

SHIP ARRESTS IN PRACTICE

TWELFTH EDITION
2020

A COMPREHENSIVE GUIDE TO SHIP ARREST &
RELEASE PROCEDURES IN 93 JURISDICTIONS

WRITTEN BY MEMBERS OF
THE SHIPARRESTED.COM NETWORK



Welcome to the twelfth edition of *Ship Arrests in Practice*.

For more than a decade now, this publication has been circulated among the maritime industry. It is a very welcome guide for parties willing to arrest or release a ship worldwide: suppliers, owners, insurers, P&I Clubs, law firms, and banks are some of our day to day readers.

Thanks are due to all of the members contributing to this year's publication and my special thanks goes to the members of the Editorial Committee who, as busy as we all are, have taken the time to review the publication to make it the first-rate source that it is.

The law is stated as of 31st of December 2019.

Felipe Arizon

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N.B.: The information contained in this book is for general purposes, providing a brief overview of the requirements to arrest or release ships in the said jurisdictions. It does not contain any legal or professional advice. For a detailed synopsis, please contact the members' law firm.

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SHIP ARREST IN ALGERIA

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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 there 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 irrespective 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 letter 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 irrespective 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 percent (10 %) of the amount of the maritime claim; to cover costs, charges, damages, fees or other expenses deriving from a potential wrongful arrest. However the companies incorporated in countries that have signed a convention of judicial cooperation in civil and commercial matters with the Algeria are exempted from this requirement to provide security, are exempt from this obligation of companies incorporated the following countries: Belgium, Bulgaria, China, Italy, Portugal, Romania, Spain, United Arab Emirates, United Kingdom, and Vietnam.

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 from the moment the file arrives to your law firm?

In practice, two days. Please note that Algeria does not have the universal weekend. The Algeria weekend 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. What is the procedure to release a ship from arrest?

To obtain a ship's release, the relevant party must file for release with the interim relief application. If the ship provides payment or otherwise satisfies maritime claims, and the courts accept this payment, then the court issues an order of release from arrest, which is delivered by a bailiff. If there is a dispute as to what a sufficient payment is, then the courts will often make a decision.

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

The security for the release shall be agreed upon by the parties. If there is a dispute as to the security, then the courts may make a decision.

19. Does security need to cover interest and costs?

This issue shall be agreed upon by the parties. If there is a dispute as to the interest and costs, then the courts may make a decision, in such cases the court may not consider the costs and the interests but only the amount of the unpaid maritime debt justifying the arrest.

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

If the parties agreed on payment / security, it will take around three working days to release the ship.

22. Is there a procedure to contest the arrest?

The arrest can be contested with an interim relief application in the court.

23. What 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.

24. 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.

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

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

26. 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.

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SHIP ARREST IN ANGOLA

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

Angola has inherited the long Portuguese maritime tradition. The main reason that Portuguese is the official language of Angola is due to the maritime adventures to India when Europeans discovered the gorgeous, wealthy continent to which Angola is part of. Then with the formation of African Unity and then Union, many agreements were signed dealing with pertinent issues of law of the sea and Maritime boundaries that has since affected the development of the maritime industry in Africa and particularly in Angola. Until 2017, Angola lived mostly from oil & gas exports and imported everything else from consumable goods, automobiles to basic products which arrive through containers and tankers. This is comprehensively explained in my books "Quasi bandeiras de conveniência" and "The West Africa Maritime Boundaries".

Moving to the non-commercial industry, the Angolan Maritime Authority (composed of various institutions including the Fiscal Police and the War Marine), have been patrolling the area with the assistance of the Ministry of National Defense, Vigilance Cabinet, making the coast very safe against piracy, illegal fishing, run-away arrestees, and avoiding illegal dumping, among others.

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

All conventions ratified by Angola have been well incorporated in national legislation. For arrests, together with the inherited Portuguese Civil Code, New Commercial Code, Code of Civil Procedure, UNCLOS – United Nations Convention for the Law of the Sea have been well applied by judges to justify arrest and release of ships.

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

The current Civil Code, Code for the Civil Procedure and the Commercial Code have provisions supporting injunctions and estoppels. The mentioned law can also be used to argue in favor of the release of a ship where the obligation demanded to be fulfilled in the injunction of general Claim has been met/fulfilled by the ship.

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

Most of the time, the process starts with a pre-arrest. The pre-arrest allows the timing needed to fully process the provisions of the Code of Civil Procedure and later maintain arrest. Even though reality has showed injunctions to arrest in order to secure a claim, where it reasonably applies, a freezing order is allowed by law when justified.

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

Ships are arrested in a form of an injunction to secure a claim. In Portuguese, "Providência Cautelar" means injunction to which after the limit of 30 days, unless otherwise instructed by current proceedings, the main action is to be brought in the national court or abroad, depending of what has been previously agreed upon by the parties or a new agreement.

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

Yes. There is no discrimination regarding the flag.

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

All commercial ships can be arrested irrespective of the debtor.

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

To the best of my knowledge, we have not yet arrested any sister ships for the debt of another, but this procedure is possible where it can be proved that they are "in fact" sister ships. This concept is quite new to shipping as it was imported from company law. In Angola it is no different, it can be applied with the same reasoning done around company law.

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

All debts lawfully incurred to the benefit of the ship and or in the name of the ship are of the responsibility of the ship. However, it is highly advisable that claims in bareboat are initiated through the life of the contractual relationship of the parties.

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

No. But Initial Court fees must be paid to secure the arrest.

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

No difference. The real difference is seen in the particulars of each case.

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

These issues are well legislated by internal law. However UNCLOS is herein applied.

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

We normally require two days, but most of the times, we do it within two business hours if PoA is sent signed and stamped by email, then in the next day translations or remaining documents are added to the process file. It then depends if Process reaches the court in its first hours or by the end of their business hours.

Please note that court closes at 15:00, and a court fee must be paid in the bank to initiate the order of arrest. When proof of payment of the fees is sent, we normally pay the court fees in favor of the client to enable time to play in our favor.

One advice that clients most of the times do not seem to understand is that "timing is gold".

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

We always need a PoA to start the process. It can be signed by procurator or manager and stamped by company and sent by email. We also need company documents and proof that procurator has in fact power to empower lawyers, and confirmation of the identity of procurator ID card or passport. Any document supporting the existence of the claim should be attached.

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 sent electronically for the pre-arrest. Then the original PoA is required to be notarized and sent by courier. In our experience, whenever the original PoA arrived the case was already closed and so we keep in archive for the next arrest, among other needs of the client in Angola.

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

Yes.

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

After payment of the debt, the Lawyer of the claimant is required as a courtesy to the counter party, to confirm that all matters have been set and ship can be released. In case the first option does not happen, as is merely a moral obligation of Claimants lawyer to facilitate the workload of the judge/court/fellow colleague. When that is done, Port fees and court fees must be paid in order for the judge to confirm release to the Port Authority.

The defendant lawyer must request the release of the ship by proving settlement to the judge, or if not, use his option to pay the bond to the court account of the value of the claim, and request the release.

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

Defendant must liquidate the debt or pay a bond to court's bank account in the same value of the amount of the claim.

19. Does security need to cover interest and costs?

According to the civil code, the losing party always covers the reasonable costs, agreed interest, etc. In case of contractual absence, the interest as calculated by the National Bank of Angola.

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

Not to this day, unless a local financial institution has undersigned this procedure. Please see answers 17 and 18.

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

The release is done immediately after debt is settled and confirmed by claimant lawyers, or as soon as bond is paid. However, by law, it can take up to 10 days.

You can arrest in both situations. However, if debt is not paid voluntarily, an action must be brought against the ship within 30 days. That being done, with no evidence to contrary or payment of court bond, the ship stays at the port, under the vigilance of the Port Authority, where vigilance fee and Port tax is issued daily to the shipowner.

22. Is there a procedure to contest the arrest?

There are always procedures to contest the arrest, but release of the ship is done only after the payment of the debt or of a bond to court.

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

The period granted by law is of "within 30 days".

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

Wrongful arrests, in general, are recognized and well legislated by definition and procedure in the Civil Code and Civil Procedure Code.

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

The commercial and civil code have dispositions specifying the situations in which it may be done.

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

In accordance to Civil Code and Code of Civil Procedure, depending on the outcome, the ship can be sold as any other property under arrest order, when the defendant/owner fails to pay or nominate other property for the sale.

However, by exception, that request can be granted when the parties agree before court, when the defendant has been notified by court but objects to the sale on the established date, or when its is ruled to be abandoned.

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SHIP ARREST IN ARGENTINA

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

Argentina is a friendly jurisdiction for ship arrest. Despite not being party to any international treaty regarding ship arrest, Argentine legislation follows the 1952 arrest convention criteria. The court fees and the cost of the counter-security could reach up to 5% of the amount claimed. Arrest orders are normally granted in a matter of hours.

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

Argentina did not ratify any arrest convention.

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

Ships can be arrested pursuant to Argentine legislation which in turn follows mostly the 1952 Arrest Convention criteria.

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

Under Argentine law, it is possible to arrest by *saisie conservatoire* the particular ship with which the contemplated action is concerned. Should the claimant seek a freezing order, the general rules of law will apply and not the Navigation act.

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

Vessels can be arrested on the following grounds:

- a. Preferred claims;
- b. Maritime claims regarding debts incurred in Argentina and in connection with the ship;
- c. Claims regarding any debt where Argentine courts have jurisdiction.

