, hire, hire-purchase or loan of any ship, provision of transport service, or any other similar agreement;
- General average act where the ship owners, the carriers and the owners of such goods as carried in a ship are bound to compensate the owners of a particular property in consequence of an international act which is necessarily incurred for the common benefit of all the parties concerned or for the common safety of the ship and goods carried therein, provided that there exists a specific law or mutual agreement governing liability in this regard;
- Loss or damage to properties carried in any ship;
- Towage;
- Pilotage;
- Goods or materials wherever supplied to a ship for its operation or maintenance;
- Construction, repair or equipment of any ship or dock charges and dues;
- Port facilities or port charges or dues;

- Stevedoring charges;
- Wages of ship masters or personnel;
- Master's disbursements, including disbursements made by the charterers, the agents, or the shippers on behalf of the owner or controller of a ship;
- Disputes between co-owners of a ship as to its possession, employment or earning;
- Mortgage of a ship.

6. Can you arrest a ship irrespective of her flag?

The answer is yes. Basing on a maritime claim as mentioned in item 5, if the vessel is a sea-going ship in accordance with the definition stipulated in Section 3 of the Arrest of the Ship Act, B.E. 2534, the creditor can file a motion regarding the application of an arrest of a ship regardless of the flag of the ship.

7. Can you arrest a ship irrespective of the debtor?

The creditor who is domiciled in Thailand can apply before the Court for obtaining an order to arrest a ship owned by a debtor or which is in his possession, i.e. time chartered vessel etc; thus, the arrest of the ship's procedure as regards sister ship is possible in Thailand.

8. What is the position as regards sister ships and ships in associated ownership?

With regards to the arrest of sister ships, please refer to point 7.

With regards to the arrest of the ships in associated ownerships, a ship owned by the associated ownership cannot be arrested due to it is not owned by the debtor or in possession of the debtor.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Please refer to our comment point 7.

10. Do your Courts require counter-security in order to arrest a ship?

Before ordering the arrest, in practice, the Court would direct the creditor to furnish such security as it thinks fit to cover any damage arising out of the arrest.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is no difference.

12. Does your country recognise maritime liens? Under which International Convention, if any?

In Thailand, there is the specific Law regarding the maritime lien, namely, the Ship Mortgage and Maritime Lien Act, B.E. 2537.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

In case the information and all documents are complete, the arrest and release procedure can be completed within 1-2 business day.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

A POA is not required in case of arrest of a ship. However, in case of release of a ship owned possessed by a debtor who is not domiciled in Thailand, a POA or LOA (Letter of Appointment) would be required.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The electronic submission of the documents has not yet been available before Thai Courts' procedure, but in ex parte inquiry, the creditor may adduce the copy document certified by the creditor to support the claim before the Court.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

In principle, once the vessel is arrested in Thailand, the Courts accept jurisdiction.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Once a ship has been arrested, the creditor has to initiate an action based on his maritime claim within 30 days after a warrant of arrest has been posted on the vessel. If not, the Court shall have the power to order the release of the ship.

18. Do the Courts of your country acknowledge wrongful arrest?

Thailand recognizes wrongful arrest. The debtor can make a counter claim to recover damages in respect of the arrest applied for the creditor.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

This concept is not yet acknowledged by the Courts.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

In Thailand, there is not any apparent statute prohibiting the selling the vessel pendent elite.





# SHIP ARREST IN TUNISIA



By Dr. Brahim LATRECH Law Firm\*  
contact@cabinetavocat-bl.com  
www.cabinetavocat-bl.com  
26 Rue Masr- Lafayette 100 Tunis – Tunisia  
Tel : 0021624292700- 0021671891827  
Fax : 0021671891827

## 1. Please give an overview of ship arrest practice in your country.

Through five trade ports, Tunisia is one of the best forums in the world for vessel arrests with simple and fast procedure. Not only can you sue the vessel here but you can also have it arrested and held under arrest until claim is settled. Tunisian Maritime Trade Law N° 13/1962 and the Civil Procedure Code is the cornerstone of ship arrest and they remain the major source in Tunisia.

## 2. Which International Convention applies to arrest of ships in your country?

Tunisia has not ratified any of the International Conventions related to Ship Arrests but the Tunisian legislator was inspired by the International Convention Relating to the Arrest of Sea-Going Ships Brussels, May 10, 1952.

## 3. Is there any other way to arrest a ship in your jurisdiction?

There are some others ways to arrest ship in Tunisian ports :

- Under procedures of execution
- Administrative arrest by Harbour Master
- Under Criminal matter
- Arrest in accordance with court or arbitration awards

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

These measures are similar to saisie conservatoire or freezing order.

## 5. For which types of claims can you arrest a ship?

The types of claims which can lead to a ship arrest are covered by Tunisian Maritime Trade Law n° 13/1962 identified in Article 101 CCM: disputes relating to ownership, damage to goods carried on a vessel, the costs of goods or materials supplied to a vessel, construction or repair of a vessel, and claims arising out of charter agreements. wages of Masters, Officers, or crew, towage, pilotage, construction, repair or equipment of any ship or dock charges and due,...

## 6. Can you arrest a ship irrespectively of her flag?

In Tunisia the presence of any vessel at Tunisian waters gives the court jurisdiction in rem over the vessel and in personam over the owners, operators and charterers. Tunisia does not recognize governmental immunity for state owned commercial trading vessels. Any vessel capable of being used in navigation can be arrested therefore pleasure vessels can be arrested.

## 7. Can you arrest a ship irrespectively of the debtor?

In Tunisia, the claims subject to Tunisian Law permit the arrest of a vessel, regardless of whether the underlying debt is incurred by owner, disponent owner, operator or charterer. Under Tunisian Law anyone with authority binds the vessel in rem (in rem" actions, meaning that the action is against a thing, rather than against a person)., if the supplier is not timely notified otherwise The ship can be arrested even if the owner of the ship is not the debtor of the maritime claim. The owner of the ship, in order to have his ship released from arrest, has to give a guarantee for the payment of the claim to the author of the arrest. This means that the owner of the ship will have to guarantee the payment of the claim, even if a third person (charterer, issuer of the Bill of Lading) is the debtor toward the arresting party. Generally, the vessel, itself, is responsible for payment of liens, mortgages or any other maritime lien that may arise. When the owner encumbers a vessel with a First Preferred Ship's Mortgage, it is the vessel that guarantees payment, rather than the owner. However, the owner may be personally

liable if they signed a personal promise or guaranty to pay.

8. What is the position as regards sister ships and ships in associated ownership?

In the context of a legal claim against a particular ship, and in certain circumstances, Tunisian Maritime Trade Law allows the arrest of another ship belonging to the same owner.

9. What is the position as regards Bareboat and Time-Chartered vessels?

A vessel that is in the ownership of the charterer can be arrested for a maritime claim against a time charterer.

10. Do your Courts require counter-security in order to arrest a ship?

Tunisian law practice does not impose on the claimant the deposit of a counter-security to cover costs, charges, damages, fees or other expenses deriving from a potential wrongful arrest. But under the Tunisian Maritime Trade Law n° 13 /1962 Article 104 the seizure may be subject to the condition that a bond or guarantee is validated from Applicant.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is no substantial difference between arresting a ship for a maritime claim or a maritime lien.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Tunisia recognizes maritime liens under the Tunisian Maritime Trade Law n° 13 /1962, not under any Convention but the Tunisian legislator was inspired by the International Convention Relating to the Arrest of Sea-Going Ships Brussels, May 10, 1952.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Usually two working days is enough for our law office to arrest a ship.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No power of Attorney is requested.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

According to Tunisian Law, the arrest of a vessel is made through an order on request. For this purpose, all documents proving the debt and the expenses are required (please note here that all the documents to be presented to the judge must be translated into Arabic language). Documents filed electronically are accepted.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

We must introduce a case validation within a period of one month if the arrest is lifted once this period surpassed.

18. Do the Courts of your country acknowledge wrongful arrest?

In an only case if the claimant knew it had no maritime lien or right of arrest and nonetheless proceeded with the arrest with the intention to cause damage to the defendant. The burden of proof in relation to these matters rests on the Defendant who claims damages for wrongful arrest.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

The Tunisian courts are not generally inclined to lift the veil of corporate personality.

*\* Brahim Latrech, born in 1965, has a Master Degree in Law from the University of Perpignan (France) and holds the title of Docteur d'Etat en Droit.*

*In 2002 he set up the Brahim Latrech Law Firm, specialised in maritime law.*

*Brahim Latrech is member of the Association Française du Droit Maritime, of the Association Tunisienne du Droit Maritime and founder of the Revue du Droit Maritime Tunisien.*

# SHIP ARREST IN TURKEY (Questions 1 to 9)



Zeynep Özkan\*  
ÖZKAN LAW OFFICE  
zeynep@ozkan.av.tr  
www.ozkan.av.tr

Husrev Gerede Cad. Omer Rustu Pasa Sok. No:12  
34357 Tesvikiye / Istanbul  
Tel: +(90 212) 327 69 40  
Fax: +(90 212) 327 69 43

## 1. Please give an overview of ship arrest practice in your country.

As a part of preparations for EU membership, Turkey is in the process of amending or promulgation its primary and secondary legislation. Within this framework, the long pending Turkish Commercial Code, a key element for the accession negotiations, was promulgated on 14 February 2011 and entered into force on 1 July 2012 ("New TCC"). New TCC regulates the maritime matters as well as other areas of commercial transactions and radically amended many aspects of Turkish maritime law, including arrest of ships. Until the enactment of the New TCC, there were no specific rules on ship arrest. The arrest of a ship was in general terms no different than any other conservatory measure or conservatory attachment of any other assets of a debtor. The New TCC, however, has specific provisions on the arrest of vessels and aims to bring a full and unified set of rules dealing with all aspects of arrest of ships and to tackle the special needs of the different parties in maritime transport.

## 2. Which International Convention applies to arrest of ships in your country?

Turkey is not a party to any of the international conventions on the arrest of ships.

During the preparatory stage, the committee that has prepared the New TCC looked the arrest rules of various states such as England, Germany, US, South Africa as well as international arrest conventions. The arrest provisions of the New TCC mainly reflect the provisions of the International Convention on the Arrest of Ships 1999 even though Turkey is not a party to the aforesaid convention. In addition, relevant provisions of the International Convention on Maritime Liens and Mortgages 1993 are also reflected in the New TCC.

## 3. Is there any other way to arrest a ship in your jurisdiction?

The New TCC regulates the arrest of ships specifically and prohibits any other ways to arrest a ship.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

From the procedural point of view, conservatory attachment leading to the arrest of the vessel is the only conservatory measure permitted under the New TCC. Other conservatory measures such as a freezing order or similar shall not be applicable with respect to a maritime claim.

## 5. For which types of claims can you arrest a ship?

Before the enactment of the New TCC, in principle, arrest of a ship in Turkey can take place for all types of claims regardless of whether the claim has a maritime character or is connected with the ship to be arrested or not. The New TCC, however, adopts the definition of "maritime claim" provided in the International Convention on Arrest of Ships, 1999 and restricts the arrest of ships for maritime claims enumerated in the New TCC.

## 6. Can you arrest a ship irrespectively of her flag?

A ship can be arrested in Turkey irrespectively of her flag.

## 7. Can you arrest a ship irrespectively of the debtor?

Except for arrests in order to enforce a maritime lien, only the vessels owned by the debtor can be arrested.

8. What is position as regards sister ships and ships in associated ownership?

The New TCC specifically deals with the issue and permits the arrest of any other ship of the debtor provided that they are owned by the debtor liable for the maritime claim.

9. What is the position as regards Bareboat and Time-chartered vessels?

Except for arrests based on a maritime lien, only the vessels owned by the debtor can be arrested. The arrest of a ship due to the debt of a charterer is not possible if such debt does not grant a maritime lien.



*\* Zeynep Özkan Özeren has a degree in both law and international relations and a post graduate degree in shipping law from University of Southampton. After working with various international consultancy firms specialized in transportation law and a local law firm in Istanbul, she founded Özkan Law Office in 2005. Her practice mainly focuses on shipping law and international trade law. Zeynep Özkan Özeren is as a lecturer of international trade law at the Bogaziçi University, Istanbul. She is a member of Istanbul Bar Association and International Bar Association.*

# SHIP ARREST IN TURKEY (Questions 10 to 20)



By Sinan Güzel\*  
TCG FORA Law Office  
s.guzel@foralaw.com  
www.foralaw.com

Altunizade Mahallesi, Mahir İz Caddesi,  
Kütük Is Merkezi, Kat 2, 34662 Üsküdar, İstanbul  
Tel: +902122310245  
Fax: +902166514580

## 10. Do your Courts require counter-security in order to arrest a ship?

Under Article 1363 of the new Turkish Commercial Code (TCC) which came into force as of 1 July 2012, the applicants are required to deposit counter security in the sum of SDR (Special Drawing Rights) 10,000.00 (which is a fixed sum) in advance irrespective of the claim amount. The counter-security can be by way of cash deposit or Turkish Bank Guarantee. Under TCC, the Courts can not process the application unless the counter security has been so provided. Thus, provision of the counter-security is a pre condition for the arrest application and the court will not even review the application if the counter-security is not deposited in advance. The respondent (Owners) may apply to the court at any stage requesting the counter-security to be increased. If the court accepts such application and accept to increase the amount of the counter-security, it will set a deadline for the arresting party to supplement the counter-security. If the additional security is not provided within such deadline, the arrest order will automatically become null and void. In the same sense, the arresting party may also request the court to decrease the counter-security at any stage.

Arrest applications for crew wages are exempted from providing-counter security. No objection by the respondents in this regard can be listened by the court.

## 11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

If the claim grants a right of maritime lien under Turkish Law (of which is listed below), the theory that the maritime lien attaches upon the vessel applies and the vessel can be arrested even if the Ownership has been changed. There is no difference with regard to the applicable procedure.

