

# SHIP ARREST IN JAPAN

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## 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 recently, in “Fairwind 308”, the arrested ship was released without security).

**Provisional Arrest** – A creditor of shipowners can arrest the ship owned by the shipowners to obtain the security of his claim (regardless of whether such claim is maritime or not). To obtain a provisional arrest, the arrestor must 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 the 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?

For provisional arrests, the claimant can arrest a ship for any monetary claim of whatsoever nature against the shipowner. For arrests by lien or mortgage, the arrestor must 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?

For provisional arrests, the debtor must be the shipowners. For arrests 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?

Where the debtor is the bareboat charterer of a ship, the creditor may arrest the ship pursuant to our special provision. Where the debtor is the time charterer, this is arguable.

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

For arrests by a lien or mortgage, the claimant does not need to put up counter-security. In contrast, for provisional arrests, 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. Otherwise, the claimant may only arrest the ship by provisional arrest.

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

Yes. Though Japan is not member of any International Conventions, the Japanese courts recognize 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 complicated the claim is. We have arrested ships within 48 hours from the receipt of instructions. For example, in the arrest of the Three Tulip to enforce a mortgage, we received instructions on a Thursday and arrested her the next day. In the provisional arrest of the Aventicum, we received instructions on a Thursday at midnight and arrested her the following Tuesday morning. In the arrest of the Pegasus Prime by maritime lien, we received the instructions on a Friday morning and arrested her following Monday. It all depends on the case.

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 the POA and corporate certificates are required. However, 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 on the case.

17. What is the procedure to release a ship from arrest?

To file a motion to release the arrested ship in the court.

18. What type of security needs to be placed for the release?

Cash, bank guarantees and insurance bonds can be accepted as security. In case of arrest by lien or mortgage, LOUs of P&I clubs can also be accepted as security. Sometimes, security is not required to release the ship. We had success in releasing the Fairwind 308 without any security (Yokohama District Court 4 June 2007).

19. Does security need to cover interest and costs?

Usually the claim amount secured by the arrest already includes interests and costs.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

In case of arrest by lien or mortgage, P&I LOUs are sufficient (although such P&I club must have a license in Japan).

21. How long does it take to release the ship?

Once the relevant documents are filed in the court, the ship can usually be released within one day. For example, in the recent case of the arrest of the JRS CORVUS, the ship was arrested on a Tuesday afternoon and after we prepared the papers, the ship was released early the next morning.

22. Is there a procedure to contest the arrest?

Yes, there is. Recently, six ships were arrested by a HK bunker supplier in Japan in the span of two weeks due to the collapse of a HK time-charterer. The procedure allowed us to set aside the arrest of all six ships.

23. 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.

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

Yes

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

Yes but it is not easy to pierce the corporate veil.

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

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 a partner of Max 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 an arbitrator and also 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 arresting ships.