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

Yes. Foreign flag vessels can be arrested.

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

Yes. Ships can be arrested irrespective of the debtor when *in rem* proceeding was brought.

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

According to the Navigation Act, the claimant of a debt incurred in Argentina 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. As regards associated ownership, ships shall be deemed to be in the same ownership when all the shares therein are owned by the same person or persons.

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

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, but no other ship in the ownership of the registered owner shall be liable to arrest in respect of such maritime claim.

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

According to the Navigation Act, the court may order counter-security. However, it could be satisfied with a bond issued by a local insurer.

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

The proceeding does not differ.

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

Yes. Pursuant to the Navigation Act the characterisation of the maritime lien will be established according to the law of the flag of the vessel. Furthermore, Argentina ratified the 1926 International Convention for the Unification of Certain Rules Relating to Maritime Liens and Mortgages which stands above the navigation act.

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

It would depend on the port but normally it would take 6 to 12 hours. Courts dealing with maritime cases are very expeditious, particularly in cases related to recoveries, and arrest orders are granted in a matter of hours.

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

The Civil and Commercial Procedural Code requires a notarised PoA. Further, it must be submitted the invoices and delivery orders.

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 hand in the original documents at the time of the arrest submission. It can be submitted at a later stage provided that the PoA is dated at the time of the submission. With regard to the invoices and delivery orders, the court requests the submission of the original documents unless it was issued electronically. As regards the PoA, it must be notarized and legalized with the apostille convention or duly legalized through the foreign office of the country where it was issued. Argentina is party to The Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents.

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

Again, it would depend on the circumstances of the case. Argentina is party to the 1952 International Convention for the Unification of Certain Rules relating to Civil Jurisdiction in Matters of Collision. Hence, in such a case, Argentine court would accept jurisdiction over the substantive claim once the vessel has been arrested.

In cases other than collisions, the general rules of conflict of laws will apply.

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

Once the arrest is ordered, any interested party must appear in court to request the release of the ship by providing enough security.

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

Cash deposit, banking guaranty or any bonds issued by local insurer are the most common.

19. Does security need to cover interest and costs?

Yes.

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

Local courts are in occasion unfamiliar with documents such as LoU and LoI. Furthermore, following the strict public policy in the field of insuring, surety bonds and guarantees issued by local insurers are most advisable.

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

It would depend upon the circumstance of the case and the court. The court must request prior approval of the security from the arrest petitioner. Naturally, the ship could be released by mutual agreement of the parties and the arrest would be lifted in a matter of hours, otherwise the whole process could take 3 to 5 days.

In case of casualties and collisions in Argentina, the Coastguard may order the detention of the vessel irrespective of any arrest order and the release would depend upon completion of the safety measures ordered by the Coastguard.

22. Is there a procedure to contest the arrest?

There is a 5 days deadline to appeal the arrest order. The arrest procedure is carried out *inaudita altera parte*, hence, once the writ is served, time would be best spent seeking the release of the ship.

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

The time bar to bring proceedings on the merits is 10 days.

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. Courts have pierced and lifted the corporate veil in bankruptcy proceedings and labour cases. However, courts are reluctant to do so in arrest proceedings involving one-ship companies.

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

Yes. The court shall authorise the sale of the ship *pendente lite* in two scenarios. First, whereas the ship-owner exercises its right to abandon the ship having fulfilled the limitation of liability proceeding. Secondly, to avoid diminishing the value of the ship.

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SHIP ARREST IN ARUBA

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

The procedure for a conservatory arrest (before an enforceable judgment or arbitral award is obtained) of a ship in Aruba is fairly simple. A ship can be arrested after leave has been obtained from the Court of First Instance of Aruba, which leave can be requested ahead of the expected arrival of the ship in Aruba. The request for leave should, in principle, be submitted with the Court in writing and should set out claimant's claim, its basis as well as any further relevant information. Although not required, it is advisable to substantiate the claim with supporting documentation or other evidence supporting the claim. The request should also contain a description of the ship (i.e. its name, IMO-number, flag etc.). Typically, the principal amount of the claim is increased with 30% to cover any interest that accrues on the claim as well as costs in connection with the arrest and subsequent proceedings.

The leave is typically granted (or denied) within 24 hours upon submission of the request, and is handed over by the Court directly to a court appointed bailiff that will place the arrest by going onboard of the ship and draw up a writ of arrest. As a measure to prevent the ship from leaving the bailiff typically obtains the ship's original documentation and informs the local authorities about the arrest. Depending on the hour of the day, the location of the ship and the availability of transportation for the bailiff (for which we usually offer a helping hand to arrange this), the arrest procedure generally takes two (2) business days from the moment our firm receives instructions and all necessary information and documentation up until the moment that the arrest is actually placed, although this process may be expedited depending on the circumstances. If, after the arrest is placed, the parties reach a settlement, the arrest can typically be lifted within a couple of hours.

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

The International Convention for the Unification of Certain Rules Concerning the Immunity of State-Owned Ships (Brussels 1926, the "Brussels 1926 Convention") and the supplementary protocol thereto and the International Convention for the Unification of Certain Rules Relating to the Arrest of Seagoing Ships (Brussels 1952, the "Brussels 1952 Convention") have been ratified by Aruba. Furthermore, Aruba has ratified the International Convention Relating to the Liability of Owners of Seagoing Ships (Brussels 1957) as well as the Convention on Jurisdiction and Unification and the Enforcement of Judgments in Civil and Commercial Matters (Brussels 1968), which may be relevant in the context of a ship arrest.

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

If the arrestor has obtained a title that is enforceable in Aruba (e.g. a judgment, arbitral award or deed of mortgage), then the arrestor is able to have an executory arrest placed on the ship.

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

The available alternatives to arrest a ship in Aruba are described above under 1. and 3.

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

Any claim on the owner of the ship can, in principle, serve as the basis for a conservatory arrest of the ship. The respective claim does not necessarily have to be a maritime claim. However, If the debtor and owner of the ship is a state, then the ship may only be arrested for commercial claims, as provided in the 1926 Brussels Convention that Aruba ratified.

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

If the ship is flying the flag of a contracting state under the Brussels 1952 Convention then a conservatory arrest is only allowed on the basis of the maritime claims that are listed in Article 1 thereof.

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

Aruban law provides, in principle, that a claim can be recovered from all assets of the debtor. Therefore, the starting point is that, if the debtor is the owner of the ship, then the ship can be arrested. As a consequence, in principle, a ship can only be arrested on the basis of a claim against its owner.

There are exceptions though, as Aruban law provides that certain maritime claims are attached to the ship. As a result thereof those claims can be enforced on the ship irrespective of the owner or (bareboat) charterer of the ship.

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

A sister ship of the ship in respect of which a claim against a debtor has arisen can, in principle, only be arrested if that debtor is (also) the owner of the sister ship. Only under exceptional circumstances will an arrest of a sister ship, that is not owned by the debtor of the claim, be allowed when invoking the doctrine of piercing the corporate veil. To do so successfully, it will need to be argued, and proven, that the corporate shield of the owner of the sister ship is legally abused.

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

A claim against a debtor that is the bareboat (demise) and/or time-charterer of a ship can only serve as a basis for an arrest of that ship if a maritime claim is concerned (see answer 7 above).

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

That is possible under Aruban law, but not typically ordered by the Court (the leave for the arrest is granted ex-parte, so the debtor is typically not in a position to demand counter-security at that stage).

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

Under Aruban law there is no clear distinction between these two concepts, although the term 'maritime claim' is used in the 1952 Brussels Convention to describe claims (in Dutch: zeerechtelijke vordering) for which a ship that carries the flag of a contracting party can be arrested and maritime liens seems to refer to a type of maritime claims (in Dutch: scheepsvoorrechten) that are attached to a ship irrespective of its owner. For both claims, a ship can be arrested in Aruba.

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

Yes, under Aruban law maritime liens (in Dutch: scheepsvoorrechten) are recognized, but Aruba is not a party to any international convention in that respect.

When assessing the existence and validity of any claim, including a maritime lien, the Aruban Court will do so on the basis of the law governing the claim. When presented with a foreign maritime claim or lien, the Aruban Court will assess whether it can be 'assimilated' into Aruban law, for which purpose it will be compared with existing legal concepts under Aruban law (such as maritime liens).

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

In urgent situations, depending on the Court's and the bailiff's availability, a ship that is within Aruban territorial waters could be arrested the same day or the day after our firm has been instructed to arrange for the arrest.

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

No, it is not necessary to file a power of attorney or other documents with the Aruban Court when the request for arrest is filed, although it is recommended to provide documentation to substantiate 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?

For a conservatory arrest, the claim only needs to be stated in the request. No evidence is required to be produced. Still, it is recommended to substantiate the request for leave to place a conservatory arrest (to be submitted at the same time the request is filed) with documentation in support of the claim e.g. the ship's ownership etc. This documentation, in the arrest-phase, can be provided to our firm electronically and does not yet require notarisation and/or apostille at this juncture.

For the preparation of the request, we typically include the following information:

- details of the claimant and debtor (and registered owner of the ship, if this not the same party as the debtor in which event a substantiation should be provided for the basis of the claim since the debtor is not the owner of the ship);
- a description of the claim and the outstanding amount due by debtor;
- details of the ship (name, IMO-number etc.) and its location at the time the request is filed.

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

Yes, if there is no other way to obtain an enforceable title in Aruba, then the main proceedings can be commenced with the Aruban Court (forum arresti-principle). This only applies in the event that the debtor is located in a country with which Aruba has no treaty for the recognition and enforcement of judgments.