## 12. Does your country recognise maritime liens? Under which International Convention, if any?

The primary sources of the TCC as to the arrest regime and the maritime liens are two significant conventions which are International Convention on Maritime Liens and Mortgages (Geneva 6 May 1993) and International Convention on Arrest of Ships (Geneva 12 March 1999). Relevant Part of Article 1320 of TCC which is very identical to Article 4 of the Geneva 1993 Convention is as follows:

*"Each of the following claims against the owner, demise charterer, manager or operator of the vessel grants a right of maritime lien to its claimant on the vessel:*

*(a) Claims for wages and other sums due to the crew members in respect of their employment on the vessel, including costs of repatriation and social insurance contributions payable on their behalf;*

*(b) Claims in respect of loss of life or personal injury occurring, whether on land or on water, in direct connection with the operation of the vessel;*

*(c) Claims for reward for the salvage of the vessel;*

*(d) Claims for port, canal, and other waterway dues and pilotage dues;*

*(e) Claims based on tort arising out of physical loss or damage caused by the operation of the vessel other than loss of or damage to cargo, containers and passengers' effects carried on the vessel.*

*(f) The general average contribution credit claims"*

Turkey is also a signatory to Brussels Convention on the Unification of Certain Rules Relating to Maritime Liens and Mortgages. However, under Turkish Practice Maritime Liens are solely dealt by TCC.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

The court will attend the arrest application as a matter of priority once it is filed. The application is decided ex parte. Once the application is filed with all the supporting documents properly translated, it is possible to obtain the arrest order within the same (even within hours; if the application is filed early in the morning the order can be expected early in the afternoon) or the next working day of the application.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

We need to provide a valid POA to the court that has jurisdiction (as to place) over the ship for granting the arrest order. The POA has to be notarised and apostilled (or attested by the Turkish Consulate in the country of issuance). In practice, the courts generally find it sufficient that the executed POA is sent electronically to the lawyer. However, in urgent situations, it is possible to make the application with a fax or electronic copy of the POA signed by the arresting party with an undertaking to provide the notarised and apostilled POA within the quickest possible time.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

It is possible to obtain the arrest order with fax or electronic copies of the documents in support of the claim. Only the POA requires notarisation and apostille. However, should the counter party files an objection against the arrest order, there may be a requirement for submission of the originals of the major supporting documents depending on the nature of the objection. All the documents are required before filing the application.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Under Article 1359 of TCC, Turkish Court granting the arrest order has jurisdiction over the substantive claim provided that there is no jurisdiction agreement between the Arresting Party and the Respondents.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Under Article 1376 of TCC, the legal action on the merits has to be taken within one month after obtaining the arrest order by filing a case before the Competent Court or by initiating enforcement proceedings before the Enforcement Offices. Otherwise, the arrest order will become null and void.

18. Do the Courts of your country acknowledge wrongful arrest?

Under Turkish Law no particular provisions have been set out in respect of the wrongful arrest of the ships. The Respondents may at any stage claim that the arrest is wrongful and unjustified. If the arrest is found wrongful, the applicant is liable against the Respondents and the third parties for any and all damages arising from or in connection with the arrest. The mere dismissal of the substantive proceedings (proceedings on merits) is sufficient to invoke liability against the arresting party for a wrongful arrest. Thus, it simply has to be established that the claim, for which the arrest was granted, is rejected in full. However, if the claim was partly upheld, the liability would not arise.

The court granting the arrest order has the jurisdiction for the claims arising out of wrongful arrests.

The losses and damages arising out of the wrongful arrest may be satisfied from the counter-security deposited by the Arresting Party if the amount of the same is sufficient (if not, enforcement proceedings have to be initiated against the Arresting Party)

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

The task of piercing the corporate veil under Turkish law is extremely difficult. Before the corporate veil can be lifted the following facts must exist:

- (a) The persons vested with authority to represent and bind both companies are the same;
- (b) Both companies have the same shareholders and board of directors/managers;
- (c) Transfer of the shares of the relevant company to a third party with the intention of escaping its liabilities i.e. bad faith.



20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

Under Article 1386 of TCC, it is possible to have a ship sold *pendente lite* if:

1. The value of the ship reduce substantially and cost of maintaining the ship is excessive,
  2. The ship or her cargo causes danger for the safeties of human being, properties and environment.
- There is no certainty regarding the time for this issue.



*\* Sinan Güzel is graduated from Ankara University, Faculty of Law, in 1999. During his education he worked in various Law Firms to familiarize with general practice of Turkish Law. After his graduation, he joined a foreign Marine Consultancy firm in Istanbul and started to work with a British Solicitor. He was qualified as a Turkish Lawyer and admitted to Istanbul Bar in 2000. After his qualification, he continued to work with the foreign marine consultancy firm for 8 years where he was actively involved in all kinds of Maritime Law related matters locally and internationally and has built up extensive experience. He has set up Fora Law Office with his colleagues in September 2008, which became one of the leading Maritime Law Offices in Turkey within a short period. Beyond ship arrest, Sinan has considerable experience in maritime related litigations, and Marine Casualties. He is fluent in English.*

# SHIP ARREST IN UNITED ARAB EMIRATES (Questions 1 to 9)



By Bashir Ahmed  
AFRIDI & ANGELL  
bahmed@afridi-angell.com  
www.afridi-angell.com  
P.O. Box 9371 Dubai, UAE  
Tel: +971-4-330-3900  
Fax: +971-4-330-3800

## 1. Please give an overview of ship arrest practice in your country.

Under the UAE Federal Maritime Law (Law No. 26 of 1981) ("FML") a right of arrest as provisional relief may be exercised in respect of a maritime debt. Claims constituting "maritime debts" are listed in Article 115 of the FML (see question 5).

An ex parte application is made to the Civil Court having jurisdiction over the port where the vessel is and the grant of any relief is entirely discretionary. A Plaintiff must provide prima facie evidence that it has a maritime debt against the Defendant, and that unless an arrest order is made, the Defendant is likely either to leave the Emirates permanently or to act in a manner which is likely to prejudice the Plaintiff's rights.

The court will after examination of the application and the supporting documents filed arrive at a decision - often without hearing Counsel. The Court may require counter security from the Plaintiff in the form of a bank guarantee (see question 10). If an arrest order is granted a substantive suit has to be filed within 8 days of the grant of the arrest order. The court will also require the following from the Plaintiff:

- (a) An undertaking to pay all official fees and expenses relating to the towing or moving of the vessel or in any way connected with the arrest of the vessel including any amounts due to the crew;
- (b) An undertaking to compensate the owners of the vessel against any delay or damage that may arise from the arrest of the vessel if the arrest is held to be wrongful by a judgment of the court.
- (c) The Dubai courts have in the past been known to require confirmation from the port that the defendant is the owner of the vessel and that the vessel is within port limits.

The FML (Article 122) provides that the civil court in whose area of jurisdiction the arrest took place shall be competent to decide on the subject matter of the claim in certain circumstances even if the vessel does not fly the UAE flag (see question 16).

The FML (Article 325) contains certain provisions as to the jurisdiction of the courts in cases involving collisions.

The (UAE Civil Procedure Code of 1992 as amended by Federal Law No. 30 of 2005) ("CPC") appears to confer jurisdiction upon the UAE courts to hear a case against a foreign defendant who has no domicile or residence in the UAE and also to order provisional relief (such as the arrest of a vessel) even when the courts do not have jurisdiction to adjudicate upon the substantive merits of the matter.

The UAE courts have granted arrest applications as security for arbitration proceedings in another jurisdiction. In addition to the powers of arrest conferred by the Maritime Law, the Port Authorities of each Emirate also have certain powers of arrest and detention.

The UAE courts do not award legal costs other than in a token amount. Accordingly, the costs relating to the arrest and substantive suit will not be recoverable.

## 2. Which International Convention applies to arrest of ships in your country?

The UAE is not a party to any International Convention relating to arrest of ships. The arrest will be under the FML.

## 3. Is there any other way to arrest a ship in your jurisdiction?

See questions 1 and 2 above. The arrest is under the FML.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

The arrest is under the FML.

5. For which types of claims can you arrest a ship?

Claims which constitute “maritime debts” as listed in Article 115 of the FML. These are:

- (a) damage caused by a vessel as a result of a collision or other accident;
- (b) loss of life or personal injury occasioned by the vessel and arising out of the use thereof;
- (c) assistance and salvage;
- (d) contracts relating to the use or exploitation of the vessel under a charter party or otherwise;
- (e) contracts relating to the carriage of goods under a charter party, bill of lading, or other documents;
- (f) loss of or damage to goods or chattels transported by a vessel;
- (g) general average;
- (h) towage or pilotage of a vessel;
- (i) supplies of products or equipment necessary for the use or maintenance of the vessel, in whichever place the supply is made;
- (j) building, repairing or supplying a vessel and dock dues;
- (k) sums expended by the master, shippers, charterers or agents on account of the vessel or on account of the owner thereof;
- (l) wages of the master, officers and crew, and other persons working on board the vessel under a contract of maritime employment;
- (m) disputes over the vessel’s ownership;
- (n) a dispute in connection with the co-ownership of the vessel, or with the possession or use thereof, or with the right to the profits arising out of the use thereof;
- (o) a maritime mortgage.

6. Can you arrest a ship irrespective of her flag?

Yes.

7. Can you arrest a ship irrespective of the debtor?

Yes, assuming that it is not a sovereign asset enjoying immunity in law.

8. What is the position as regards sister ships and ships in associated ownership?

The Plaintiff may arrest not only the vessel to which the claim relates, but also any vessel owned by the Defendant provided it was owned by him at the time the claim arose. The courts are not generally inclined to lift the veil of corporate personality. There is no right to arrest other vessels owned by a Defendant in the following circumstances (Article 116.2 and 117 of the FML):

- a) in a dispute regarding the ownership of the vessel;
- b) in a dispute relating to the co-ownership of the vessel, or the possession or use thereof, or the right to profits arising out of the use thereof;
- c) in a claim arising from a maritime mortgage;
- d) where the vessel was chartered by demise.

In relation to a claim against a vessel not owned by the owner but by the demised charterer, the Plaintiff may arrest either the vessel in respect of which the claim arose or any other vessel owned by the demisecharterer. The Plaintiff may not arrest other vessels owned by the owner of the vessel in respect of which the claim arose.

9. What is the position as regards Bareboat and Time-Chartered vessels?

See question 8.



# SHIP ARREST IN UNITED ARAB EMIRATES (Questions 10 to 20)



By Jasamin Fichte & Alessandro Tricoli\*

FICHTE & CO Legal Consultancy

info@fichtelegal.com

www.fichtelegal.com

Sheikh Zayed Road Business Bay, Prism Tower 19th floor

PO Box 116637 Dubai-UAE

Tel: +971 4 43 57 577

Fax: +971 4 43 57 578



## 10. Do your Courts require counter-security in order to arrest a ship?

There are no provisions in the UAE Federal Law No. 26 of 1981 (the Maritime Code) setting out the arresting party's obligation to provide counter-security and this is dealt with at the discretion of the judge. This is a difficult aspect of the process because the claimant does not know with certainty whether or not he will be required to put up counter-security and, if so, how much. The UAE Court will not accept P&I letters of undertaking as forms of security, so counter-security normally takes the form of cash or a local bank guarantee.

Recently UAE Courts have been more and more consistent in requesting for counter-security, however there is no possibility to anticipate the quantum of such counter security required.

## 11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

The Maritime Code does not make differences between a maritime claim and a maritime lien. Accordingly, an arrest application by the court would only be accepted if the claim falls within the purview of a "maritime debt" as listed in Art. 115 of the Maritime Code (similar to the "maritime claim" under the 1952 Arrest Convention).

## 12. Does your country recognise maritime liens? Under which International Convention, if any?

The concept of maritime liens does not exist with regards to arrest of vessels, however, the Maritime Code refers to "maritime debts" which are somehow analogous to maritime liens.

## 13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

If the arrest is urgent, the Urgent Matters Judge can be approached for the issuance of an arrest order within the same day (or maximum the day after) provided the documents listed in point 15 below are presented to the Courts. In practice however, the time frame will depend on the availability of (i) an original power of attorney, and (ii) translation of the supporting documents.

## 14. Do you need to provide a POA, or any other documents of the claim to the Court?

To arrest any vessel in the UAE, the claimant shall provide a POA to lawyers having right of audience before the UAE courts. Please also note the POA shall be presented in original and no copies will be accepted by the Courts. The UAE are not a party to the 1952 so if the POA is executed abroad, it shall be notarised in the foreign country and then attested by the relevant Ministry of Foreign Affairs of the country of execution and by the UAE Embassy in that country. The POA so legalised will then need further attestation in the UAE by the Ministry of Foreign Affairs and Ministry of

Justice, along with translation into Arabic by a certified legal translator. This could be a lengthy process and in case of urgency, these procedures are often an impediment to complete the arrest process.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

As an absolute minimum, to file an arrest application in the UAE, the Court must be provided with the following documents as evidence of the prima facie claim

(a) a notarised and legalised POA;

(b) all the relevant documents indicating the debt together with Arabic translations by a certified legal translator;

(c) evidence that the ship is owned by the debtor or is a sister vessel, if applicable; and

(d) payment of the appropriate Court fees, levied as a percentage of the claim (3.75%) but capped at a total of AED 15,000

No other documents are necessary, although it may be good practice to also provide evidence that the vessel is in territorial waters, and only the POA is required to be notarised/legalised. It has to be stressed however that all documents need to be translated into Arabic by a certified legal translator.

There are no provision for filing electronically, thus documents have to be physically presented to the court. Further, apart from the POA, copies of the documents can be filed, subject however to the possibility for the respondents to request the claimant to provide the originals.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Once the arrest order is granted, the claimant shall mandatorily file substantive proceedings (i.e. proceedings on merits) within eight days of an order, failing which the arrest will lapse. Jurisdiction over the substantive claim is regulated by Article 122 of the Maritime Code, which – in addition to the circumstances set out in the procedural laws of the UAE – provides for jurisdiction of the civil court granting the arrest on the subject matter of the claim, regardless of whether the vessel flies the UAE flag, if:

(a) the claimant's usual address or main office is in the UAE;

(b) the maritime claim originated in the UAE;

(c) the maritime claim arose during the voyage upon which the vessel was arrested;

(d) the maritime claim arose out of a collision or assistance over which the court has jurisdiction; and

(e) the claim is secured by a maritime mortgage over the arrested vessel.

Once the arrest is granted the aspect of jurisdiction can be argued at the scheduled court hearing and a decision and interpretation of the law rests with the court alone, however the UAE Courts tends to have an exorbitant jurisdiction and is thus unlikely they will decline jurisdiction on the merits making the arrest order lapse.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

As mentioned above the claimants have eight days to file the substantive suit after the arrest is granted.

18. Do the Courts of your country acknowledge wrongful arrest?

There is no provision within the law claiming for a wrongful arrest. The wronged party may not claim damages unless he can show that the application for arrest was (i) malicious, in bad faith and with the intention to cause damages, or (ii) insignificant in comparison with the damage caused to the owner of the vessel, conditions which are extremely difficult to prove. So far there is no history of any claim for a wrongful arrest in the UAE.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

There is no provision in this sense in the UAE legal system, and the UAE Courts are not generally inclined to do so, hence it may prove very difficult to pierce or lift the corporate veil.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

A pendente lite injunction is not possible if a vessel is arrested and proceedings are ongoing, unless the respondents consent to such sale. If however the claimants are unsuccessful in making good their damages pursuant to their claim from the defendants and have a favourable judgement from the court, then the Maritime Code contains provision for the judicial sale of the vessel.