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

The arrest can be released by the arrestor without involvement of the Court if sufficient security is provided by or on behalf of the debtor. If the arrestor does not cooperate with the lifting of the arrest then the debtor or another interested party may commence summary proceedings with the Court in which the lifting of the arrest is requested on the basis that statutory requirements were not complied with for the arrest, the claim that is the basis for the arrest is unfounded or the arrest is unnecessary, if sufficient security is provided or on the basis of assessing each party's interests. Other reasons to lift the arrest can also be provided.

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

Aruban law provides that sufficient security should be offered. The type may differ depending on the circumstances, but typically it will involve a bank guarantee (or P&I LOU).

19. Does security need to cover interest and costs?

In principle, the amount of the security should be equal to the amount for which leave for the arrest was granted by the Court. If the Court orders the release of the arrest in lifting proceedings against security, then it will be up to the Court to determine the amount (and type of) security to be provided.

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

Depending on the circumstances, these may be accepted.

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

(i) As soon as an agreement is reached with the arrestor, in which event the arrestor shall inform the bailiff that the arrest is lifted and the bailiff returns the ship's documentation and informs the relevant local authorities of the lifting of the arrest. Depending on the circumstances this may take a couple of hours.

(ii) Through summary proceedings to lift the arrest: depending on the urgency of the matter these proceedings from the moment an application is filed until judgment is rendered take one to three weeks in general.

22. Is there a procedure to contest the arrest?

Yes, see above under 17 and 21.

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

When granting leave to place the conservatory arrest on the vessel the Aruban Court also provides the timeframe within which the arrestor should commence main proceedings in order to obtain an enforceable title for its purported claim. The standard time period granted for this is 14 calendar days, although this period is (easily) extended if requested and sufficient reasons are given for the requested extension (e.g. proceedings need to be commenced abroad and require more time for preparation).

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

Yes, under certain circumstances, an arrest could be deemed to have been placed wrongfully (e.g. the claim was unfounded, the ship was not owned by the claim's debtor). As a result, the arrestor may be liable for damages consisting of, amongst others, the costs and damages resulting from the arrest.

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

The doctrine of piercing/lifting of the corporate veil is not easily acknowledged by the Aruban Courts, but it is possible under certain circumstances if the protection offered by the corporate veil is (clearly) abused.

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

In general, a sale of the ship is only permitted by the Aruban Court after the claimant has obtained an enforceable judgment on the merits (or an *exequatur* has been obtained in respect of a foreign deed of mortgage, judgment or arbitral award). Notwithstanding the foregoing, it is possible to obtain a Court order through summary proceedings – which typically take between three to six weeks instead of the one to a year and half for proceedings on the merits or the approximately six months to obtain an *exequatur* – as a result of which the ship can be sold by means of a public sale. Typically, a mortgagee, whose claim is not disputed by the debtor, is able to easily obtain the afore described summary judgment and is then able to proceed with the public sale in a relatively short timeframe after the arrest.

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SHIP ARREST IN AUSTRALIA

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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 there 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 proceeding on a maritime lien, which includes liens for:

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

Overturning a first-instance decision to the contrary, the Full Court of the Federal Court of Australia has recently reaffirmed that Australia adopts the majority decision in the *Halcyon Isle*, namely that the *lex fori* is the proper law for the classification of a foreign maritime lien (*The Sam Hawke*). Accordingly, it seems unlikely that the classes of maritime lien historically recognized under Australia law will be significantly expanded in the foreseeable future.

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
- (c.) a claim under:
 - (i) the applied provisions (within the meaning of the Protection of the Sea (Civil Liability for Bunker Oil Pollution Damage) Act 2008); or
 - (ii) a law of a State or Territory of a kind referred to in subsection 10(1) of that Act; or
- (d) 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
- (e) 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
- (f) a claim for loss of, or damage to, goods carried by a ship; or
- (g) 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
- (h) a claim relating to salvage (including life salvage and salvage of cargo or wreck found on land); or
- (i) 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
- (l) 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
- (m) a claim in respect of the construction of a ship (including such a claim relating to a vessel before it was launched); or
- (n) a claim in respect of the alteration, repair or equipping of a ship; or
- (o) 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
- (p) 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
- (q) a claim by a master, shipper, charterer or agent in respect of disbursements on account of a ship; or
- (r) a claim for an insurance premium, or for a mutual insurance call, in relation to a ship; or
- (s) 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

- (t) 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
- (u) 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 irrespective of her flag?

Yes.

7. Can you arrest a ship irrespective 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 from 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 (e.g. 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, and in the Federal Court, all documents are lodged electronically. 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. What is the procedure to release a ship from arrest?

There are two ways to release a ship from arrest. The first is by application to the Registrar which is the most frequent method of release. The second is by application to the Court. Upon application to the Registrar (in accordance with the relevant form), a ship may be released from arrest if the Registrar is satisfied that:

- a) an amount equal to the amount claimed or the value of the ship or property has been paid into court, whichever is less; or
- b) a bail bond for the same amount as set out in a) above has been filed in the proceeding; or
- c) the party who applied for the ship's arrest has made arrangements for and consented to the ship's release.

Alternatively, upon application to the Court (in accordance with the relevant form), the Court has the discretionary power to order the release of a ship from arrest on such terms that are just. If the Registrar or Court orders the release of the ship, a notice will be given to the Marshal who will then proceed to release the ship. The Marshal may refuse to release the ship if satisfactory arrangements have not been made for payment of the Marshal's costs and expenses in respect of the custody of the ship while it was under arrest, including the costs and expenses associated with its release.

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

In order for a ship to be released, the owner must provide the plaintiff with an alternative security for the claim. This can be in the form of a bank guarantee, a letter of undertaking from a P&I club or insurer, a bail bond pursuant to Part VII of the Admiralty Rules 1988 (Cth), or cash deposited with the Court.

19. Does security need to cover interest and costs?

A plaintiff is entitled to obtain security for its claim in an amount equal to:

- (a) its "reasonably arguable best case" including interest up to the likely date of judgment and its costs in the proceeding; or
- (b) the value of the ship arrested, whichever is the lesser.

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

Generally yes, especially in respect of International Group clubs. The court is entitled to be satisfied as to the adequacy and reliability of the security proposed.

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

An arrested vessel can usually be released within a day of security being provided and accepted, or of an order of the court being made.

22. Is there a procedure to contest the arrest?

If the plaintiff's claim does not fall within the requirements of the Admiralty Act 1988 (Cth) (being sections 15-19 of the Act), the claim can be challenged in Court for lack of jurisdiction. In addition, a claim can be made for damages for unjustified arrest by a person with an interest in the ship (or who has suffered loss or damage as a direct result), when:

- a) a party unreasonably and without good cause:
 - i. demands excessive security in relation to the proceeding; or
 - ii. obtains the arrest of a ship; or
- b) a party or other person unreasonably and without good cause fails to give a consent for the release of the ship.

23. What 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.

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?

Rarely.

26. 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** is a partner in Colin Biggers and Paisley's Transport & Logistics Group. Stephen's practice is primarily transactional and advisory, with a focus on the shipping, maritime, ports and supply chain industries. His clients number among the leaders in the transport and logistics field, and he has extensive experience advising Australian and overseas shipping lines, logistics companies, port operators and government organisations. He has also worked with shipping specialists in London.

Stephen advises clients on business acquisitions and disposals, regulatory issues, negotiation and drafting of contracts, carriage of goods and passengers by sea, air and land, ship arrest and admiralty.

Stephen is a member and former Director of the Maritime Law Association of Australian and New Zealand, as well as a member of the Legal Committee of Shipping Australia Ltd. Stephen has also participated in several working groups, on the invitation of the Federal Court, addressing the potential for reform of the Admiralty Act.

Stephen is recognised in Chambers and Partners as one of Australia's leading shipping lawyers, and is listed in the 2014-2015, 2016 and 2017 editions of Best Lawyers in Australia for transport law. In 2016, Doyle's Guide listed him as a leading shipping and maritime lawyer.

SHIP ARREST IN AUSTRIA

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

Since 1918 Austria, is a landlocked country. Ship arrest is limited to inland waterways, in particular the Austrian stretch of the Rhine-Main-Danube, Europe's most important waterway connecting the Atlantic with the Black Sea. The Austrian ports are as follows: Enns, Ennsdorf, Krems, Linz, Linz Ind. Hafen, Ybbs, and Vienna. There is no developed maritime law practice in the courts. The arrest of inland waterway vessels follows the general rules of the Enforcement Code. The arrest takes the form of a court order for taking the vessel in the custody of the court. Vessels ready to sail must not be arrested. The Enforcement Code provides for the attachment of a debtor's assets in circumstances where

- (i) either a final judgment or an arbitral award are to be enforced or
- (ii) there is a risk that the debtor removes, destroys, depletes or hides assets with a view to prevent the enforcement of a future judgment or arbitral award.

In the latter case, such a risk is assumed in case the claim is against a non-resident debtor and any future enforcement of a judgment or award would have to be carried out abroad. An inland waterway vessel sailing under a non-Austrian flag owned or chartered by a non-resident debtor would meet these criteria.

An application for the enforcement of a judgment or an award has to be filed with the court in whose district the vessel is currently staying. The same applies for arresting a vessel for securing the payment of a future judgment or award.