*\* Jasamin Fichte started her career as a maritime lawyer in international law firms in Hamburg and London. Prior to founding Fichte & Co she also worked at the leading Lloyd's of London insurance brokerage firm as legal counsel for Middle East, establishing an excellent network within the maritime and trading community and handling huge amounts of marine insurance claims, from salvage, collisions, wreck removal to cargo claims and personal injury. This gained her the reputation as one of the most experienced marine experts in the region and she is a regular speaker at conferences and contributes regularly to legal magazines. By opening Fichte & Co in 2005 Jasamin had the opportunity to look outside the legal box: if a lawyer understands the business side of a transaction it is her and it is for a reason that she has been counted amongst the 20 top lawyers in the Gulf. Jasamin is fluent in English and German.*

*\*Alessandro Tricoli specializes in ship finance, ship sale & purchase, construction and conversion and has acted for owners, yards and banks alike in contentious and non-contentious matters relating to ship building and ship finance contracts. Alessandro's broad practice further encompasses many areas of the firm's contentious work, with a particular emphasis on charterparty and cargo disputes in which he advises a number of the firm's shipping clients and P&I Clubs, allowing him to deal with local counsel in different jurisdictions as well as drafting counter expert reports for the UAE Courts.*

*Before joining Fichte & Co Alessandro practiced in Italy with a top-tier insurance law firm, during which time he also assisted the Chair of Maritime Law at the University of Bologna. He then moved to the UK to enhance his knowledge of Maritime Law at the University of Southampton and gained international work experience in London. Alessandro is fluent in English and Italian.*



# SHIP ARREST IN UKRAINE (Questions 1 to 9)



By Arthur Nitsevych & Oleksandr Chebotarenko\*  
INTERLEGAL Law firm  
nitsevych@interlegal.com.ua  
www.interlegal.com.ua  
2/4, Observatorny lane, Suite 57,  
Odessa, 65014  
Tel/Fax: +38 (0482) 337528 / 29



## 1. Please give an overview of ship arrest practice in your country.

Ship arrest in Ukraine is not simple though relatively inexpensive. The practice of ship arrest is rather wide, especially in the ports of Big Odessa (Odessa, Ilyichevsk, and Yuzhny). On the 7-th of September 2011 Ukraine joined the International Convention for the Unification of Certain Rules Relating to the Arrest of Sea-Going Ships, 1952. On the 16-th of May 2012 the Convention took effect for Ukraine.

Previously, the matters of ship arrest were governed almost exclusively by the Merchant Shipping Code, which stipulated the possibility of the arrest, but did not set out the procedural rules. Thus the procedure for arresting a ship was governed by the common regulations of national procedural law. Arrests of ships were usually realized by the attachment of bunker fuel as security for the commercial suit or as a precautionary measure (pre-trial attachment), in which case the petition on arrest had to be followed by the filing of a lawsuit on the merits with the same court which imposed the arrest.

In order to implement the Convention into national law, Ukraine adopted amendments to the Commercial Procedural Code and the Civil Procedural Code. Now, matters involving ship arrest are subject to the competence of the relevant local commercial court or the court of general jurisdiction at the port of registration of the ship or the port of ship's call. However, Ukrainian commercial procedure exists only in the form of adversarial proceedings, meaning that a person with a maritime claim must initiate an action in a Ukrainian court and then apply for the arrest within the framework of such proceedings.

Brussels convention covers the situations where the arrest is being imposed by one court and the case on the merits is being heard by another court. This concept is not peculiar to Ukrainian legislation; therefore, in most cases the arrest of the ship must be followed by an action on the merits in a Ukrainian court.

The legislation provides that the Ukrainian courts may hear a case on the merits if the defendant has movable or immovable property in the territory of Ukraine. A ship calling at a Ukrainian port may act as such property, but in practice it may be difficult to arrest the ship under the Convention since the Ukrainian court may declare a lack of jurisdiction, particularly where the contract giving rise to a maritime claim explicitly provides for commercial arbitration outside Ukraine. Court practice is not uniform, and generally the courts tend to avoid disputes involving complicated issues of jurisdiction. Under such conditions, the practice remains rather controversial.

## 2. Which International Convention applies to arrest of ships in your country?

The International Convention for the Unification of Certain Rules Relating to the Arrest of Sea-

Going Ships (Brussels, May 10, 1952) is the basic Convention. Also Ukraine adhered to the International Convention on Maritime Liens and Mortgages 1993 on 22 November 2002.

### 3. Is there any other way to arrest a ship in your jurisdiction?

There are many ways to arrest a ship in a Ukrainian port. As a rule vessels are arrested in Ukraine by means of:

- a) preliminary arrest in security of a maritime claim pursuant to the order of the Court/ Commercial court;
- b) arrest within the frame of enforcement of Court or arbitration award in accordance with national legislation;
- c) arrest of a ship under a criminal matter.

Commercial courts and courts of general jurisdiction are the state courts which exercise jurisdiction over maritime disputes. The Maritime Arbitration Commission at the Chamber of Commerce and Industry of Ukraine is a domestic arbitral institution with a panel of arbitrators specializing in maritime arbitration.

### 4. Are these alternatives e.g. saisie conservatoire or freezing order?

These measures are similar to saisie conservatoire or freezing order.

### 5. For which types of claims can you arrest a ship?

In Ukraine the ship, being the debtor's property, can be arrested regardless whether claims are maritime or not. Nevertheless, according to the maritime law of Ukraine the vessel may be arrested only upon at least one of the following conditions:

(i) a claim referred to the category of privileged claims, particularly:

- claims arising out of labour relations, claims for recovering damage inflicted by injury, other impairment of health or death;
- claims arising out of nuclear damage and maritime environment pollution as well as elimination of said pollution consequences;
- claims regarding port and channel dues;
- claims regarding salvage and payment of general average contribution;
- claims for reimbursement of losses resulting from collision of vessels or from other sea casualty, or from damage to port facilities and other property located in the port as well as to navigational aids;
- claims for reimbursement of losses related to cargo or baggage;

(ii) a claim based upon the vessel's registered mortgage;

(iii) claim referring to the rights of ownership or possession of a vessel;

(iv) a claim not indicated hereinabove and referring to the person that is the vessel owner by the moment of origination of the said claim and is responsible for this claim by the moment of starting a procedure connected with vessel's arrest;

(v) charterer of the vessel on bareboat charter is liable for the said claim and is the vessel's bareboat charterer or her owner by the moment of starting a procedure connected with vessel's arrest.

### 6. Can you arrest a ship irrespectively of her flag?

It is possible to arrest a ship irrespectively of her flag in Ukraine.

### 7. Can you arrest a ship irrespectively of the debtor?

Ukrainian legislation recognizes jurisdiction *in personam* and does not support the action *in rem*, therefore it is impossible to bring a suit *in rem* against the vessel to satisfy debts arising from the operation or use of the vessel.

### 8. What is the position as regards sister ships and ships in associated ownership?

Associated vessels can be arrested if by the moment of initiating the arrest procedure they were property of a person liable for the maritime claim and who was the proprietor/owner of the vessel to which the said claim has arisen.

### 9. What is the position as regards Bareboat and Time-Chartered vessels?

Associated vessels can be arrested if by the moment of initiating the arrest procedure they were property of a person liable for the maritime claim and who was the charterer of her on bareboat,

time or voyage charter basis. The exceptions to this rule are claims with regard to ownership or possession of vessels.



*\* Arthur Nitsevykh is a Managing Partner of "Interlegal" law firm. Membership: LMAA (London Maritime Arbitrators Association); IBA (International Bar Association); The Nautical Institute of the United Kingdom; EMLO (European Maritime Law Organization). Chairman of the Nautical Institute of Ukraine, Member of the Board Lawyers of Ukraine in Odessa Region, solicitor of the Kyiv City Bar Association. Mr. Arthur Nitsevykh is practicing law since 1992 specializing in Shipping, Transport and Logistics, Transactions and Investments. Arthur Nitsevykh is the Head of organization Committee of the Annual International conference "Practice of Maritime business: sharing experience" (2005-2011) and Maritime Days in Odessa 2012-2013, the President of Nautical Institute, Ukraine. He conducted numerous seminars and legal trainings at national law schools and international conferences remaining the author of more than 80 articles. "Interlegal" is a top listed Ukrainian law firm focused on Transport, Shipping and Trade. The company employs 20 lawyers headquartered in Odessa, Ukraine.*

*\* Mr. Oleksandr Chebotarenko is a Senior Lawyer in "Interlegal" Law firm, a lecturer, member of the Ukrainian Bar Association; Transport, Shipping & International trade Law Expert. He focuses on business improvement and corporate development of the maritime and transport industry mostly. He has almost 18 years experience as transport & forwarding companies' legal advisor regarding business planning of maritime and transport systems including multimodal, ports and terminals all over Ukraine. Amongst his clients there are also P&I Clubs, foreign law firms and commercial banks. Mr. Chebotarenko is a certified attorney-at-law (since 1997). He is Member of the Bar Council of the Odessa region, Honorary Member of the "Ukrainian Container Lines Association", and Associated member of the Nautical Institute of Ukraine. Mr. Oleksandr is the author of numerous articles in Ukrainian & international professional publications.*

## SHIP ARREST IN UKRAINE (Questions 10 to 20)



Vagif Mallayev, Senior Partner\*

LEXCELLENCE Law Firm

v.mallayev@lexcellence.com.ua

www.lexcellence.com.ua

Business Center Morskoy-2,

11 Polskiy spusk, 9-th Floor, office #5, Odessa 65026

Tel : +38 048 737 7931

Fax: +38 048 737 7932

10. Do your Courts require counter-security in order to arrest a ship?

The Courts may require counter-security as a prerequisite for arrest of a ship, but in practice it happens rarely. The better evidences are arranged and presented with the claim to the court the more chances to avoid the payment of counter-security.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is no procedural difference in respect to arresting a ship for maritime claim and a maritime lien.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, Ukraine ratified the International Convention on Maritime Liens and Mortgages (Geneva, 1993) on 22.11.2002.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Two-three business days will be required in order to arrest a ship.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

No, we do not need a POA, Ukrainian advocates may represent claimant's interests in a court and the State Enforcement Service of Ukraine (bailiff service) on basis of an Advocate's Warrant being submitted along with extract from the Legal Agreement certified by the advocate and by his Client.

We need all documents relating to the claim, which are in possession of the claimant, - the presence of the written evidences may help to avoid a payment of counter-security to the Court.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The Court may require an original or its notarized and legalized copy of any document the plaintiff referred to in his claim.

It is worth noting that Courts very formalize the issue of acceptance of evidences. Written evidences are welcomed.

We recommend preparing most important written evidences (contracts, BLs, charter parties, survey reports etc.) in original or its notarized and legalized (apostilled) copies. Other copies can be certified by the claimant's corporate seal and by signature of authorized officer. In case your Ukrainian advocate received a document in original he may hold the original in his office and the certified copy that is arranged by him will be served to the court.

Documents cannot be filled electronically.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes. Unless a forum had been chosen by parties to consider the substantive claim in a foreign jurisdiction, the case may proceed on its merits in Ukraine as per the Art 7 of the Ship Arrest Convention (1952), and in some cases when domestic law otherwise gives the local Court jurisdiction, e.g.: (a) any claims if one of defendants is domiciled in Ukraine; (b) proprietary claims relating to the possession of a ship, title to or ownership of a ship or a share in a ship; (c) claims arising out

of employment contract with ship's crew if a claimant is domiciled in Ukraine; (d) claims arising out of loss of life or personal injury to a person who is domiciled in Ukraine or in case the accident took place in Ukraine; (e) claims arising out of damage caused in Ukraine to property of private persons or legal entities during the operation of a ship; (f) claims arising out of any contract which specified a place of its execution or has to be executed in Ukraine only.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Civil proceedings: the Code does not provide a certain time – subject to a Court's decision.

Commercial proceedings: there is no special reference to the ship arrest procedure, but generally, pursuant to the Art. 43-3 (3) of the Commercial Procedure Code of Ukraine a claimant must commence legal actions on the merits within 5 (five) days from the day of obtaining the arrest order.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes, Ukrainian Courts on request of defendant acknowledge a wrongful arrest in case of:

(a) The arrest is cancelled by decision of a Court.

(b) The claimant fails to commence proceedings on the merits within the given time.

(c) The claimant recalled his claim.

(d) The claimant fails in his legal action on the merits.

In case a wrongful arrest is acknowledged defendant may claim to an initiator of arrest to cover all losses and damages incurred.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

No, Ukrainian Courts do not acknowledge the pierce and lift of the corporate veil. The basic principle of civil law is that a shareholder or director/officers of a legal entity could not be held liable for any debts or liabilities of the corporation.

20. Is it possible to have a ship sold pendente lite; if so how long does it take?

No. A vessel's auction will take place only after the end of Court proceeding as an enforcement of the final Court judgment entered into force.



*\* Vagif is a Head of the firm's Shipping, International Trade and Insurance arm. Vagif has been involved in a wide range of both dry and wet shipping disputes on the side of P&I Clubs and Owners. His broad experience in dry shipping includes charterparty, Bill of Lading, ship building, and he also has experience of handling claims in the wet side: collision, general average, personal injury/loss of life and pollution. Vagif is attorney at law, member of Odessa Bar Association, Ukrainian Bar Association and MNI of the Nautical Institute (UK). Before practice of law his career includes 7 years in insurance sector starting from executive officer to chairman of the Board of Ostra Insurance company. He graduated the faculty of law (LLB) of Mechnikov's Odessa National University in Odessa, Ukraine; the faculty of psychology (LLM) of the International Academy for Psychology in Saint-Petersburg, Russia.*

# SHIP ARREST IN USA



By George M. Chalos\*  
CHALOS & CO, P.C. – INTERNATIONAL LAW FIRM  
gmc@chaloslaw.com  
www.chaloslaw.com  
55 Hamilton Avenue, Oyster Bay, New York 11771  
Tel: +1 516 714 4300  
Fax: +1 516 750 9051

7210 Tickner Street, Houston, TX, 77055  
Dir: +1 713 574 9454  
Fax: +1 866 702 4577

141 Almeria Avenue, Coral Gables, Florida 33134  
Tel: +1 305 377 3700  
Fax: +1 866 702 4577

1. Please give an overview of ship arrest practice in your country.

The Federal Rules of Civil Procedure (F.R.C.P.)'s Supplemental Rules for Certain Admiralty and Maritime Claims (hereinafter "the Supplemental Rules") govern the procedure for arresting or attaching a vessel in the United States. The Supplemental Rules apply to all admiralty and maritime claims within the meaning of F.R.C.P. 9(h). Rule C of the Supplemental Rules (hereinafter "Rule C") is the procedural mechanism used to arrest property (i.e. – a vessel) that is subject to a maritime lien or other U.S. statute that creates an in rem cause of action. Once the arresting party has obtained a warrant of arrest from the Court, the U.S. Marshal Service will serve the Court's warrant on the vessel to affect the arrest. Rule C(3)(b) provides that only the marshal may serve the warrant to seize the vessel.

2. Which International Convention applies to arrest of ships in your country?

None.

3. Is there any other way to arrest a ship in your jurisdiction?

No.

4. Are these alternatives e.g. saisie conservatoire or freezing order?

Supplemental Rule B (hereinafter "Rule B") provides for the pre-judgment attachment of a defendant's property (including a vessel) if the claimant has an in personam maritime claim against the owner of the vessel, provided that the defendant/owner cannot be "found" in the district where the attachment is sought.

5. For which types of claims can you arrest a ship?

Under the applicable U.S. law, a vessel may either be arrested (under Rule C) or attached (under Rule B).

Rule C arrest: Procedural mechanism used to arrest property subject to maritime lien or where U.S. statute provides for maritime action in rem

- Property arrested must be related to the Plaintiff's claim
- Maritime lien claims include: ship repairs; ship supplies; towage; use of dry dock or maritime railway or other necessities to any ship; crew wages; tort claims arising from a collision; personal injury claims (excluding Jones Act claims against employer); wharfage; stevedoring; cargo damage/loss; certain maritime contracts (e.g. – breach of charter party); preferred ship mortgages; salvage; claims for maritime pollution.

Rule B attachment: Allows a party to obtain quasi in rem jurisdiction over a defendant's property for any debt arising out of a maritime claim, when the defendant "cannot be found within the district."



- The property attached may be unrelated to the events giving rise to the claim, and the Plaintiff need not have a maritime lien on the vessel  
- Maritime claims include maritime torts and any claim arising from breach of a "maritime contract" such as a charter party or bill of lading. Under U.S. law, "maritime contracts" generally do not include shipbuilding contracts; vessel sale and purchase contracts; brokerage or other preliminary service contracts; or commodities sale and purchase contracts.

6. Can you arrest a ship irrespective of her flag?

Yes.

7. Can you arrest a ship irrespective of the debtor?

Yes, except that you cannot arrest a vessel owned by a government or other foreign sovereign, as per the Foreign Sovereign Immunities Act.

8. What is the position as regards sister ships and ships in associated ownership?

Arrest of sister ships/associated ships is not possible, unless you can show an alter-ego relationship or other common ownership of assets.

9. What is the position as regards Bareboat and Time-Chartered vessels?

A Rule C arrest can only be made for an in rem claim, as an arrest is made against the ship, not its owner or charterer.

However, a Rule B attachment can only be sustained where there is a valid prima facie claim against a party in personam (including the bareboat or time charterer).

10. Do your Courts require counter-security in order to arrest a ship?

U.S. Courts do not require countersecurity in order to arrest or attach a ship. However, Rule E(7) provides that when a Defendant who has posted security for damages in an action asserts a counterclaim arising from the same transaction, a Plaintiff must post countersecurity in the amount of damages demanded in the counterclaim (unless the Court, for good cause shown, directs otherwise).

Additionally, Rule E(2)(b) allows the Court to require any party to post security, in an amount directed by the Court, to pay all costs and expenses that shall be awarded against the party by any interlocutory order, final judgment, or on appeal.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Under the applicable U.S. law, a vessel may either be arrested under Rule C (which requires a maritime lien) or attached under Rule B (which simply requires a maritime claim).

Rule C: Procedural mechanism used to arrest property subject to maritime lien or where U.S. statute provides for maritime action in rem

- The property arrested must be related to the Plaintiff's claim
- The U.S. Marshal must be engaged to arrest the property

Rule B: Allows a party to obtain quasi in rem jurisdiction over a defendant's property for any debt arising out of a maritime claim, when the defendant "cannot be found within the district."

- Property attached may be unrelated to the events giving rise to the claim, and the Plaintiff need not have a maritime lien on the vessel
- A special process server may be appointed by order of the Court to attach the property, instead of a U.S. Marshal

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Ordinarily, an attachment and/or arrest order can be obtained within a few hours, when filing an emergent motion. Rule C(3)(a)(ii) and Rule B(1)(c) require the Clerk to issue the summons and warrant for arrest of the vessel or process of attachment and garnishment, respectively, where the Claimant's attorney certifies that exigent circumstances exist that make court review impracticable.

The Claimant has the burden of demonstrating at a post-arrest/post-attachment hearing that exigent circumstances existed.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

A POA is not required to arrest or attach a vessel. The documents to be submitted to U.S. Courts vary depending on the type of proceeding commenced.

For both Rule C arrests and Rule B attachments:

1. Verified Complaint asserting that the Claimant's underlying claim is an admiralty/maritime claim within the meaning of Rule 9(H) of the Federal Rules of Civil Procedure, accompanied by supporting claim documentation

2. Summons

3. Agreement of Indemnity, agreeing to hold the Marshal harmless for damages if the arrest/attachment is later found to have been wrongful

4. Form USM-285/U.S. Marshal Service Process Receipt and Return

5. A bank or certified check (for an amount which varies by jurisdiction) as a deposit to cover insurance, guard services, and other costs related to arresting/maintaining the vessel

6. Motion for appointment of substitute custodian, with supporting declaration of proposed substitute custodian and proposed order (not mandatory) - reduces the costs that must be deposited with the Marshal

For Rule C Arrests: To commence a Rule C proceeding, the following additional documents are required:

- Affidavit containing the grounds for arrest

- Motion for Issuance of Warrant for Arrest

- Proposed Order for Issuance of Warrant Arrest – authorizing Clerk of the Court to issue a Warrant of Arrest providing the U.S. Marshal with authority to arrest the vessel

- Motion to Permit Vessel to Continue Cargo Operations and to Shift Berths (not mandatory) – requests authorization for the vessel to continue cargo operations during the period of arrest and to move within the district

- Proposed Order Allowing Vessel to Shift Between Berths – allows the Marshal or substitute custodian to move the vessel without petitioning the Court

- Warrant of Arrest

- Notice of Arrest – accompanies Complaint and Warrant of Arrest when the Marshal physically arrests the vessel

For Rule B Attachments: To commence a Rule B proceeding, the following additional documents are required:

1. Affidavit certifying that the defendant cannot be found within the district

2. Application for Order issuing writ of maritime attachment

3. Proposed Order authorizing writ of maritime attachment

4. Writ of maritime attachment, which is issued to the Marshal and provides authority to attach the defendant's property located in the district

5. Notice of Attachment (to accompany writ of maritime attachment)

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The Complaint must be verified by the Claimant, but if the Claimant resides outside the district where the arrest application is filed, the Complaint must be verified by the Claimants' attorneys. This verification must be notarized.

The original documents required by each Court and the documents which may be electronically filed vary by jurisdiction. Most Courts require an original signature on all initiating documents, but require electronic filing of subsequent documents. Other Courts permit a claimant to commence an action by filing the Complaint and all related documents electronically.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes. Once a vessel has been attached/arrested, U.S. courts will assume quasi in rem or in rem jurisdiction, respectively, up to the amount of the claim. Accordingly, the courts will have jurisdiction over the substantive claim, unless a forum selection clause requires that the claim be brought in a foreign jurisdiction.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Although there is no set period of time in which a Claimant that has caused a vessel to be attached/arrested must commence substantive proceedings, the answer to this question will depend largely on the judge assigned to the case. Many judges require that such proceedings be commenced as soon as possible.

18. Do the Courts of your country acknowledge wrongful arrest?

Yes; however, an arrest will only be set aside as wrongful in exceptional circumstances (i.e. – if the Defendant shows that the claimant acted with bad faith, malice or gross negligence).

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Yes. In arresting a vessel under Rule C, a Plaintiff need not pierce the corporate veil because the action is in rem against the vessel. However, in a Rule B attachment action, the corporate veil may be pierced. Although there are no mandatory requirements, the U.S. Courts consider ten (10) factors in determining whether the corporate veil may be pierced, including: disregard of corporate formalities; inadequate capitalization; intermingling of funds; overlap in ownership, officers, directors, and personnel; common office space, address & telephone numbers of corporate entities; the degree of discretion shown by the allegedly dominated corporation; whether the dealings between the entities are at arms length; whether the corporations are treated as independent profit centers; payment or guarantee of the corporation's debt by the dominating entity; and intermingling of property between entities.

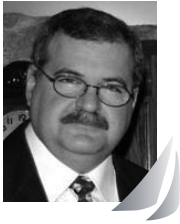
20. Is it possible to have a ship sold pendente lite; if so how long does it take?

Rule E(9) authorizes a Court to Order the marshal to conduct an interlocutory sale of a vessel if the property is perishable or subject to deterioration, decay, or injury by being detained in custody pending the action; the expense of keeping the property is excessive or disproportionate; or there is an unreasonable delay in securing the release of the property. The time frame for conducting the interlocutory sale of a vessel varies by jurisdiction/judge.



*\* George M. Chalos is the founding member of Chalos & Co, P.C.-International Law Firm and is experienced in all facets of maritime civil and criminal litigation. Mr. Chalos regularly acts as lead counsel in high profile Federal and State court matters throughout the United States, and has assisted in presenting claims before the London High Court of Justice. Additionally, Mr. Chalos is recognized as a leading attorney with respect to Marpol and other environmental pollution matters, including and particularly the defense of criminal pollution cases, as well as the complex third-party litigation arising from a pollution incident. Mr. Chalos is a published author with respect to the United States' vessel initiative program targeting suspected Marpol violators for criminal prosecution, as well as the presentation of claims to the Oil Spill Liability Trust Fund. For more information about vessel arrests or other questions of U.S. law, please feel free to contact Mr. Chalos.*

# SHIP ARREST IN VENEZUELA



By Jose Alfredo Sabatino Pizzolante\*  
SABATINO PIZZOLANTE Maritime & Commercial Attorneys  
jose.sabatino@sabatinop.com  
www.sabatinop.com

CC Inversiones Pareca, Piso 2, Ofc. 208/209  
Av. Salom, Urb. Cumboto Sur, 2050 Puerto Cabello  
Tel: +58 242 364 1026  
Fax: +58 242 3640998

## 1. Please give an overview of ship arrest practice in your country.

Rules related to the arrest of ships in Venezuela have significantly improved with the enactment of the Law on Maritime Commerce (LMC) published in the Official Gazette No.38,351 dated 5th January 2006. To some extent the notion of an action in rem has been included in the LMC, in the sense that actions can be exercised against the ship and her Master, without being necessary to make mention of the owners (art. 15 LMC), whereas the writ can be served by handing it over to anyone onboard the ship, and even by fixing one cartel in the ship in the presence of two (2) witnesses, if there is no anybody onboard (art.110 LMC). The arrest or the prohibition from sailing will be carried out by notification effected by the court to the Port Captaincy where the vessel is found. In urgent cases, the legislation allows to inform prohibition from sailing by electronic means, as prescribed by article 104 of the LMC.

## 2. Which International Convention applies to arrest of ships in your country?

Arrest of ships under Venezuelan law is governed by the provisions contained within the LMC, incorporating very much the 1999 International Convention of Arrest of Ships.

## 3. Is there any other way to arrest a ship in your jurisdiction?

Together with the exercise of the arrest of a ship in the terms allowed by law or “preventive embargo”, art. 103 of the LMC includes another mechanism for guarantee of a maritime claim according to which the holder of a maritime claim in respect of a ship may request from the competent court a “precautionary measure of prohibition from sailing”, in order to guarantee the existing maritime claim. The court shall agree on the petition without mayor formality, provided antecedents are submitted from which it can be inferred presumption of the right that is claimed. If these antecedents are not sufficient, the court may request a guarantee to decree this precautionary measure.

## 4. Are these alternatives e.g. saisie conservatoire or freezing order?

Following a ruling by the Supreme Court of Justice in 2004 it has been held that the arrest or preventive embargo does only proceed in the event of maritime claims as listed by the law. In case of credits different than those regarded as maritime claims then the prohibition from sailing is available pursuant the rules of the Civil Procedure Code.

## 5. For which types of claims can you arrest a ship?

Article 93 of the LMC contains the list of maritime claims giving rise to an arrest (embargo preventivo) of ship: a.- Loss or damage caused by the operation of the ship; b.- Loss of life or personal injury occurring, whether on land or on water, in direct connection with the operation of the ship; c.- Salvage operations or any salvage agreement, including, if applicable, special compensation relating to salvage operations in respect of a ship which by itself or its cargo threatened damage to the environment; d.- Damage or threat of damage caused by the ship to the environment, coastline or related interests; measures taken to prevent, minimize, or remove such damage; compensation for such damage; costs for reasonable measures of reinstatement of the environment actually undertaken or to be undertaken; loss incurred or likely to be incurred by third parties in connection with such damage; and damage, costs, or loss of a similar nature; e.- Costs or expenses relating to the raising, removal, recovery, destruction or the rendering armless of a ship which is sunk, wrecked, stranded or abandoned, including anything that is or has been on board such ship, and costs or expenses relating to the preservation of an abandoned ship and maintenance of its crew; f.- Any agreement relating to the use or hire of the ship, whether contained in a charter party or otherwise; g.- Any

agreement relating to the carriage of goods or passengers on board the ship, whether contained in a charter party or otherwise; h.- Loss of or damage to or in connection with goods (including luggage) carried on board the ship; i.- General average; j.- Towage; k.- Boating (Lanchaje); l.- Pilotage; m.- Goods, materials, provisions, bunkers, equipment (including containers) supplied or services rendered to the ship for its operation, management, preservation or maintenance; n.- Construction, reconstruction, repair, converting or equipping of the ship; o.- Port, canal, dock, harbor and other waterway dues and charges; p.- Wages and other sums due to the master, officers and other members of the ship's complement in respect of their employment on the ship, including costs of repatriation and social insurance contributions payable on their behalf; q.- Disbursements incurred on behalf of the ship or its owners; r.- Insurance premiums (including mutual insurance calls) in respect of the ship, payable by or on behalf of the shipowner or demise charterer; s.- Any commissions, brokerages or agency fees payable in respect of the ship by or on behalf of the shipowner or demise charterer; t.- Any dispute as to ownership or possession of the ship; u.- Any dispute between co-owners of the ship as to the employment or earnings of the ship; and, v.- A mortgage or a "hypothèque" or a charge of the same nature on the ship.