The arrest of a vessel for securing payment of future judgments or awards takes place in the form of a temporary injunction. It requires prima facie evidence of the existence of a claim as well as prima facie evidence of the risk that a future judgment or award may not be able to be enforced due to actions of the debtor to remove, destroy, deplete or hide the assets with the intention to frustrate the creditor. The mere possibility that the debtor may become insolvent, prior to a judgment or arbitral award becomes enforceable, is not sufficient for meeting this requirement. Prima facie evidence has to be submitted in the form of documentation written statements of witnesses or oral statements before the judge.

Their contact details have to be included in case the judge wishes to verify written statements. All documentary evidence which is not in, German language has to be submitted in translations certified by Austrian court interpreters. It is advisable to offer together with the application payment of a counter-security for any damages the debtor may suffer as a result of an unjustified arrest.

Together with the application for an arrest, by temporary injunction, a filing fee of approximately 0.7% of the value of the claim has to be paid to the court. The application together with all supporting documentation has to be filed electronically within the special electronic mail system between courts and Austrian lawyers.

If the judge has been pre-warned by the applicant lawyer of the incoming application and the judge is satisfied with the prima facie evidence submitted, the temporary arrest order may be issued on the day of application. As Austrian judges are dealing very infrequently with ship arrests this result may not be achieved easily.

As a general rule, applications for temporary injunctions for ship arrest are ex parte proceedings. The debtor is served with the arrest order by the bailiff together with a copy of the application. The debtor may file within a non-extendible period of 14 days objections or an appeal against the court order.

Objections are filed in case of the court order being based on factual errors and will result in a hearing before the court having issued the order. An appeal will deal with errors in law and procedure. The appeal will be decided by the appeal court. It is advisable to combine both remedies. In case the judge dealing with an application for ship arrest is not fully satisfied about the merits and the prima facie evidence submitted, he or she may serve the application on the debtor giving the debtor an opportunity to provide comments or objections within a short period of time. At the judge's discretion a hearing may be ordered. While this would result in a delay of time, there is a risk that the vessel leaves the Austrian stretch of the inland waterway. However, an unscheduled departure or readiness to sail may persuade a judge that there is prima facie evidence of an intention by the debtor to remove the vessel from the jurisdiction of the Austrian court with a result of frustrating the enforcement of a future judgment or award.

Together with the order for a temporary injunction, the court will set an extendible time limit for filing a court action or a request for arbitration for justifying the temporary injunction. If no action is filed by the creditor, the order will elapse and the arrest lifted. At any time the debtor may deposit with the court a security for lifting the arrest. The security has to cover the claim plus interest and costs. The security is either a payment into court or placing with the court a guarantee by a prime Austrian bank. Guarantees of foreign banks or P&I Clubs will only be accepted as sufficient security in case the creditor does not object.

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

Austria is not a member of any arrest conventions.

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

No, unless the lien holder has the vessel under control and refuses to release the vessel.

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

No. The temporary injunction for taking the vessel into the custody of the court is a saisie conservatoire or freezing order.

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

Arrests can be made for any types of claims including payment of debt, ownership of vessel or cargo, rights under charter party, damage caused by the vessel, unpaid bunker bills, etc.

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

The flag does not matter when applying for arrest.

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

A ship can be arrested irrespective of the debtor, always provided the vessel is in the possession of the debtor. It is then up to the third party ship owner to prove title of ownership. Arrests against immune or sovereign debtors (e.g. police boats or UN-vessels) will not be allowed by the court.

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

An arrest of a sister ship is possible provided she is in the possession of the same debtor.

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

Bareboat and time-chartered vessels may be arrested for claims against bareboat charterers and/or time-charterers with a view either to have the charter party carried out under the supervision of a court or to obtain security from the charterer.

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

While there is no legal precondition for obtaining an arrest to provide a counter-security, the judge may be more easily persuaded to grant the order when the applicant is offering a counter-security. The judge may also make the arrest conditional of payment of a counter-security.

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

There is no difference whether an arrest is for a claim or a lien.

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

Maritime liens properly established will be recognized irrespective that Austria is not a member of any international conventions.

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

On the assumption that all documents are in the file together with the court filing fee, an arrest order may be obtained on the same day. However, if the necessary documents are not in German, a few days may be required for obtaining certified translations into German by a court sworn interpreter. The arrest order will be executed by the court's bailiff under an order issued by the court. We usually liaise with the bailiff to expedite the immediate enforcement.

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

A POA is not required as it is sufficient for an Austrian lawyer to state in the application that he has been properly authorized by the client. As a matter of legal practice the lawyer is likely to ask for a POA for his own files. But a submission of the POA is not required for filing the application.

Together with the application, documents have to be filed which provide prima facie evidence of the identity of the debtor and the vessel to be attached, the existence of the claim and the actions or behavior of the debtor to frustrate the collection of a future judgment or award. Documents should be available in originals. If this is not feasible, copies can be submitted. While there is no legal requirement of copies of documents to be certified as conforming and apostilled, it is advisable to do it in order to avoid the risk that the judge queries their authenticity.

Statements of witnesses should be signed but do not have to be notarized. However, they should indicate addresses and telephone numbers in case the judge wishes to contact the witness directly. Documents in languages other than German have to be submitted together with a certified translation. For the sake of speed it is sufficient to translate the parts which may be relevant for the judge to grant the order. Also documents in English have to be translated irrespective a judge's knowledge of English as the court file has to be kept in the German language. For the sake of speed, we sometimes submit together with the application English documents together with the undertaking to deliver certified translations a few days later.

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, as set out in Section 14 above, have to be filed online with the electronic document archive of the court. The number allocated by the archive to the document file will be quoted in the application. As a result, the judge deciding on the application has online access to the document supporting the application.

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

The arrest of a vessel does not result in the Austrian court assuming jurisdiction over the substantive claim. The Austrian court will only have jurisdiction if there is jurisdiction according to the Austrian and EU rules on jurisdiction in civil procedure. Arbitration clauses deprive Austrian courts of their jurisdiction but not of their power to issue arrest orders.

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

Upon application of the debtor/ship owner a ship will be released from arrest provided the security or bank guarantee is deposited with the court is sufficient to cover the claim together with interest and cost.

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

The best form of security is payment of cash into the court as this would not result in any further queries by the court. The same applies to an abstract and unconditional bank guarantee issued by a leading Austrian bank. Guarantees issued by other banks might raise queries on part of the judge or objections by the applicant. The same applies for P & O Club letters. In case the applicant is agreeable with these types of security, the court will accept that as well.

19. Does security need to cover interest and costs?

Yes, the security should also cover interest and costs incurred in case the creditor-applicant is successful in the litigation or arbitration on the merits of the case.

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

The judge will not accept P&I LOUs as a sufficient security to lift the arrest unless the creditor-applicant agrees to it.

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

The court practice is to structure a release order in such a manner that the release is contingent on proving the deposit of the security. Once the condition is met the ship will be released immediately.

22. Is there a procedure to contest the arrest?

The debtor/ship owner has the following procedures available to contest the arrest:

- (i) Objections stating that the facts on which the arrest order has been based are incorrect or incomplete. The debtor/ship owner will submit, with his objections, documentation as a prima facie evidence and/or witness statements together with their contact details and apply for a hearing, if he deems a hearing to be useful.
- (ii) Appeal to a higher court on the basis that the order is based on errors in law and/or procedure.
- (iii) Combining objections and appeal which may be the preferred way to have the arrest order removed depending on the circumstances.

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

The usual court practice is to grant a period of 6 (six) months for taking legal action on the merits. Depending on the circumstances, the court might grant a longer or shorter time limit. If legal action on the merits has already, initiated, a copy of the claim filed with the court or the request for arbitration should be included amongst the documents filed together with the application for an arrest. This would serve as an additional prima facie evidence of the existence of the claim. In case the arrest court is also the court of jurisdiction over the substantive claim, it is advisable to combine the application for arrest with the substantive claim for saving court filing fees.

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

In case the arrest proves to be wrongful, the defendant can claim compensation for all damages resulting from the wrongful arrest whereby payment can be made from the claimant's counter security deposited with the court.

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

Austrian courts acknowledge the piercing and lifting of the corporate veil in special circumstances such as in insolvency situations where the application for insolvency has been unduly delayed or where special circumstances are present such as fraud. There is a court practice of enhanced liability of directors in case of their misconduct or negligence in management of the company.

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

With the consent of all parties concerned, in particular creditor, debtor and ship owner, it is possible to sell the ship pendente lite. The agreement would involve the requirement that the proceeds of the sale are paid by the buyer directly to the court and thereby replace the arrested ship. At the same time an order from the court could be sought to lift the arrest whereby such order becomes operative once the payment of the proceeds of the sale into the court has been effected and duly acknowledged.

****Dr. Friedrich Schwank** is the senior partner of Law Offices Dr. F. Schwank established in 1986 and situated in the Vienna Stock Exchange Building. The firm is dedicated to providing commercial and financial law services for international clients. Dr. Schwank has contributed to the law firm his experience from working with a London City firm of solicitors and with the legal secretariat of the International Court of Arbitration of the International Chamber of Commerce, Paris. In his career he has focused on international transport law, letters of credit, bank guarantees, international trade and aviation. He is the Austrian contributor to the European Transport Law, Antwerp. He is also the author of leading publications relating to aviation, secured transactions, enforcement of judgments and related areas. As a lecturer he taught a course on international transport law at the University of Economics Vienna. He is frequently acting as an arbitrator and is a Fellow of the Chartered Institute of Arbitrators, London.*

SHIP ARREST IN BAHAMAS

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

A simple arrest of a vessel would involve the commencement of proceedings providing an overview of the claim with supporting documents exhibiting any documents relevant to the claim. The application for the arrest of a vessel will usually be an ex parte application. Once the arrest warrant is executed the Admiralty Marshall will proceed with the arrest.