6. Can you arrest a ship irrespectively of her flag?

Yes. As per art. 13 of the LMC domestic maritime courts are competent to know of proceedings involving a foreign flag ship in cases where according to domestic legislation it can be arrested, unless there is an arbitration agreement or attributing competence to another jurisdiction, in which case the arrest will be granted for the purposes of obtaining a guarantee to execute the eventual arbitration award or judicial decision.

7. Can you arrest a ship irrespectively of the debtor?

Yes, it is possible to arrest a ship irrespective of the debtor being national or foreign.

8. What is the position as regards sister ships and ships in associated ownership?

The provisions set by the LMC allows the arrest of the ship in respect of which the maritime claim arose, as well as the arrest of a sister ship, but not one in associated ownership.

9. What is the position as regards Bareboat and Time-Chartered vessels?

As per art. 95 of the LMC the arrest of the bareboat ship is possible if the bareboat charterer by the time the maritime claim arose is obliged by virtue of the relevant credit. Time-Chartered ships, however, may be subject to a preventive measure of prohibition from sailing.

10. Do your Courts require counter-security in order to arrest a ship?

Art. 97 of the LMC states that the court as a condition to decree the arrest of the ship may request to the claimant, the submission of a guarantee in the amount and subject to the conditions determined by the former, for the claimant to answer for the damages that may cause as a consequence of the arrest. Usually this guarantee may take the shape of a bond equivalent to 30% of the claim amount as a maximum legal costs, plus the double of the said claim amount. As per art. 98 of the LMC the defendant may oppose the arrest or request the lifting of it, if in the opinion of the court sufficient security has been provided, save in cases in which a ship has been arrested in respect of any of the maritime claims related to ownership or co-owners disputes. In these cases, a bond or a Letter of Undertaking issued by a reputable P&I Club can be used if acceptable by claimants.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

In practice there is no difference, other than for the purposes of the priorities in the concurrence of credits.

12. Does you country recognise maritime liens? Under which International Convention, if any?

The LMC has incorporated the main provisions of the 1993 Convention on Mortgages and Maritime Liens. Consequently, the country does recognize maritime privileges or liens on a ship.

13. What lapse of time is required in order to arrest a ship since the moment the file arrives to your law firm?

Petition of arrest has to be filed before the First Instance Maritime Court, and formalities can be arranged preferably 96 hours in advance, provided needed documentation is available.



14. Do you need to provide a POA, or any other documents of the claim to the Court?

Power of Attorney will be needed to appear in court, together with any public or private document, accepted invoice, charter-party, bill of lading or similar document proving the existence of a maritime claim.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

The Law on Maritime Procedures (published in the Official Gazette Extraordinary No.5,554, dated 13th November 2001) allows the use of the electronic Power of Attorney; for the purposes of submittal and admission of a lawsuit or any other petition, representation of the plaintiff may be proved by written or electronic means, provided it is accompanied by a guarantee of 10,000 units of account; however, this must be later replaced by the formally granted POA. All supporting documentation must be submitted in original duly notarized with the Apostille formalities as per the 1961 Hague Convention and translated into Spanish by public interpreter.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

According to art. 100 of the LMC the Court granting the arrest or receiving the guarantee to allow the release of the ship will be competent to deal with the merits, unless the parties have validly agreed to submit the matter to arbitration or to a foreign jurisdiction.

17. Which period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

Art. 14 of the LMC states that the court shall suspend any anticipated arrest granted prior to legal proceedings, if within the following ten (10) running days to be counted from the date of the arrest was effected, the lawsuit is not filed. This happens when the arrest is requested by way of petition for prohibition from sailing without filing the lawsuit with arrangement to art. 10 and 103 of the LMC. If granted the arrest or submitted the guarantee to release the ship, the Court is not competent to deal with the merits a period of time shall be given for the lawsuit to be brought either in the competent court or arbitration as per art. 101 of the LMC.

18. Do the Courts of your country acknowledge wrongful arrest?

Eventual damages for wrongful arrest are prescribed by article 99 of the LMC, according to which the court which grants the arrest of a ship, will be competent to determine the extent of liability of the claimant, for any loss which may be incurred by the defendant as a result of the arrest in consequence of: a) the arrest having been wrongful or unjustified; or b) excessive security having been demanded and provided.

19. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Although it has been accepted in some employment cases, this has had little development and there are no precedents in the maritime field at the moment.

20. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

Art. 106 of the LMC states that after 30 continuous days following the arrest of the ship, without the shipowner not attending to proceedings, the court at the request of the claimant, may order the anticipated auction of the ship, subject to the claimant submitting sufficient guarantee, provided the claim exceeds the 20% of the value of the ship and it is expose to ruin, obsolescence or deterioration.

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\* Mr. José Alfredo Sabatino Pizzolante holds a Law Degree from the University of Carabobo (Venezuela). He studied at the University of Wales, College of Cardiff, where he obtained an MSc in Port and Shipping Administration as well as an LL.M in Maritime Law. Currently he is a Partner of Sabatino Pizzolante Abogados Marítimos & Comerciales, a law firm specializing in Maritime, Port and Customs Law, and a Professor at the Universidad Marítima del Caribe (Caracas). Mr. Sabatino Pizzolante has wide experience on P&I matters. He is also a Legal Advisor to the Venezuelan Shipping Association, Vice-President of the Port and Customs Committee of the Venezuelan Association of Maritime Law, Executive Vice-President of the Venezuelan Association of Port Law, Titular Member of the Comité Maritime International and the Iberoamerican Institute of Maritime Law. He has extensively written on the Venezuelan maritime law subject, attending to many international seminars and congress as speaker.



## APPENDIX 1

# INTERNATIONAL CONVENTION RELATING TO THE ARREST OF SEA-GOING SHIPS, 1952

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### ARTICLE 1:

In this Convention the following words shall have the meanings hereby assigned to them:

1. "Maritime Claim" means a claim arising out of one or more of the following:

(a) damage caused by any ship either in collision or otherwise;  
(b) loss of life or personal injury caused by any ship or occurring in connexion with the operation of any ship;

(c) salvage;

(d) agreement relating to the use or hire of any ship whether by charterparty or otherwise;

(e) agreement relating to the carriage of goods in any ship whether by charterparty or otherwise;

(f) loss of or damage to goods including baggage carried in any ship;

(g) general average;

(h) bottomry;

(i) towage;

(j) pilotage;

(k) goods or materials wherever supplied to a ship for her operation or maintenance;

(l) construction, repair or equipment of any ship or dock charges and dues;

(m) wages of Masters, Officers, or crew;

(n) Master's disbursements, including disbursements made by shippers, charterers or agent on behalf of a ship or her owner;

(o) disputes as to the title to or ownership of any ship;

(p) disputes between co-owners of any ship as to the ownership, possession, employment, or earnings of that ship;

(q) the mortgage or hypothecation of any ship.

2. "Arrest" means the detention of a ship by judicial process to secure a maritime claim, but does not include the seizure of a ship in execution or satisfaction of a judgment.

3. "Person" includes individuals, partnerships and bodies corporate, Governments, their Departments, and Public Authorities.

4. "Claimant" means a person who alleges that a maritime claim exists in his favour.

### ARTICLE 2:

A ship flying the flag of one of the Contracting States may be arrested in the jurisdiction of any of the Contracting States in respect of any maritime claim, but in respect of no other claim; but nothing in this Convention shall be deemed to extend or restrict any right or powers vested in any governments or their departments, public authorities, or dock or harbour authorities under their existing domestic laws or regulations to arrest, detain or otherwise prevent the sailing of vessels within their jurisdiction.

### ARTICLE 3:

1. Subject to the provisions of paragraph. (4) of this article and of article 10, a claimant may arrest either the particular ship in respect of which the maritime claim arose, or any other ship which is owned by the person who was, at the time when the maritime claim arose, the owner of the particular ship, even though the ship arrested be ready to sail; but no ship, other than the particular ship in respect of which the claim arose, may be arrested in respect of any of the maritime claims enumerated in article 1, (o), (p) or (q).

2. Ships shall be deemed to be in the same ownership when all the shares therein are owned by the same person or persons.

3. A ship shall not be arrested, nor shall bail or other security be given more than once in any one or more of the jurisdictions of any of the Contracting States in respect of the same maritime claim by the same claimant: and, if a ship has been arrested in any of such jurisdictions, or bail or other security has been given in such jurisdiction either to release the ship or to avoid a threatened arrest, any subsequent arrest of the ship or of any ship in the same ownership by the same claimant for the maritime claim shall be set aside, and the ship released by the Court or other appropriate judicial authority of that

State, unless the claimant can satisfy the Court or other appropriate judicial authority that the bail or other security had been finally released before the subsequent arrest or that there is other good cause for maintaining that arrest.

4. When in the case of a charter by demise of a ship the charterer and not the registered owner is liable in respect of a maritime claim relating to that ship, the claimant may arrest such ship or any other ship in the ownership of the charterer by demise, subject to the provisions of this Convention, but no other ship in the ownership of the registered owner shall be liable to arrest in respect of such maritime claim. The provisions of this paragraph shall apply to any case in which a person other than the registered owner of a ship is liable in respect of a maritime claim relating to that ship.

#### **ARTICLE 4:**

A ship may only be arrested under the authority of a Court or of the appropriate judicial authority of the contracting State in which the arrest is made.

#### **ARTICLE 5:**

The Court or other appropriate judicial authority within whose jurisdiction the ship has been arrested shall permit the release of the ship upon sufficient bail or other security being furnished, save in cases in which a ship has been arrested in respect of any of the maritime claims enumerated in article 1, (o) and (p). In such cases the Court or other appropriate judicial authority may permit the person in possession of the ship to continue trading the ship, upon such person furnishing sufficient bail or other security, or may otherwise deal with the operation of the ship during the period of the arrest. In default of agreement between the parties as to the sufficiency of the bail or other security, the Court or other appropriate judicial authority shall determine the nature and amount thereof. The request to release the ship against such security shall not be construed as an acknowledgment of liability or as a waiver of the benefit of the legal limitations of liability of the owner of the ship.

#### **ARTICLE 6:**

All questions whether in any case the claimant is liable in damages for the arrest of a ship or for the costs of the bail or other security furnished to release or prevent the arrest of a ship, shall be determined by the law of the Contracting State in whose jurisdiction the arrest was made or applied for. The rules of procedure relating to the arrest of a ship, to the application for obtaining the authority referred to in Article 4, and to all matters of procedure which the arrest may entail, shall be governed by the law of the Contracting State in which the arrest was made or applied for.

#### **ARTICLE 7:**

1. The Courts of the country in which the arrest was made shall have jurisdiction to determine the case upon its merits if the domestic law of the country in which the arrest is made gives jurisdiction to such Courts, or in any of the following cases namely:

- (a) if the claimant has his habitual residence or principal place of business in the country in which the arrest was made;
- (b) if the claim arose in the country in which the arrest was made;
- (c) if the claim concerns the voyage of the ship during which the arrest was made;
- (d) if the claim arose out of a collision or in circumstances covered by article 13 of the International Convention for the unification of certain rules of law with respect to collisions between vessels, signed at Brussels on 23rd September 1910;
- (e) if the claim is for salvage;
- (f) if the claim is upon a mortgage or hypothecation of the ship arrested.

2. If the Court within whose jurisdiction the ship was arrested has not jurisdiction to decide upon the merits, the bail or other security given in accordance with article 5 to procure the release of the ship shall specifically provide that it is given as security for the satisfaction of any judgment which may eventually be pronounced by a Court having jurisdiction so to decide; and the Court or other appropriate judicial authority of the country in which the claimant shall bring an action before a Court having such jurisdiction.

3. If the parties have agreed to submit the dispute to the jurisdiction of a particular Court other than that within whose jurisdiction the arrest was made or to arbitration, the Court or other appropriate judicial authority within whose jurisdiction the arrest was made may fix the time within which the claimant shall bring proceedings.

4. If, in any of the cases mentioned in the two preceding paragraphs, the action or proceeding is not brought within the time so fixed, the defendant may apply for the release of the ship or of the bail or other security.

5. This article shall not apply in cases covered by the provisions of the revised Rhine Navigation Convention of 17 October 1868.

#### **ARTICLE 8:**

1. The provisions of this Convention shall apply to any vessel flying the flag of a Contracting State in the jurisdiction of any Contracting State.

2. A ship flying the flag of a non-Contracting State may be arrested in the jurisdiction of any Contracting State in respect of any of the maritime claims enumerated in article 1 or of any other claim for which the law of the Contracting State permits arrest.

3. Nevertheless any Contracting State shall be entitled wholly or partly to exclude from the benefits of this convention any government of a non-Contracting State or any person who has not, at the time of the arrest, his habitual residence or principal place of business in one of the Contracting States.

4. Nothing in this Convention shall modify or affect the rules of law in force in the respective Contracting States relating to the arrest of any ship within the jurisdiction of the State of her flag by a person who has his habitual residence or principal place of business in that State.

5. When a maritime claim is asserted by a third party other than the original claimant, whether by subrogation, assignment or other-wise, such third party shall, for the purpose of this Convention, be deemed to have the same habitual residence or principal place of business as the original claimant.

#### **ARTICLE 9:**

Nothing in this Convention shall be construed as creating a right of action, which, apart from the provisions of this Convention, would not arise under the law applied by the Court which was seized of the case, nor as creating any maritime liens which do not exist under such law or under the Convention on maritime mortgages and liens, if the latter is applicable.

#### **ARTICLE 10:**

The High Contracting Parties may at the time of signature, deposit or ratification or accession, reserve: (a) the right not to apply this Convention to the arrest of a ship for any of the claims enumerated in paragraphs (o ) and (p) of article 1, but to apply their domestic laws to such claims; (b) the right not to apply the first paragraph of article 3 to the arrest of a ship within their jurisdiction for claims set out in article 1 paragraph (q).

#### **ARTICLE 11:**

The High Contracting Parties undertake to submit to arbitration any disputes between States arising out of the interpretation or application of this Convention, but this shall be without prejudice to the obligations of those High Contracting Parties who have agreed to submit their disputes to the International Court of Justice.

#### **ARTICLE 12:**

This Convention shall be open for signature by the States represented at the Ninth Diplomatic Conference on Maritime Law. The protocol of signature shall be drawn up through the good offices of the Belgian Ministry of Foreign Affairs.

#### **ARTICLE 13:**

This Convention shall be ratified and the instruments of ratification shall be deposited with the Belgian Ministry of Foreign Affairs which shall notify all signatory and acceding States of the deposit of any such instruments.

#### **ARTICLE 14:**

(a ) This Convention shall come into force between the two States which first ratify it, six months after the date of the deposit of the second instrument of ratification.

(b ) This Convention shall come into force in respect of each signatory State which ratifies it after the deposit of the second instrument of ratification six months after the date of the deposit of the instrument of ratification of that State.

#### **ARTICLE 15:**

Any State not represented at the Ninth Diplomatic Conference on Maritime Law may accede to this Convention. The accession of any State shall be notified to the Belgian Ministry of Foreign Affairs which shall inform through diplomatic channels all signatory and acceding States of such notification.

The Convention shall come into force in respect of the acceding State six months after the date of the receipt of such notification but not before the Convention has come into force in accordance with the provisions of Article 14(a).

#### **ARTICLE 16:**

Any High Contracting Party may three years after coming into force of this Convention in respect of such High Contracting Party or at any time thereafter request that a conference be convened in order to consider amendments to the Convention. Any High Contracting Party proposing to avail itself of this right shall notify the Belgian Government which shall convene the conference within six months thereafter.

#### **ARTICLE 17:**

Any High Contracting Party shall have the right to denounce this Convention at any time after the coming into force thereof in respect of such High Contracting Party. This denunciation shall take effect one year after the date on which notification thereof has been received by the Belgian Government

which shall inform through diplomatic channels all the other High Contracting Parties of such notification.

**ARTICLE 18:**

(a ) Any High Contracting Party may at the time of its ratification of or accession to this Convention or at any time thereafter declare by written notification to the Belgian Ministry of Foreign Affairs that the Convention shall extend to any of the territories for whose international relations it is responsible. The Convention shall six months after the date of the receipt of such notification by the Belgian Ministry of Foreign Affairs extend to the territories named therein, but not before the date of the coming into force of the Convention in respect of such High Contracting Party.

(b ) A High Contracting Party which has made a declaration under paragraph (a ) of this Article extending the Convention to any territory for whose international relations it is responsible may at any time thereafter declare by notification given to the Belgian Ministry of Foreign Affairs that the Convention shall cease to extend to such territory and the Convention shall one year after the receipt of the notification by the Belgian Ministry of Foreign Affairs cease to extend thereto.

(c ) The Belgian Ministry of Foreign Affairs shall inform through diplomatic channels all signatory and acceding States of any notification received by it under this Article.



# INTERNATIONAL CONVENTION ON ARREST OF SHIPS, 1999

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### ARTICLE 1:

#### Definitions

For the purposes of this Convention:

1. "Maritime Claim" means a claim arising out of one or more of the following:
  - a) loss or damage caused by the operation of the ship;
  - b) loss of life or personal injury occurring, whether on land or on water, in direct connection with the operation of the ship;
  - c) salvage operations or any salvage agreement, including, if applicable, special compensation relating to salvage operations in respect of a ship which by itself or its cargo threatened damage to the environment;
  - d) damage or threat of damage caused by the ship to the environment, coastline or related interests; measures taken to prevent, minimize, or remove such damage; compensation for such damage; costs of reasonable measures of reinstatement of the environment actually undertaken or to be undertaken; loss incurred or likely to be incurred by third parties in connection with such damage; and damage, costs, or loss of a similar nature to those identified in this subparagraph (d);
  - e) costs or expenses relating to the raising, removal, recovery, destruction or the rendering harmless of a ship which is sunk, wrecked, stranded or abandoned, including anything that is or has been on board such ship, and costs or expenses relating to the preservation of an abandoned ship and maintenance of its crew;
  - f) any agreement relating to the use or hire of the ship, whether contained in a charter party or otherwise;
  - g) any agreement relating to the carriage of goods or passengers on board the ship, whether contained in a charter party or otherwise;
  - h) loss of or damage to or in connection with goods (including luggage) carried on board the ship;
  - i) general average;
  - j) towage;
  - k) pilotage;
  - l) goods, materials, provisions, bunkers, equipment (including containers) supplied or services rendered to the ship for its operation, management, preservation or maintenance;
  - m) construction, reconstruction, repair, converting or equipping of the ship;
  - n) port, canal, dock, harbour and other waterway dues and charges;
  - o) wages and other sums due to the master, officers and other members of the ship's complement in respect of their employment on the ship, including costs of repatriation and social insurance contributions payable on their behalf;
  - p) disbursements incurred on behalf of the ship or its owners;
  - q) insurance premiums (including mutual insurance calls) in respect of the ship, payable by or on behalf of the shipowner or demise charterer;
  - r) any commissions, brokerages or agency fees payable in respect of the ship by or on behalf of the shipowner or demise charterer;
  - s) any dispute as to ownership or possession of the ship;
  - t) any dispute between co-owners of the ship as to the employment or earnings of the ship;
  - u) a mortgage or a "hypothèque" or a charge of the same nature on the ship;
  - v) any dispute arising out of a contract for the sale of the ship.
2. "Arrest" means any detention or restriction on removal of a ship by order of a Court to secure a maritime claim, but does not include the seizure of a ship in execution or satisfaction of a judgment or other enforceable instrument.
3. "Person" means any individual or partnership or any public or private body, whether corporate or not, including a State or any of its constituent subdivisions.
4. "Claimant" means any person asserting a maritime claim.
5. "Court" means any competent judicial authority of a State.

## **ARTICLE 2:**

### **Powers of arrest**

1. A ship may be arrested or released from arrest only under the authority of a Court of the State Party in which the arrest is effected.
2. A ship may only be arrested in respect of a maritime claim but in respect of no other claim.
3. A ship may be arrested for the purpose of obtaining security notwithstanding that, by virtue of a jurisdiction clause or arbitration clause in any relevant contract, or otherwise, the maritime claim in respect of which the arrest is effected is to be adjudicated in a State other than the State where the arrest is effected, or is to be arbitrated, or is to be adjudicated subject to the law of another State.
4. Subject to the provisions of this Convention, the procedure relating to the arrest of a ship or its release shall be governed by the law of the State in which the arrest was effected or applied for.

## **ARTICLE 3:**

### **Exercise of right of arrest**

1. Arrest is permissible of any ship in respect of which a maritime claim is asserted if:
  - a) the person who owned the ship at the time when the maritime claim arose is liable for the claim and is owner of the ship when the arrest is effected; or
  - b) the demise charterer of the ship at the time when the maritime claim arose is liable for the claim and is demise charterer or owner of the ship when the arrest is effected; or
  - c) the claim is based upon a mortgage or a "hypothèque" or a charge of the same nature on the ship; or
  - d) the claim relates to the ownership or possession of the ship; or
  - e) the claim is against the owner, demise charterer, manager or operator of the ship and is secured by a maritime lien which is granted or arises under the law of the State where the arrest is applied for.
2. Arrest is also permissible of any other ship or ships which, when the arrest is effected, is or are owned by the person who is liable for the maritime claim and who was, when the claim arose:
  - a) owner of the ship in respect of which the maritime claim arose; or
  - b) demise charterer, time charterer or voyage charterer of that ship.This provision does not apply to claims in respect of ownership or possession of a ship.
3. Notwithstanding the provisions of paragraphs 1 and 2 of this article, the arrest of a ship which is not owned by the person liable for the claim shall be permissible only if, under the law of the State where the arrest is applied for, a judgment in respect of that claim can be enforced against that ship by judicial or forced sale of that ship.

## **ARTICLE 4:**

### **Release from arrest**

1. A ship which has been arrested shall be released when sufficient security has been provided in a satisfactory form, save in cases in which a ship has been arrested in respect of any of the maritime claims enumerated in article 1, paragraphs 1 (s) and (t). In such cases, the Court may permit the person in possession of the ship to continue trading the ship, upon such person providing sufficient security, or may otherwise deal with the operation of the ship during the period of the arrest.
2. In the absence of agreement between the parties as to the sufficiency and form of the security, the Court shall determine its nature and the amount thereof, not exceeding the value of the arrested ship.
3. Any request for the ship to be released upon security being provided shall not be construed as an acknowledgement of liability nor as a waiver of any defence or any right to limit liability.
4. If a ship has been arrested in a non-party State and is not released although security in respect of that ship has been provided in a State Party in respect of the same claim, that security shall be ordered to be released on application to the Court in the State Party.
5. If in a non-party State the ship is released upon satisfactory security in respect of that ship being provided, any security provided in a State Party in respect of the same claim shall be ordered to be released to the extent that the total amount of security provided in the two States exceeds:
  - a) the claim for which the ship has been arrested, or
  - b) the value of the ship,whichever is the lower. Such release shall, however, not be ordered unless the security provided in the non-party State will actually be available to the claimant and will be freely transferable.
- 6: Where, pursuant to paragraph 1 of this article, security has been provided, the person providing such security may at any time apply to the Court to have that security reduced, modified, or cancelled.

## **ARTICLE 5:**

### **Right of re-arrest and multiple arrest**

1. Where in any State a ship has already been arrested and released or security in respect of that ship has already been provided to secure a maritime claim, that ship shall not thereafter be rearrested or arrested in respect of the same maritime claim unless:
  - a) the nature or amount of the security in respect of that ship already provided in respect of the same claim is inadequate, on condition that the aggregate amount of security may not exceed the value



of the ship; or

b) the person who has already provided the security is not, or is unlikely to be, able to fulfil some or all of that person's obligations; or

c) the ship arrested or the security previously provided was released either:

i) upon the application or with the consent of the claimant acting on reasonable grounds, or

ii) because the claimant could not by taking reasonable steps prevent the release.

2. Any other ship which would otherwise be subject to arrest in respect of the same maritime claim shall not be arrested unless:

a) the nature or amount of the security already provided in respect of the same claim is inadequate; or

b) the provisions of paragraph 1 (b) or (c) of this article are applicable.

3. "Release" for the purpose of this article shall not include any unlawful release or escape from arrest.

#### **ARTICLE 6:**

Protection of owners and demise charterers of arrested ships

1. The Court may as a condition of the arrest of a ship, or of permitting an arrest already effected to be maintained, impose upon the claimant who seeks to arrest or who has procured the arrest of the ship the obligation to provide security of a kind and for an amount, and upon such terms, as may be determined by that Court for any loss which may be incurred by the defendant as a result of the arrest, and for which the claimant may be found liable, including but not restricted to such loss or damage as may be incurred by that defendant in consequence of:

a) the arrest having been wrongful or unjustified; or

b) excessive security having been demanded and provided.

2. The Courts of the State in which an arrest has been effected shall have jurisdiction to determine the extent of the liability, if any, of the claimant for loss or damage caused by the arrest of a ship, including but not restricted to such loss or damage as may be caused in consequence of:

a) the arrest having been wrongful or unjustified, or

b) excessive security having been demanded and provided.

3. The liability, if any, of the claimant in accordance with paragraph 2 of this article shall be determined by application of the law of the State where the arrest was effected.

4. If a Court in another State or an arbitral tribunal is to determine the merits of the case in accordance with the provisions of article 7, then proceedings relating to the liability of the claimant in accordance with paragraph 2 of this article may be stayed pending that decision.

5. Where pursuant to paragraph 1 of this article security has been provided, the person providing such security may at any time apply to the Court to have that security reduced, modified or cancelled.

#### **ARTICLE 7:**

Jurisdiction on the merits of the case

1. The Courts of the State in which an arrest has been effected or security provided to obtain the release of the ship shall have jurisdiction to determine the case upon its merits, unless the parties validly agree or have validly agreed to submit the dispute to a Court of another State which accepts jurisdiction, or to arbitration.

2. Notwithstanding the provisions of paragraph 1 of this article, the Courts of the State in which an arrest has been effected, or security provided to obtain the release of the ship, may refuse to exercise that jurisdiction where that refusal is permitted by the law of that State and a Court of another State accepts jurisdiction.

3. In cases where a Court of the State where an arrest has been effected or security provided to obtain the release of the ship:

a) does not have jurisdiction to determine the case upon its merits; or

b) has refused to exercise jurisdiction in accordance with the provisions of paragraph 2 of this article, such Court may, and upon request shall, order a period of time within which the claimant shall bring proceedings before a competent Court or arbitral tribunal.

4. If proceedings are not brought within the period of time ordered in accordance with paragraph 3 of this article then the ship arrested or the security provided shall, upon request, be ordered to be released.

5. If proceedings are brought within the period of time ordered in accordance with paragraph 3 of this article, or if proceedings before a competent Court or arbitral tribunal in another State are brought in the absence of such order, any final decision resulting therefrom shall be recognized and given effect with respect to the arrested ship or to the security provided in order to obtain its release, on condition that:

a) the defendant has been given reasonable notice of such proceedings and a reasonable opportunity to present the case for the defence; and

b) such recognition is not against public policy (ordre public)

6. Nothing contained in the provisions of paragraph 5 of this article shall restrict any further effect

given to a foreign judgment or arbitral award under the law of the State where the arrest of the ship was effected or security provided to obtain its release.

#### **ARTICLE 8:**

##### **Application**

1. This Convention shall apply to any ship within the jurisdiction of any State Party, whether or not that ship is flying the flag of a State Party.
2. This Convention shall not apply to any warship, naval auxiliary or other ships owned or operated by a State and used, for the time being, only on government non-commercial service.
3. This Convention does not affect any rights or powers vested in any Government or its departments, or in any public authority, or in any dock or harbour authority, under any international convention or under any domestic law or regulation, to detain or otherwise prevent from sailing any ship within their jurisdiction.
4. This Convention shall not affect the power of any State or Court to make orders affecting the totality of a debtor's assets.
5. Nothing in this Convention shall affect the application of international conventions providing for limitation of liability, or domestic law giving effect thereto, in the State where an arrest is effected.
6. Nothing in this Convention shall modify or affect the rules of law in force in the States Parties relating to the arrest of any ship physically within the jurisdiction of the State of its flag procured by a person whose habitual residence or principal place of business is in that State, or by any other person who has acquired a claim from such person by subrogation, assignment or otherwise.

#### **ARTICLE 9:**

##### **Non-creation of maritime liens**

Nothing in this Convention shall be construed as creating a maritime lien.

#### **ARTICLE 10:**

##### **Reservations**

1. Any State may, at the time of signature, ratification, acceptance, approval, or accession, or at any time thereafter, reserve the right to exclude the application of this Convention to any or all of the following :
  - a) ships which are not seagoing;
  - b) ships not flying the flag of a State Party;
  - c) claims under article 1, paragraph 1 (s).
2. A State may, when it is also a State Party to a specified treaty on navigation on inland waterways, declare when signing, ratifying, accepting, approving or acceding to this Convention, that rules on jurisdiction, recognition and execution of court decisions provided for in such treaties shall prevail over the rules contained in article 7 of this Convention.