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] and Rules of the Supreme Court). 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 there 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 and charterers;
- 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 unlikely 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. A maritime lien holder may have a priority to any funds generated for example by the sale of the vessel but it would depend on whether there are other lien holders whose liens rank in priority.

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 from the moment the file arrives to your law firm?

Instructions to the firm should ideally arrived 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. However, there are instances when forum is argued and the Courts have selected not to allow the substantive proceedings to be adjudicated where there is a more suitable forum.

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

The procedure required will depend on whether a caveat against release has been filed. Where a caveat has been filed it is a requirement to seek the consent of the Caveator or provide notice to the Caveator of the application for release. The Court will then make a determination on the application.

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

In most cases the party who has obtained the arrest warrant will only agree to the release of the vessel where an LOU or bank guarantee has been provided.

19. Does security need to cover interest and costs?

It is best for the security to cover interest and costs. It will depend on whether the party with the warrant for arrest is willing to accept a P&I LOU. However, this is usually acceptable.

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

The release of a Ship can be done within 24 hours of filing an application with the Court for the release.

22. Is there a procedure to contest the arrest?

Yes a party can contest an arrest by filing an application with the Court in the proceedings.

23. What 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.

24. 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.

25. 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.

26. 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 are likely to 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 BANGLADESH

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

Bangladesh is one of the most advantageous arrest jurisdictions for these reasons, amongst others,

- a) Bangladesh is not a signatory to any arrest convention,
- b) ship can be arrested in an action *in rem*,
- c) vessel can be arrested in an action *in personam*,
- d) ship can be arrested for security,
- e) ship can be attached even after loss of navigability,
- f) ship can be arrested for maritime lien as well as maritime claim,
- g) arrest lies for as many as nineteen claims,
- h) arrest is straight forward,
- i) court has jurisdiction 7/24 hours,
- j) arrest is both quick and cheap,
- k) court does not require counter security for arrest,
- l) there is no provision or practice of awarding damage for wrongful arrest,
- m) P & I club's LIU/LOI is not accepted for release of the vessel and a vessel is released upon furnishing Bank Guarantee. The High Court Division of the Supreme Court of Bangladesh exercises Admiralty Jurisdiction under the Admiralty Court Act, 2000 and the Admiralty Rules, 1912. Admiralty Rules provide that in suits *in rem* a warrant for the arrest of property may be issued at the instance either of the plaintiff or of the defendant at any time after the suit has been instituted, but 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 to be issued, the nature of claim or counter-claim, the name and nature of the property to be arrested, and that the claim or counter-claim has not been satisfied.
 - b) In a suit of distribution of salvage the affidavit shall state the amount of the salvage money awarded or agreed to be accepted, and the name, address and description of the party holding the same.

To file an application for arrest of ship the plaintiff/claimant must institute a suit by paying Tk. 1,00,000.00 as Court fee. In a suit for wages Court fee of Tk. 100.00 is required to be paid. The plaint along with the documents is to be filed in the section/office of the Court and the application for arrest of the ship is filed in the Court. Usually, the application comes up in the Daily Cause List of the court on the following working day. However, if the Court is satisfied with urgency of the matter it prepares a supplementary cause list and hears the matter on the same day. If *prima facie* case is made out in support of the claim the Court Admits the suit and directs issuance of summons. Thereafter, the application for arrest is heard and if the court is *prima facie* satisfied about the merit of the application it passes an order for arrest of the ship for security of the claim amount. An application for arrest of ship is heard ex-parte unless a caveat has been filed by the defendants. The order for arrest of ship is served upon the defendants by the Marshal of the Court on receipt of fee and charge paid by the claimant. Likewise, cargo on board or any property belonging to any party can also be arrested by the Admiralty Court.

The order for arrest can be vacated by the same court upon an application filed by the defendant on the ground that the ship was wrongly arrested and the defendants can also file an application for reduction of the quantum of security, but hearing of these kinds of application takes 1 or 2 weeks. When the ship is in a hurry, this kind of application is not generally advised. A ship is released from arrest upon deposit of the amount of claim in the Court or upon furnishing a local bank guarantee. An LOU issued by P & I Club is not accepted in Bangladesh. After release of the ship upon furnishing bank guarantee an application for reduction of Bank guarantee can also be moved by the defendants and, if allowed, a revised Bank guarantee would be furnished. The release order is also served by the Marshal upon receipt of Marshal's fee.

If the ship has not gotten released by the defendants, the plaintiff can pray for sale of the ship *pendente lite* and the Court sells the ship through auction and keeps the proceeds with the Marshal which is paid to the plaintiff if the suit is decreed in his favour. If there is more than one claimant and the proceeds cannot satisfy the claims, the Court applies the English Law of priorities.

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

Neither the International Convention relating to Arrest of Seagoing Ship 1952 nor the International Convention of the Arrest of Ships 1999 have been ratified by Bangladesh.

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

A ship could also be arrested by the plaintiff in execution of decree passed by the High Court Division or a judgment passed by a foreign Court against the Owner of the ship. A ship can also be attached before judgment in a suit *in personam*. In a suit *in rem* a ship can be attached if the ship is beached for scrap before institution of suit. Under the Bangladesh Merchant Shipping Ordinance (MSO) 1983 the Principal Officer, Mercantile Marine Department can detain an unseaworthy ship. Under the MSO the High Court Division can detain a foreign ship for damage caused in any part of the word to the Government of Bangladesh or any Bangladeshi citizen or company and the Principal Officer or Collector of Customs can detain a ship before such application has been made to the High Court Division. Under the Regulations for Working of Chittagong Port (Cargo and Container) 2001 the Chittagong Port Authority can detain a vessel until security has been given for the amount of damage caused and the Cost involved in removing the blockade of navigational channel or the total amount is paid.

4. Are there 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. However, an application for injunction to restrain a party from scrapping or removing a vessel can be passed by the Court.

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

A ship could be arrested in an action *in rem* for any of the following claims:

- (a) any claim to the possession or ownership of a ship or to the ownership of any share therein or for recovery of documents of title and ownership of a ship, including registration certificate, log book and such certificates as may be necessary for the operation or navigation of the ship;
- (b) any question arising between the co-owners of a ship as to possession, employment or income 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, charterer or persons in possession or control of a ship or of the master or crew thereof or any other persons for whose wrongful acts, neglects or defaults the owners, charterers or persons in possession or control of 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 of life from a ship or cargo or any property on board a ship or the ship itself or its apparel, whether services were rendered on the high sea or within territorial waters or inland waters or in a port, including any claim arising by virtue of the application by or under section 12 of the Civil Aviation Ordinance, 1960, (Ordinance XXXII of 1960) of the law relation to salvage to aircraft and their apparel and cargo;
- (j) any claim in respect of towage of a ship or an aircraft;
- (k) any claim in respect of pilotage 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 construction, repair or equipment of a ship or dock charges or dues;
- (n) any claim for wages by a master or member of the crew of a ship or any claim for any money or property recoverable as wages of master or member of the crew under the Merchant Shipping Ordinance, 1983, or in the Court;

- (o) any claim for disbursements made on account of or for the purpose of a ship by the Master, shipper, charterer or agent of the 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 or respondentia;
- (r) any claim for forfeiture or condemnation of a ship or of goods which are being or have been carried, or have been attempted to be carried, or for the restoration of a ship or any such goods after seizure, or for droits of admiralty together with any other jurisdiction to grant reliefs as are provided under the provisions of the Merchant Shipping Ordinance.

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

A ship could be arrested irrespective of her flag.

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

As long as the claim gives rise to an action *in rem*, even if the ship belongs to a Foreign State the ship would be arrested. But the ships belonging to the Government of Bangladesh, Bangladesh Army, Bangladesh Navy, Bangladesh Air Force, Bangladesh Rifles, Bangladesh Police and Coast Guard are indemnified.

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

A sister ship can be arrested. But a ship in associated ownership (sister company ship) cannot be arrested.

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

If the ship is on bareboat charter, it can be arrested and if it is on time charter it cannot be subjected to arrest.

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

Counter-security is not required to be furnished at the time when the Court orders the arrest of a ship. However, the code of Civil Procedure provides that where, at any stage of the suit, it appears to the Court that a sole plaintiff is, or (when there are more plaintiffs than one) that all the plaintiffs are residing out of Bangladesh, and that such plaintiff does not, or that no one of such plaintiffs does, possess any sufficient immovable property within Bangladesh other than the property in suit, the Court may, either of its own motion or on the application of any defendant, order the plaintiff or plaintiffs, within a time fixed by it, to give security for the payment of all costs incurred and likely to be incurred by any defendant.

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

If the plaintiff's claim is a maritime lien, the claim survives notwithstanding the change in ownership of a ship and the ship can be subjected to arrest. If the claim is a maritime claim and not a maritime lien the ship cannot be arrested if, before filing of the suit, ownership of the ship has changed.

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

Sections 477 and 478 of the MSO recognize maritime liens to the Seaman's wages and the Master's wages respectively. No other statute recognizes maritime liens. However, Court follows English law of maritime liens.