#### **ARTICLE 11:**

##### **Depositary**

This Convention shall be deposited with the Secretary-General of the United Nations.

#### **ARTICLE 12:**

##### **Signature, ratification, acceptance, approval and accession**

1. This Convention shall be open for signature by any State at the Headquarters of the United Nations, New York, from 1 September 1999 to 31 August 2000 and shall thereafter remain open for accession.
2. States may express their consent to be bound by this Convention by:
  - a) signature without reservation as to ratification, acceptance or approval;
  - b) signature subject to ratification, acceptance or approval, followed by ratification, acceptance or approval; or
  - c) accession.
3. Ratification, acceptance, approval or accession shall be effected by the deposit of an instrument to that effect with the depositary.

#### **ARTICLE 13:**

##### **States with more than one system of law**

1. If a State has two or more territorial units in which different systems of law are applicable in relation to matters dealt with in this Convention, it may at the time of signature, ratification, acceptance, approval or accession declare that this Convention shall extend to all its territorial units or only to one or more of them and may modify this declaration by submitting another declaration at any time.
2. Any such declaration shall be notified to the depositary and shall state expressly the territorial units to which the Convention applies.
3. In relation to a State Party which has two or more systems of law with regard to arrest of ships applicable in different territorial units, references in this Convention to the Court of a State and the law of a State shall be respectively construed as referring to the Court of the relevant territorial unit

within that State and the law of the relevant territorial unit of that State.

**ARTICLE 14:**

Entry into force

1. This Convention shall enter into force six months following the date on which 10 States have expressed their consent to be bound by it.
2. For a State which expresses its consent to be bound by this Convention after the conditions for entry into force thereof have been met, such consent shall take effect three months after the date of expression of such consent.

**ARTICLE 15:**

Revision and amendment

1. A conference of States Parties for the purpose of revising or amending this Convention shall be convened by the Secretary-General of the United Nations at the request of one-third of the States Parties.
2. Any consent to be bound by this Convention, expressed after the date of entry into force of an amendment to this Convention, shall be deemed to apply to the Convention, as amended.

**ARTICLE 16:**

Denunciation

1. This Convention may be denounced by any State Party at any time after the date on which this Convention enters into force for that State.
2. Denunciation shall be effected by deposit of an instrument of denunciation with the depositary.
3. A denunciation shall take effect one year, or such longer period as may be specified in the instrument of denunciation, after the receipt of the instrument of denunciation by the depositary.

**ARTICLE 17:**

Languages

This Convention is established in a single original in the Arabic, Chinese, English, French, Russian and Spanish languages, each text being equally authentic.



## APPENDIX 3

# INTERNATIONAL CONVENTION FOR THE UNIFICATION OF CERTAIN RULES OF LAW RELATING TO MARITIME LIENS AND MORTGAGES, 1926

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### **Article 1:**

Mortgages, hypothecations, and other similar charges upon vessels, duly effected in accordance with the law of the Contracting State to which the vessel belongs, and registered in a public register either at the port of the vessel's registry or at a central office, shall be regarded as valid and respected in all the other contracting countries.

### **Article 2:**

The following give rise to maritime liens on a vessel, on the freight for the voyage during which the claim giving rise to the lien arises, and on the accessories of the vessel and freight accrued since the commencement of the voyage;

1. Law costs due to the State, and expenses incurred in the common interest of the creditors in order to preserve the vessel or to procure its sale and the distribution of the proceeds of sale; tonnage dues, light or harbour dues, and other public taxes and charges of the same character; pilotage dues; the cost of watching and preservation from the time of the entry of the vessel into the last port;
2. Claims arising out of the contract of engagement of the master, crew and other persons hired on board;
3. Remuneration for assistance and salvage, and the contribution of the vessel in general average;
4. Indemnities for collision or other accident of navigation, as also for damage caused to works forming part of harbours, docks, and navigable ways; indemnities for personal injury to passengers or crew; indemnities for loss of or damage to cargo or baggage;
5. Claims resulting from contracts entered into or acts done by the master, acting within the scope of his authority away from the vessel's home port, where such contracts or acts are necessary for the preservation of the vessel or the continuation of its voyage, whether the master is or is not at the same time owner of the vessel, and whether the claim is his own or that of ship-chandlers, repairers, lenders, or other contractual creditors.

### **Article 3:**

The mortgages, hypothecations, and other charges on vessels referred to in Article 1 rank immediately after the secured claims referred to in the preceding Article. National laws may grant a lien in respect of claims other than those referred to in the said last-mentioned Article, so, however, as not to modify the ranking of claims secured by mortgages, hypothecations, and other similar charges, or by the liens taking precedence thereof.

### **Article 4:**

The accessories of the vessel and the freight mentioned in Article 2 mean:

1. Compensation due to the owner for material damage sustained by the vessel and not repaired, or for loss of freight;
2. General average contributions due to the owner, in respect of material damage sustained by the vessel and not repaired, or in respect of loss of freight;
3. Remuneration due to the owner for assistance and salvage services rendered at any time before the end of the voyage, any sums allotted to the master or other persons in the service of the vessel being deducted.

The provision as to freight apply also to passage money, and, in the last resort, to the sums due under Article 4 of the Convention on the limitation of shipowners' liability.

Payments made or due to the owner on policies of insurance, as well as bounties, subventions, and other national subsidies are not deemed to be accessories of the vessel or of the freight. Notwithstanding anything in the opening words of Article 2.(2), the lien in favour of persons in the service of the vessel extends, to the total amount of freight due for all voyages made during the subsistence of the same contract of engagement.

**Article 5:**

Claims secured by a lien and relating to the same voyage rank in the order in which they are set out in Article 2. Claims included under any one heading share concurrently and rateably in the event of the fund available being insufficient to pay the claims in full.

The claims mentioned under Nos. 3 and 5 in that Article rank, in each of the two categories, in the inverse order of the dates on which they came into existence.

Claims arising from one and the same occurrence are deemed to have come into existence at the same time.

**Article 6:**

Claims secured by a lien and attaching to the last voyage have priority over those attaching to previous voyage.

Provided that claims, arising on one and the same contract of engagement extending over several voyages, all rank with claims attaching to the last voyage.

**Article 7:**

As regards the distribution of the sum resulting from the sale of the property subject to a lien, the creditors whose claims are secured by a lien have the right to put forward their claims in full, without any deduction on account of the rules relating to limitation of liability provided, however, that the sum apportioned to them may not exceed the sum due having regard to the said rules.

**Article 8:**

Claims secured by a lien follow the vessel into whatever hands it may pass.

**Article 9:**

The liens cease to exist, apart from other cases provided for by national laws, at the expiration of one year, and, in the case of liens for supplies mentioned in No.5 of Article 2, shall continue in force for not more than six months.

The periods for which the lien remains in force in the case of liens securing claims in respect of assistance and salvage run from the day when the services terminated, in the case of liens securing claims in respect of collision and other accidents and in respect of bodily injuries from the day when the damage was caused; in the case of liens for the loss of or damage or cargo or baggage from the day of the delivery of the cargo or baggage or from the day when they should have been delivered; for repairs and supplies and other cases mentioned in No.5 of Article 2 from the day the claim originated. In all the other cases the period runs from the enforceability of the claim.

The fact that any of the persons employed on board, mentioned in No. 2 of Article 2 has a right to any payment in advance or on account does not render his claim enforceable. As respects the cases provided for in the national laws in which a lien is extinguished, a sale shall extinguish a lien only if accompanied by formalities of publicity which shall be laid down by the national laws.

These formalities shall include a notice given in such form and within such time as the national laws may prescribe to the authority charged with keeping the registers referred to in Article 1 of this Convention.

The grounds upon which the above periods may be interrupted are determined by the law of the court where the case is tried.

The High Contracting Parties reserve to themselves the right to provide by legislation in their respective countries, that the said periods shall be extended in cases where it has not been possible to arrest the vessel to which a lien attaches in the territorial waters of the state in which the claimant has his domicile or his principal place of business, provided that the extended period shall not exceed three years from the time when the claim originated.

**Article 10:**

A lien on freight may be enforced so long as the freight is still due or the amount of the freight is still in the hands of the master or the agent of the owner. The same principle applies to a lien on accessories.

**Article 11:**

Subject to the provisions of this Convention, liens established by the preceding provisions are subject to no formality and to no special condition of proof. This provision does not affect the right of any State to maintain in the legislation provisions requiring the master of a vessel to fulfil special formalities in the case of certain loans raised on the security of the vessel, or in the case of the sale of its cargo.

**Article 12:**

National laws must prescribe the nature and the form of documents to be carried on board the vessel in which entry must be made of the mortgages, hypothecations, and other charges referred to in Article 1; so, however, that the mortgagees requiring such entry in the said form be not held responsible for any omission, mistake, or delay in inscribing the same on the said documents.

**Article 13:**

The foregoing provisions apply to vessels under the management of a person who operates them without owning them or to the principal charterer, except in cases where the owner has been dispossessed by an illegal act or where the claimant is not a bona fide claimant.

**Article 14:**

The provisions of this Convention shall be applied in each Contracting State in cases in which the vessel to which the claim relates belongs to a Contracting State as well as in any other cases provided for by the national laws. Nevertheless the principle formulated in the preceding paragraph does not affect the right of the Contracting States not to apply the provisions of this Convention in favour of the nationals of a non-contracting State.

**Article 15:**

This Convention does not apply to vessels of war, nor to government vessels appropriated exclusively to the public service.

**Article 16:**

Nothing in the foregoing provisions shall be deemed to affect in any way the competence of tribunals, modes of procedure or methods of execution authorized by the national law.

**Article 17:**

After an interval of not more than two years from the day on which the Convention is signed, the Belgian Government shall place itself in communication with the Governments of the High Contracting Parties which have declared themselves prepared to ratify the Convention, with a view to deciding whether it shall be put into force. The ratifications shall be deposited at Brussels at a date to be fixed by agreement among the said Governments. The first deposit of ratifications shall be recorded in a process-verbal signed by the representatives of the powers which take part therein and by the Belgian Minister for Foreign Affairs.

The subsequent deposits of ratifications shall be made by means of a written notification, addressed to the Belgian Government, and accompanied by the instrument of ratification. A duly certified copy of the process-verbal relating to the first deposit of ratifications, of the notification referred to in the previous paragraph, and also of the instruments of ratification accompanying them, shall be immediately sent by the Belgian Government through the diplomatic channel to the powers who have signed this Convention or who have acceded to it. In the cases contemplated in the preceding paragraph the said Government shall inform them at the same time of the date on which it received the notification.

**Article 18:**

Non-signatory States may accede to the present Convention whether or not they have been represented at the international Conference at Brussels.

A State which desires to accede shall notify its intention in writing to the Belgian Government, forwarding to it the document of accession which shall be deposited in the archives of the said Government.

The Belgian Government shall immediately forward to all the states which have signed or acceded to the Convention a duly certified copy of the notification and of the act of accession, mentioning the date on which it received the notification.

**Article 19:**

The High Contracting Parties may at the time of signature, ratification, or accession declare that their acceptance of the present Convention does not include any or all of the self-governing dominions, or of the colonies, overseas possession, protectorates, or territories under their sovereignty or authority, and they may subsequently accede separately on behalf of any self-governing dominion, colony, overseas possession, protectorate or territory excluded in their declaration. They may also denounce the Convention separately in accordance with its provision in respect of any self-governing dominion, or any colony, overseas possession, protectorate, or territory under their sovereignty or authority.

**Article 20:**

The present Convention shall take effect, in the case of the states which have taken part in the first deposit of ratifications, one year after the date of the process-verbal recording such deposit. As respects the states which ratify subsequently or which accede and also in cases in which the convention is subsequently put into effect in accordance with Article 19, it shall take effect six months after the notifications specified in Article 17, § 2, and Article 18, § 2, have been received by the Belgian Government.

**Article 21:**

In the event of one of the Contracting States wishing to denounce the present Convention, the denunciation shall be notified in writing to the Belgian Government, which shall immediately communicate a duly certified copy of the notification to all the other states informing them of the date



on which it was received.

The denunciation shall only operate in respect of the state which made the notification and on the expiration of one year after the notification has reached the Belgian Government.

**Article 22:**

Any one of the Contracting States shall have the right to call for a new conference with a view to considering possible amendments.

A state which would exercise this right should give one year advance notice of its intention to the other states through the Belgian Government which would make arrangements for convening the conference.

PROTOCOL OF SIGNATURE: In proceeding to the signature of the International Convention for the unification of Certain rules relating to maritime liens and mortgages, the undersigned plenipotentiaries have adopted the present Protocol, which will have the same force and the same value as if the provisions were inserted in the text of the Convention to which it relates:

I. It is understood that the legislation of each state remains free (1) to establish among the claims mentioned in No.1 of Article 2, a definite order of priority with a view to safeguarding the interests of the Treasury; (2) to confer on the authorities administering harbours, docks, lighthouses, and navigable ways, who have caused a wreck or other obstruction to navigation to be removed, or who are creditors in respect of harbour dues, or for damage caused by the fault of a vessel, the right, in case of non-payment, to detain the vessel, wreck, or other property, to sell the same, and to indemnify themselves out of the proceed in priority to other claimants, and (3) to determine the rank of the claimants for damages done to works otherwise than as stated in Article 5 and in Article 6. II. There is no impairment of the provisions in the national laws of the Contracting States conferring a lien upon public insurance associations in respect of claims arising out of the insurance of the personnel of vessels.



## APPENDIX 4

# INTERNATIONAL CONVENTION ON MARITIME LIENS AND MORTGAGES, 1993

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### Article 1:

Recognition and enforcement of mortgages, "hypothèques" and charges

Mortgages, "hypothèques" and registrable charges of the same nature, which registrable charges of the same nature will be referred to hereinafter as "charges" effected on seagoing vessels shall be recognized and enforceable in States Parties provided that:

- (a) such mortgages, "hypothèques" and charges have been effected and registered in accordance with the law of the State in which the vessel is registered;
- (b) the register and any instruments required to be deposited with the registrar in accordance with the law of the State in which the vessel is registered are open to public inspection, and that extracts from the register and copies of such instruments are obtainable from the registrar; and
- (c) either the register or any instruments referred to in subparagraph (b) specifies at least the name and address of the person in whose favour the mortgage, "hypothèque" or charge has been effected or that it has been issued to bearer, the maximum amount secured, if that is a requirement of the law of the State of registration or if that amount is specified in the instrument creating the mortgage, "hypothèque" or charge, and the date and other particulars which, according to the law of the State of registration, determine the ranking in relation to other registered mortgages, "hypothèques" and charges.