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

After receipt of file/documents along with Power of Attorney, 48 hours are required to obtain an order of arrest.

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

Power of Attorney executed by the client, notarized and attested by the Bangladesh High Commission in the plaintiff's country is required to be filed along with other documents to prove the claim. But the

Court permits to file suit by dint of the scanned copy of the Power of Attorney subject to filing the original after authentication by the Ministry of Foreign Affairs and payment of stamp duty.

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 in support of the claim along with correspondence between the parties are required to be filed at the time of filling the suit and application for arrest. Original documents are required to be filed at the time of trial.

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

Court usually accepts jurisdiction over the substantive claim once the vessel has been arrested. However, the Court may refrain from adjudicating the substantive claim if any agreement of jurisdiction stipulates for foreign jurisdiction. In case of pendency of maritime arbitration, court maintains the arrest order for the purpose of security and stays the substantive suit.

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

The easiest way to release a ship from arrest is furnishing security. However an arrest can be lifted without security if the vessel can establish that she has no liability to the plaintiff and the vessel has been wrongly arrested. But in the latter option, it takes ½ week's time to get the court's decision on the issue.

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

To release a vessel a Bank Guarantee issued by a local Bank is to be furnished as security.

19. Does security need to cover interest and costs?

The Bank Guarantee needs to cover the entire amount claimed including interest and costs. However, the court sometimes reduces the amount of security if the defendant can prima facie prove that the claim is inflated.

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

P&I Club's LOI/LOU is not accepted to lift the arrest but court allows LOI when the claimant agrees to accept it.

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

A release order can be obtained in the afternoon if the lawyer receives the security in the morning.

22. Is there a procedure to contest the arrest?

The defendants can contest the arrest by filing a caution/caveat firstly to prevent wrongful arrest by fraudulent claimants and secondly to minimize the amount of security for release of ship giving the actual picture to the court. Nowadays, Bangladesh court does not require any undertaking along with the caution/caveat though the Admiralty Rules provide for such an undertaking.

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

After the expiration of 12 days from the return of a warrant, if no appearance shall have been entered in the suit, the attorney for the plaintiff may cause the suit to be sent down for hearing on merit. But when the defendants enter appearance and contest the suit, it takes 3 to 4 years to adjudicate the suit on merit.

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

The Court does not acknowledge the concept of wrongful arrest for the purpose of counter security but it can vacate the order for arrest of ship on the ground of wrongful arrest. The court can award costs of the suit against the losing party. Moreover, if in any suit the defendant objects the claim on the ground that the claim or defence is false or vexatious and if thereafter, such claim or defence is

disallowed the Court shall make an order for the payment to the objector, such cost by way of compensation which may extend up to twenty thousand taka.

25. 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 needs 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 of arrest.

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

A ship can be sold *pendente lite*. The process of sale could be completed within 2 to 3 months from the date of the order of arrest. It could take a 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.

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SHIP ARREST IN BARBADOS

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

Part 70 of the Supreme Court (Civil Procedure) Rules 2008 (the "CPR") of Barbados applies to Admiralty proceedings in the High Court of Barbados. These proceedings include claims against ships and such claims are classified as Admiralty proceedings *in rem*. An arrest warrant of a ship may only be issued where Admiralty proceedings are brought *in rem* against a ship.

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

The United Nations Convention on the Law of the Sea ("UNCLOS").

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

Yes.

Part 70 of the CPR governs the arrest of ships in Admiralty proceedings *in rem* in Barbados.

Pursuant to s.15(3) of the **Marine Boundaries and Jurisdiction Act, CAP 387** (the "MBJ Act") of the laws of Barbados, whenever a conservation officer reasonably suspects that a person has committed an offense under the MBJ or the regulations, he may seize the vessel suspected of being used in the commission of the offense without a warrant of arrest.

Under s.9 of the **Maritime International Co-operation Act, CAP 13C** of the laws of Barbados, when a law enforcement official reasonably suspects that a ship is engaged in the illicit trafficking of drugs or psychotropic substances, he also has the authority to detain the ship at a port in Barbados.

A ship may be detained under s. (6)(2)(d) of the **Quarantine Act, Cap 53** of the laws of Barbados in order to prevent the spread of infection.

S.260 of the **Shipping Act, CAP 296, 1995 of the laws of Barbados** grants the Registrar or inspector the power to cause an unseaworthy Barbadian ship or foreign ship to be detained until it is fit to proceed to sea.

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

These alternatives involve the seizure and detention of the ship as described above at 3.

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

Under CPR 70.9(1) an arrest warrant may be issued against a ship in Admiralty Proceedings *in rem*. These proceedings involve a claim brought against the ship in connection with which the claim arises.

An arrest warrant will not be issued in Admiralty Proceedings *in personam* except where the person (the "Relevant Person") who would be liable on the claim in proceedings *in personam* was, when the cause of action arose:

- a) the owner or charterer (time or bareboat); or
- b) in possession or in control of the ship.

In the above mentioned circumstances, a claim *in rem* may be brought against:

- a) that ship if at the time when the claim is made the relevant person is either the beneficial owner of that ship as respects all the shares in it or the charterer of it under a charter by demise; or
- b) any other ship if at the time when the claim is made, the relevant person is the beneficial owner as respects all the shares in it.

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

Yes, in specific circumstances as set out below.

- a) Where the arrest of the ship is in respect of obligations or liabilities assumed or

incurred by the ship itself in the course or for the purpose of its voyage through Barbados' waters.

b) Where a ship violates any law or regulation adopted from the UNCLOS relating to Barbados' Exclusive Economic Zone.

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

No, a claimant may only issue an arrest warrant in Admiralty proceedings *in rem* against:

- a) the ship in connection with the claim; or
- b) any other ship, if at the time when the claim is made, the Relevant Person is the beneficial owner of all the shares in it.

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

There is no specific provision regarding the arrest of ships with respect to sister ships and ships in associated ownership. However, under CPR 70.9(1) "Ship" is defined as a vessel used in navigation not propelled by oars. As such, these vessels may be arrested under CPR 70.9(1).

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

There is no specific provision regarding these vessels. Based on the definition of "Ship" as mentioned above, these vessels may be arrested under CPR 70.9(1).

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

No. However, under CPR 70.12 (3) an arrest warrant may not be executed until an undertaking has been recorded in the marshal's office to pay for litigation fees and expenses incurred by the marshal in respect of the arrest, care and custody of the ship.

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

No, the procedure for arrest is the same as set out in detail at 13 below.

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

Yes, the courts do recognise maritime liens under part 8 of the **Shipping Act CAP 296** of the laws of Barbados. They are as follows:

- (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 pilotage dues and any outstanding fees payable under this Act in respect of the ship;
- (c) claims against the owner 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;
- (d) claims against the owner, based on tort 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; claims for salvage, wreck removal and contribution in general average.

The word "owner" mentioned in this section shall be deemed to include the demise or other charterer, manager or operator of the ship.

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

Upon receipt of the relevant documentation and instructions from the client, the claim may be filed and served within 1 to 2 days. At the time of filing, a request in the form of a Certificate of Urgency is made to the Chief Justice for an urgent hearing of the matter. If this request is approved, the matter will be set down for hearing within 1 to 3 days of the request. At the conclusion of the hearing, the order for the warrant of arrest will either be approved or denied. Immediately following the order, the undertaking is lodged at the Marshal's office and the warrant is executed.

A party intending to issue a warrant of arrest must follow the procedure for arresting a ship as set out under CPR 70.9, which is as follows:

- a) Commence Admiralty proceedings *in rem* by filing a claim form (Form 22 in the CPR) at the Registry.

- b) Serve the claim form on the ship against which the claim is brought by affixing the claim form either on the outside of the superstructure of the ship or on the mast of the ship.
- c) File a sealed copy of the claim form at the Registry if the ship has been sold by the appointed marshal.
- d) A counter-claiming Defendant is also required to serve the claim form in the manner set out at (b) above.
- e) Consult with the caveat book at the Registry to ascertain whether there is a caveat against arrest in force with respect to the ship.
- f) File an affidavit made by the party or his agent which includes the following particulars:
 - i. The nature of the claim or counter-claim and that it has not been satisfied.
 - ii. The name and nature of the ship
 - iii. The port of registry of the ship
 - iv. Where applicable, the name of the person who would be liable on the claim in a proceedings *in personam*.
- g) Ascertain whether the beneficial ownership of the ship has changed since the issue of the claim as a result of sale or disposal by the court.
- h) Seek the court's permission to issue the warrant if the beneficial ownership of the ship subject to arrest has changed.
 - i) Either serve notice of the Admiralty proceedings *in rem* at the respective consul if the claim is for possession of a foreign ship registered at a port of a State having a consulate in Barbados or seek the court's permission to issue the warrant.
- j) Either serve notice of the Admiralty proceedings *in rem* at the respective consul if the claim is for wages against a foreign ship registered at a port of a State having a consulate in Barbados or seek the court's permission.
- k) Record the warrant of arrest at the Registry to be sealed by the Registrar.

Execution of warrant of arrest

- a) An arrest warrant is valid for 12 months beginning on the date of its issue and it may be executed only by the marshal.
- b) Prior to the execution of the warrant, the party in favor of which the warrant has been issued must give an undertaking as described at (10) above.
- c) After the undertaking has been recorded in the marshal's office, the warrant of arrest must be served on the ship against which it is issued by affixing the warrant for a short time on any mast of the ship or on the outside of the superstructure of the ship. Within 7 days of such service, the warrant must be filed at the Registry.