### Article 2 -

Ranking and effects of mortgages, "hypothèques" and charges

The ranking of registered mortgages, "hypothèques" or charges as between themselves and, without prejudice to the provisions of this Convention, their effect in regard to third parties shall be determined by the law of the State of registration; however, without prejudice to the provisions of this Convention, all matters relating to the procedure of enforcement shall be regulated by the law of the State where enforcement takes place.

### Article 3 -

Change of ownership or registration

1. With the exception of the cases provided for in articles 11 and 12, in all other cases that entail the deregistration of the vessel from the register of a State Party, such State Party shall not permit the owner to deregister the vessel unless all registered mortgages, "hypothèques" or charges are previously deleted or the written consent of all holders of such mortgages, "hypothèques" or charges is obtained. However, where the deregistration of the vessel is obligatory in accordance with the law of a State Party, otherwise than as a result of a voluntary sale, the holders of registered mortgages, "hypothèques" or charges shall be notified of the pending deregistration in order to enable such holders to take appropriate action to protect their interests; unless the holders consent, the deregistration shall not be implemented earlier than after a lapse of a reasonable period of time which shall be not less than three months after the relevant notification to such holders.

2. Without prejudice to article 12, paragraph 5, a vessel which is or has been registered in a State Party shall not be eligible for registration in another State Party unless either:

- (a) a certificate has been issued by the former State to the effect that the vessel has been deregistered; or
- (b) a certificate has been issued by the former State to the effect that the vessel will be deregistered with immediate effect, at such time as the new registration is effected. The date of deregistration shall be the date of the new registration of the vessel.

### Article 4 -

Maritime liens

1. Each of the following claims against the owner, demise charterer, manager or operator of the vessel shall be secured by a maritime lien on the vessel:

- (a) claims for wages and other sums due to the master, officers and other members of the vessel's complement in respect of their employment on the vessel, including costs of repatriation and social insurance contributions payable on their behalf;

- (b) claims in respect of loss of life or personal injury occurring, whether on land or on water, in direct connection with the operation of the vessel;
  - (c) claims for reward for the salvage of the vessel;
  - (d) claims for port, canal, and other waterway dues and pilotage dues;
  - (e) claims based on tort arising out of physical loss or damage caused by the operation of the vessel other than loss of or damage to cargo, containers and passengers' effects carried on the vessel.
2. No maritime lien shall attach to a vessel to secure claims as set out in subparagraphs (b) and (e) of paragraph 1 which arise out of or result from:
- (a) damage in connection with the carriage of oil or other hazardous or noxious substances by sea for which compensation is payable to the claimants pursuant to international conventions or national law providing for strict liability and compulsory insurance or other means of securing the claims; or
  - (b) the radioactive properties or a combination of radioactive properties with toxic, explosive or other hazardous properties of nuclear fuel or of radioactive products or waste.

#### **Article 5 -**

##### **Priority of maritime liens**

1. The maritime liens set out in article 4 shall take priority over registered mortgages, "hypothèques" and charges, and no other claim shall take priority over such maritime liens or over such mortgages, "hypothèques" or charges which comply with the requirements of article 1, except as provided in paragraphs 3 and 4 of article 12.
2. The maritime liens set out in article 4 shall rank in the order listed, provided however that maritime liens securing claims for reward for the salvage of the vessel shall take priority over all other maritime liens which have attached to the vessel prior to the time when the operations giving rise to the said liens were performed.
3. The maritime liens set out in each of subparagraphs (a), (b), (d) and (e) of paragraph 1 of article 4 shall rank *pari passu* as between themselves.
4. The maritime liens securing claims for reward for the salvage of the vessel shall rank in the inverse order of the time when the claims secured thereby accrued. Such claims shall be deemed to have accrued on the date on which each salvage operation was terminated.

#### **Article 6 -**

##### **Other maritime liens**

- Each State Party may, under its law, grant other maritime liens on a vessel to secure claims other than those referred to in article 4, against the owner, demise charterer, manager or operator of the vessel, provided that such liens:
- (a) shall be subject to the provisions of articles 8, 10 and 12;
  - (b) shall be extinguished
    - (i) after a period of 6 months, from the time when the claims secured thereby arose unless, prior to the expiry of such period, the vessel has been arrested or seized, such arrest or seizure leading to a forced sale; or
    - (ii) at the end of a period of 60 days following a sale to a bona fide purchaser of the vessel, such period to commence on the date on which the sale is registered in accordance with the law of the State in which the vessel is registered following the sale; whichever period expires first; and
  - (c) shall rank after the maritime liens set out in article 4 and also after registered mortgages, "hypothèques" or charges which comply with the provisions of article 1.

#### **Article 7 -**

##### **Rights of retention**

1. Each State Party may grant under its law a right of retention in respect of a vessel in the possession of either:
- (a) a shipbuilder, to secure claims for the building of the vessel; or
  - (b) a shiprepairer, to secure claims for repair, including reconstruction of the vessel, effected during such possession.
2. Such right of retention shall be extinguished when the vessel ceases to be in the possession of the shipbuilder or shiprepairer, otherwise than in consequence of an arrest or seizure.

#### **Article 8 -**

##### **Characteristics of maritime liens**

Subject to the provisions of article 12, the maritime liens follow the vessel, notwithstanding any change of ownership or of registration or of flag.

#### **Article 9 -**

##### **Extinction of maritime liens because of time.**

1. The maritime liens set out in article 4 shall be extinguished after a period of one year unless, prior to the expiry of such period, the vessel has been arrested or seized, such arrest or seizure leading to a forced sale.

2. The one-year period referred to in paragraph 1 shall commence:

(a) with respect to the maritime lien set out in article 4, paragraph 1 (a), upon the claimant's discharge from the vessel;

(b) with respect to the maritime liens set out in article 4, paragraph 1 (b) to (e), when the claims secured thereby arise;

and shall not be subject to suspension or interruption, provided, however, that time shall not run during the period that the arrest or seizure of the vessel is not permitted by law.

#### **Article 10 -**

##### **Assignment and subrogation**

1. The assignment of or subrogation to a claim secured by a maritime lien entails the simultaneous assignment of or subrogation to such a maritime lien.

2. Claimants holding maritime liens may not be subrogated to the compensation payable to the owner of the vessel under an insurance contract.

#### **Article 11 -**

##### **Notice of forced sale**

1. Prior to the forced sale of a vessel in a State Party, the competent authority in such State Party shall ensure that notice in accordance with this article is provided to:

(a) the authority in charge of the register in the State of registration;

(b) all holders of registered mortgages, "hypothèques" or charges which have not been issued to bearer;

(c) all holders of registered mortgages, "hypothèques" or charges issued to bearer and all holders of the maritime liens set out in article 4, provided that the competent authority conducting the forced sale receives notice of their respective claims; and

(d) the registered owner of the vessel.

2. Such notice shall be provided at least 30 days prior to the forced sale and shall contain either:

(a) the time and place of the forced sale and such particulars concerning the forced sale or the proceedings leading to the forced sale as the authority in a State Party conducting the proceedings shall determine is sufficient to protect the interests of persons entitled to notice; or,

(b) if the time and place of the forced sale cannot be determined with certainty, the approximate time and anticipated place of the forced sale and such particulars concerning the forced sale as the authority in a State Party conducting the proceedings shall determine is sufficient to protect the interests of persons entitled to notice.

If notice is provided in accordance with subparagraph (b), additional notice of the actual time and place of the forced sale shall be provided when known but, in any event, not less than seven days prior to the forced sale.

3. The notice specified in paragraph 2 of this article shall be in writing and either given by registered mail, or given by any electronic or other appropriate means which provide confirmation of receipt, to the persons interested as specified in paragraph 1, if known. In addition, the notice shall be given by press announcement in the State where the forced sale is conducted and, if deemed appropriate by the authority conducting the forced sale, in other publications.

#### **Article 12 -**

##### **Effects of forced sale**

1. In the event of the forced sale of the vessel in a State Party, all registered mortgages, "hypothèques" or charges, except those assumed by the purchaser with the consent of the holders, and all liens and other encumbrances of whatsoever nature, shall cease to attach to the vessel, provided that:

(a) at the time of the sale, the vessel is in the area of the jurisdiction of such State; and

(b) the sale has been effected in accordance with the law of the said State and the provisions of article 11 and this article.

2. The costs and expenses arising out of the arrest or seizure and subsequent sale of the vessel shall be paid first out of the proceeds of sale. Such costs and expenses include, inter alia, the costs for the upkeep of the vessel and the crew as well as wages, other sums and costs referred to in article 4, paragraph 1 (a), incurred from the time of arrest or seizure. The balance of the proceeds shall be distributed in accordance with the provisions of this Convention, to the extent necessary to satisfy the respective claims. Upon satisfaction of all claimants the residue of the proceeds, if any, shall be paid to the owner and it shall be freely transferable.

3. A State Party may provide in its law that in the event of the forced, sale of a stranded or sunken vessel following its removal by a public authority in the interest of safe navigation or the protection of the marine environment, the costs of such removal shall be paid out of the proceeds of the sales, before all other claims secured by a maritime lien on the vessel.

4. It at the time of the forced sale the vessel is in the possession of a shipbuilder or of a shiprepairer who under the law of the State Party in which the sale takes place enjoys a right of retention, such shipbuilder or shiprepairer must surrender possession of the vessel to the purchaser but is entitled to

obtain satisfaction of his claim out of the proceeds of sale after the satisfaction of the claims of holders of maritime liens mentioned in article 4.

5. When a vessel registered in a State Party has been the object of a forced sale in any State Party, the competent authority shall, at the request of the purchaser, issue a certificate to the effect that the vessel is sold free of all registered mortgages, "hypothèques" or charges, except those assumed by the purchaser, and of all liens and other encumbrances, provided that the requirements set out in paragraph 1 (a) and (b) have been complied with. Upon production of such certificate, the registrar shall be bound to delete all registered mortgages, "hypothèques" or charges except those assumed by the purchaser, and to register the vessel in the name of the purchaser or to issue a certificate of deregistration for the purpose of new registration, as the case may be.

6. States Parties shall ensure that any proceeds of a forced sale are actually available and freely transferable.

#### **Article 13 -**

##### **Scope of application**

1. Unless otherwise provided in this Convention, its provisions shall apply to all seagoing vessels registered in a State Party or in a State which is not a State Party, provided that the latter's vessels are subject to the jurisdiction of the State Party.

2. Nothing in this Convention shall create any rights in, or enable any rights to be enforced against, any vessel owned or operated by a State and used only on Government non-commercial service.

#### **Article 14 -**

##### **Communication between States Parties**

For the purpose of articles 3, 11 and 12, the competent authorities of the States Parties shall be authorized to correspond directly between themselves.

#### **Article 15 -**

##### **Conflict of conventions**

Nothing in this Convention shall affect the application of any international convention providing for limitation of liability or of national legislation giving effect thereto.

#### **Article 16 -**

##### **Temporary change of flag**

If a seagoing vessel registered in one State is permitted to fly temporarily the flag of another State, the following shall apply:

(a) For the purposes of this article, references in this Convention to the "State in which the vessel is registered" or to the "State of registration" shall be deemed to be references to the State in which the vessel was registered immediately prior to the change of flag, and references to "the authority in charge of the register" shall be deemed to be references to the authority in charge of the register in that State.

(b) The law of the State of registration shall be determinative for the purpose of recognition of registered mortgages, "hypothèques" and charges.

(c) The State of registration shall require a cross-reference entry in its register specifying the State whose flag the vessel is permitted to fly temporarily; likewise, the State whose flag the vessel is permitted to fly temporarily shall require that the authority in charge of the vessel's record specifies by a cross-reference in the record the State of registration.

(d) No State Party shall permit a vessel registered in that State to fly temporarily the flag of another State unless all registered mortgages, "hypothèques" or charges on that vessel have been previously satisfied or the written consent of the holders of all such mortgages, "hypothèques" or charges has been obtained.

(e) The notice referred to in article 11 shall be given also to the competent authority in charge of the vessel's record in the State whose flag the vessel is permitted to fly temporarily.

(f) Upon production of the certificate of deregistration referred to in article 12 paragraph 5, the competent authority in charge of the vessel's record in the State whose flag the vessel is permitted to fly temporarily shall, at the request of the purchaser, issue a certificate to the effect that the right to fly the flag of that State is revoked.

(g) Nothing in this Convention is to be understood to impose any obligation on States Parties to permit foreign vessels to fly temporarily their flag or national vessels to fly temporarily a foreign flag.

#### **Article 17 -**

##### **Depositary**

This Convention shall be deposited with the Secretary-General of the United Nations.

#### **Article 18 -**

##### **Signature, ratification, acceptance, approval and accession**

1. This Convention shall be open for signature by any State at the Headquarters of the United Nations, New York, from 1 September 1993 to 31 August 1994 and shall thereafter remain open for accession.

2. States may express their consent to be bound by this Convention by:
  - (a) signature without reservation as to ratification, acceptance or approval; or
  - (b) signature subject to ratification, acceptance or approval, followed by ratification, acceptance or approval; or
  - (c) accession.
3. Ratification, acceptance, approval or accession shall be effected by the deposit of an instrument to that effect with the depositary.

#### **Article 19 -**

##### **Entry into force**

1. This Convention shall enter into force 6 months following the date on which 10 States have expressed their consent to be bound by it.
2. For a State which expresses its consent to be bound by this Convention after the conditions for entry into force thereof have been met, such consent shall take effect 3 months after the date of expression of such consent.

#### **Article 20 -**

##### **Revision and amendment**

1. A conference of States Parties for the purpose of revising or amending this Convention shall be convened by the Secretary-General of the United Nations at the request of one-third of the States Parties.
2. Any consent to be bound by this Convention, expressed after the date of entry into force of an amendment to this Convention, shall be deemed to apply to the Convention, as amended

#### **Article 21 -**

##### **Denunciation**

1. This Convention may be denounced by any State Party at any time after the date on which this Convention enters into force for that State.
2. Denunciation shall be effected by the deposit of an instrument of denunciation with the depositary.
3. A denunciation shall take effect one year, or such longer period as may be specified in the instrument of denunciation, after the receipt of the instrument of denunciation by the depositary.

#### **Article 22 -**

##### **Languages**

This Convention is established in a single original in the Arabic, Chinese, English, French, Russian and Spanish languages, each text being equally authentic.





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