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

The party intending to issue the warrant of arrest is only required to provide the following original documents for filing:

- a) the Admiralty Claim Form in rem which may be signed by the Claimant's Attorney-at-Law.
- b) Affidavit of service of the Admiralty Claim Form in Rem.
- c) Warrant of Arrest.
- d) Affidavit in support of the Warrant of Arrest.
- e) Notice of proceedings (if applicable).

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 required original documents are listed at 14 above. Those documents are required prior to the initiation of the proceedings. Electronic filing is not a feature of our court system.

The Affidavit in support of the warrant must be sworn to at the Registry. In circumstances where the deponent is outside of the jurisdiction, the Affidavit must be notarized.

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

The court is likely to accept jurisdiction over the substantive claim once the vessel has been arrested in Barbados' internal or territorial waters. Pursuant to s. 10 of the Barbados Territorial Waters Act CAP 386 of the laws of Barbados, the courts of Barbados have jurisdiction over any claims which arise in the internal or territorial waters of Barbados. However, the court may refuse its jurisdiction over the substantive claim where there is a more appropriate forum available to the parties.

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

The procedure is set out under CPR 70.14. Generally, the party applying for the release must:

- a. be a party to the proceedings for the warrant of arrest.
- b. file a request and undertaking for release form.
- c. either seek the permission of the court for the release; or
- d. obtain the consent of all other parties for the release, with the exception of a defendant who has not acknowledged issue or service of the claim form,
- e. give notice to any person at whose instance a subsisting caveat against release has been entered, or to his attorney-at-law, requesting that the caveat be withdrawn.
- f. present the order from the court to the Marshal granting the release of the ship.
- g. provide security for the release as described at 18 below.

Exceptions to the aforementioned procedure:

Sale of ship under arrest by court order.

A ship under arrest may be released as a result of a sale under an order of the court.

Release where caveat against release is in force:

Where a caveat against the release of a ship is in force, a release will only be issued if the court so orders.

Bail

Generally, the court must permit the release of a ship upon sufficient bail being provided as stated in CPR 70.17.

Exceptions

Posting bail is not a ground for the release of a ship with respect to the following claims:

- any claims related to the possession or ownership of a ship or to the ownership of any share therein; or
- any question arising between the co-owners of a ship as to possession, employment or earnings of the ship

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

Execution of release

The appointed marshal in the proceedings will release the ship provided that the following conditions are satisfied:

- a. the party in favor of which the release was issued pays the fees and expenses already incurred by the marshal and undertakes to settle all other fees and expenses in connection with the arrest, care and custody and release of the ship; or
- b. undertakes to pay on demand all expenses whether incurred or to be incurred.

19. Does security need to cover interest and costs?

The security only needs to cover the fees and expenses incurred by the marshal in relation to the arrest, custody and release of the ship.

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

A letter of undertaking is sufficient to lift the arrest.

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

It is difficult to estimate the timeline as it relies solely at the discretion of the court.

22. Is there a procedure to contest the arrest?

Yes, this procedure is set out in CPR 70.10.

Generally, a person who wishes to prevent the arrest of a ship must file a request in the prescribed form containing an undertaking:

- a) to acknowledge issue or service of the claim form in any claim that may be made against the property described in the request; and

- b) within 3 days of receipt of notice that such a claim has been made, give bail in that claim in a sum not exceeding an amount specified in the request or to pay the amount so specified into court.

This request must be signed by the person seeking to prevent the arrest or his attorney-at-law. When the request is filed, the Registrar must enter a caveat against the issue of a warrant to arrest the property described in the request in the caveat book.

Exception

Caveat against arrest in limitation proceedings

Where a claimant in limitation proceedings has constituted a limitation fund in accordance with Article 11 of the Convention on Limitation for Liability for Maritime Claims, 1976 and CPR 70.35, the claimant may file a request in the prescribed form at the Registry stating that a limitation fund in respect of the damage arising from the relevant incident has been constituted and give an undertaking to acknowledge the issue or the service of the claim form in any claim that may be begun against the ship described in the request.

This request must be signed by the claimant or his attorney-at-law. Upon the filing of the request, a caveat against the issue of a warrant to arrest the property described in the request must be entered in the caveat book.

Where a ship with respect to which a caveat against arrest is in force, is arrested due to an arrest warrant, the party at whose instance the caveat was entered may apply to the court for an order discharging the warrant. In these circumstances, the party who procured the arrest must show the court that the arrest of the ship was based on good and sufficient reason in order to prevent the warrant from being discharged and an order for the damages in respect of the loss suffered by the applicant as a result of the arrest.

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

It is difficult to estimate the timeline as it relies solely at the discretion of the court.

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

There is no specific provision with respect to wrongful arrest. However, as outlined at 22 above, damages may be awarded to the party who suffered loss as a result of the arrest in a case where the ship was arrested even though there was a caveat against arrest in force.

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

Yes.

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

Yes, this may take approximately 3 to 6 months.

SHIP ARREST IN BELGIUM

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

Belgium, and most specifically the port Antwerp, has with reason a favorable 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-organized: a simple, fast and short procedure, an experienced Antwerp Maritime bar, local representation of all P&I Clubs of the world, excellent shipping signaling 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 judgment, 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 there 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 letter 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 irrespective 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 irrespective 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° 25).

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

The arrest may be lifted by putting up a security (see question 18) or after obtaining order of the Judge of Seizures deciding to set aside the original order for arrest (see also question 22).

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

A cash deposit and/or a bank guarantee are accepted to obtain the release of the ship. In practice an undertaking of a first class P&I Club is also mostly accepted (although the claimant may refuse such undertaking and ask for a cash deposit or bank guarantee). In case of disagreement, the Judge of Seizures may settle any dispute related to the nature of security.

19. Does security need to cover interest and costs?

Yes, the security should cover the principal amount of the claim, costs and interest. The global amount of interest and costs is normally determined at 30 or 40 per cent of the principal amount. In case of disagreement, the Judge of Seizures may determine the amount of the security.

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

See question 18.

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

If the parties agree upon the lifting of the arrest, the court bailiff may release the ship within the hour as from the instructions by the arresting party. In case proceedings are initiated to have the ship released, the release will take longer as such proceedings are often slowed down by the desire of the parties to develop their arguments in written submissions.

22. Is there a procedure to contest the arrest?

The ship owner (or a third party) may file opposition proceedings with the Judge of Seizures within one month of service of the order of arrest for such order to be set aside or varied; if such application fails, appeal is possible before the Court of Appeal.

23. What 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.

24. 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.

25. 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 authorized 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.

26. 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 BENIN

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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 alternatives 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 be 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 connection 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 the causes allowing the application of the limitation of owners or charterers liability.

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

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

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

Arrest of a ship can be made irrespective 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 to 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 your 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 from 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 are 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. What is the procedure to release a ship from arrest?

An arrested ship may be released upon a release order from the Court or upon a Court decision allowing the ship to leave after depositing moneys with the Court registrar as security, the amount of which is set by the Judge according to Art 153 of the Benin Maritime Code. Release can also occur voluntarily after parties have reached an amicable settlement in terms of acceptance of a letter of guarantee by the creditor.

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

In most cases, a bank guarantee payable at first demand is preferred. However P&I LOUs are also accepted.

19. Does security need to cover interest and costs?

The security is placed as to cover the debt's principal amount, interests and costs. However, everything may be negotiated.

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

P&I LOUs are perfectly accepted as sufficient to lift the arrest.

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

There is no time necessarily taken to release the ship. It can occur immediately upon issuance of the release order from the Court or upon the agreement reached by the parties.

22. Is there a procedure to contest the arrest?

The arrest may be challenged by referring it to the enforcement judge.

23. What 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.

24. 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.

25. 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 authorise 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.

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

A ship under arrest may be sold pendente lite. Eight (8) days after the arrest, the arrestor may claim on the merits and apply for the sale of the ship. If the debtor does not pay his debt within ten (10) days, the Court may order the sale by auction of the vessel. The auction notices are posted and published in the official gazette for fifteen (15) days, and then the bids are brought to the Court. The successful bidder is compelled to pay the price within seventy-two (72) hours following the auction. Failing to honor 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)

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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 294, 300 and 301 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 there alternatives e.g. saisie conservatoire or freezing order?

Based on Article 300 of the Brazilian Code of Civil Procedure, the arrest may be ordered by court as an injunctive relief, even before Defendant is serviced 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.¹

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 irrespectively 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;

¹ Pursuant to Article 83 of the Brazilian Code of Civil Procedure, counter-security is, however, deemed to be mandatory whenever Plaintiff is a foreign company or individual with no assets in Brazil (provided that there is no international treaty or convention preventing the need of posting security).

- 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 bylaw,
- 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 irrespectively 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 irrespectively 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 irrespectively of the debtor. Thus, subject to the qualifications contained herein, bareboat and time-chartered vessels may be arrested.

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SHIP ARREST IN BRAZIL (QUESTIONS 10 TO 26)

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

In accordance with article 300 of the Brazilian Procedural Code it is at the judge's pure discretion for the cases where the claimant is solvent. When not solvent the law suggests that no counter security be required.

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

The Brazilian Commercial Code lists what are the maritime claims and an arrest should be allowed only for that items. In practical sense, however, if one has a possibility of a real claim and some danger that the enforcement might be not warranted in case the claim succeeds any claim be of maritime or lien nature shall be allowed.

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

Brazil is part of the Brussels Convention on Maritime Liens and Mortgages, 1926. The Commercial Code lists maritime claims which are also maritime liens. They shall attach the vessel and allows the claimant to pursue this even if a change of ownership has occurred. Theoretically actions in rem against the ship should be possible but the practicality suggests to name the new owner as defendant because the Procedural Code is not well fitted for an action in rem against a ship.

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

From one day to another is feasible if the client is quick in providing documents and POA which will have to be translated.

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

Yes, POA and plaintiff's company register documents proving that who signs the POA has authority to do this. POA will have to be apostilled since Brazil is part of the Apostille Convention.

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

POA and papers company as declarations shall be apostilled. Main Brazilian Courts are accepting electronic proceedings.

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

In Brazil you can arrest to secure a foreign arbitration. If the claimant is not arresting to secure an arbitration, once the arrest is made in Brazil, the judge will have jurisdiction for the substantive claim which will have to be made within 30 days if not the arrest is cancelled. The arrest, however, will be possible to be made in Brazil for the hypothesis where Brazilian judges would have jurisdiction to deal with a substantive claim which are: a) when the fact or act which grounds the action occurred in Brazil, when an obligation ends in Brazil or when the defendant is domiciled in Brazil. For this last hypothesis it is accepted that a foreign company is domiciled in Brazil when they have a branch or agency here.

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

First the defendant shall verify if all the legal requirements for the arrest were complied with as for example if the Brazilian Court has jurisdiction, if the company named as defendant is the registered owner, if the registered owner is the actual debtor, if the claim is in the list of the maritime claims and if the vessel is not loaded with more than one quarter of her cargo. If one of the legal requirements is

not complied with the defendant can challenge the arrest. If the arrest is legal, at least initially, the option for the defendant is to substitute the vessel for another security, which can be cash or bank guarantee. Sometimes P&I securities are accepted mainly if the claimant is happy with that.

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

Cash deposit, real state and bank guarantees are accepted for sure. Sometimes a P&I LOU is an option whenever the claimant is happy with that.

19. Does security need to cover interest and costs?

There is no imposition from the Law in this regard but this is negotiable from case to case. Usually you may assume at least the claim plus 20 to 30% .

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

It is arguable but when the claimant is happy with that, yes.

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

One to two days.

22. Is there a procedure to contest the arrest?

Yes. The judge in the end of the day will judge the claim but also if the arrest was wrongful or not. If, for example, the claimant does not win the substantive claim this is enough to have the arrest being considered wrongful and this entitles the defendant to claim damages caused by the wrongful arrest against the claimant.

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

In accordance with the article 308 of the Brazilian Procedural Code the substantive claim must be filed within 30 days after the arrest is effected.

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

Yes and in accordance with the article 302 of the Brazilian Procedural Code it might happen if the substantive claim fails for a procedural or material reason or if the claimant does not bring the substantive claim within 30 days after the arrest has been conceded or if means are not provided to summons to be effected within 5 days.

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

Yes it can be lifted as per articles 133 to 137 of the Brazilian Procedural Code and 50 of the Brazilian Civil Code.

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

It can take easily 1 year but it is possible for assets as ships which can perish or deteriorate as per article 852 of the Brazilian Procedural Code.

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SHIP ARREST IN BULGARIA (QUESTIONS 1 TO 9)

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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 that provides pre-judgment security for future claims or already brought proceedings. The arrest of a ship shall be allowed, if without it, it will be impossible or difficult for 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 applications for security of maritime claims through an arrest was increased, as well as the terms and condition for allowance of such applications 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?

The merchant ship, which is located at a Bulgarian seaport, regardless of its flag, can be arrested only for securing a maritime claim for the purposes of Art.1, para.1 of The Convention. Besides the above procedure, the Bulgarian Merchant Shipping Code envisages a specific procedure for the arrest of ships sailing in inland waterways, as a prejudgment security for future claims or already brought proceedings. The grounds for arrest of ships sailing in inland waterways are identical to those provided in the Convention. Arrest of a ship, according to the domestic law might be allowed: 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 provides for a specific procedure concerning the 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 for it.

4. Are there 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.

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

The general rule, according to the Bulgarian law is that a ship arrest is admissible for maritime claims against the persons who are responsible under the maritime claim. The ship-owner is the owner of the ship, entered in such capacity in the register of the ships or any other person who utilizes the ship 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. In order for the arrest of the vessel to be allowed the debtor should be responsible under the maritime claim as well as a person specified in Art. 3 of the Convention.

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

The Bulgarian Merchant Shipping Code stipulate that the sister ships and ships in associated ownership may be arrested for claims arisen from other ship, according to the Convention, under certain terms and condition. In this procedure, the arrest is admissible for 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?

9.1. Regarding the Bareboat-Chartered vessels

Arrest is permissible of any ship in respect of which a maritime claim is asserted if 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 the claim is against the demise charterer and is secured by a maritime lien which is granted or arises under the law of the State where the arrest is applied for.

9.2. Regarding the Time-Chartered vessels

The Vessels, which are used on the grounds of concluded contract for Time-Chartered, may be arrested only as a security for a maritime claim for which the owner is deemed responsible. The arrest of a ship as security marine claim against Time-Charter is permitted for ship or ships which, when the arrest is effected, is or are owned by the person who is liable for the maritime and who was, when the claim arose, time charterer.

The long effective provision regarding the administrative procedure for detention of a vessel, provided for in the initial version of the Merchant Shipping Code (MSC), has been replaced by the provision of Article 364a of the MSC, which is intended to eliminate conflicting case-law that has led to a conflict of laws in the interpretation and implementation of the provisions of the MSC and the International Convention on the Arrest of Ships, done at Geneva on 12 March 1999. Thus, the only legal possibility for the arrest of a merchant vessel while in a Bulgarian sea port, regardless of the flag she is flying, is solely and exclusively in order to secure a maritime claim within the meaning given by Article 1, paragraph 1 of the International Convention on the Arrest of Ships, done at Geneva on 12 March 1999 (ratified by the Republic of Bulgaria by a law promulgated in the State Gazette No. 7 of 2001).

A vessel is arrested and released from arrest by the Harbour Master of the port in which the vessel is, in furtherance of a judicial act decreed in conformity with the conditions provided for in the International Convention on the Arrest of Ships by:

1. The first-instance or the intermediate-appellate-review Bulgarian court where before the maritime claim case is pending;
2. The district court exercising jurisdiction over the location of the vessel: where a future maritime claim is secured.

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SHIP ARREST IN BULGARIA (QUESTIONS 10 TO 26)

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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 not 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 from 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?

No.

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

The release from arrest is regulated under the terms and provisions of Art. 4 of the International Convention on the Arrest of Ships from 12 March 1999.

In addition, any merchant vessel, which has already been arrested and released from arrest or in respect of which security has already been provided to secure a maritime claim, regardless of the State where this has been done, may not thereafter be rearrested in respect of the same claim except in the cases covered under Article 5, paragraph 1 of the International Convention on the Arrest of Ships. The provision of Article 5, paragraph 2 of the International Convention on the Arrest of Ships applies in respect of any other vessel that would be subject to arrest in respect of the same claim.

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

No specific type of security is provided for, but the most common case in practice is to provide a bank guarantee.

19. Does security need to cover interest and costs?

The exact amount of the provided security is also not determined specifically, whereby our experience in such cases shows that the minimal amount of security should match the amount of the creditor's claim. Interest in cases of delay or the expenses for effecting the arrest itself could also be included in the amount of required security.

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

Bulgarian law does not regulate this particular form of security.

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

Usually 2-3 days after the provision of a security.

22. Is there a procedure to contest the arrest?

The arrest of a ship is allowed by the respective district court as a first instance and may be appealed before the respective court of appeal as second instance, whereas the decision of the latter is then final.

23. What 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 filled within the deadline given by the court, the arrest shall be lifted.

24. 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.

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

No.

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

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

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SHIP ARREST IN CAMBODIA

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

Following Cambodia's adoption of the 1952 Brussels Convention, the Cambodian courts have occasionally dealt with ship arrests. Today, ship arrests in Cambodia are subject to either Book six on Compulsory Execution or Book seven on Preservative Disposition under the Code of Civil Procedure ("CCP"), promulgated on 6th July 2006, and effective from 6th July 2007. In addition to the seizure of the judgement debtor's ships for the enforcement of a final and binding Court Judgment or Arbitration Award¹ a claimant may apply to court for an order to provisionally attach or dispose of the defendant's ship.

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

Since 1957, Cambodia has been party to 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?

The provisions of CCP remain the major source of law for the arrest of ships. Like other executions, the execution against ships requires a title of execution. The requirement of a title of execution is satisfied if there is a final and binding judgment²; if the claimant is enforcing real security rights against the ship³; and if there is provisional attachment against the ship⁴.

- Final and binding Judgment: In principle, title of execution in the form of a final and binding judgment is necessary for the execution judge to issue an order for ship arrest. This means that if the judgment is not yet binding, it is not executable and thus the debtor's ship cannot be arrested in execution. However, a declaration of provisional execution may constitute title of execution for the purposes of arresting a ship, even if the judgment is not yet binding.⁵
- Enforcement of real security rights: Upon the creditor's request, the execution judge or bailiff may order for the ship to be arrested if there is a final and binding judgment or other documents having the same effect, including notarized documents certified by a notary proving the existence of real security rights.
- Provisional attachment: The execution of provisional attachment against a ship must be performed through the method of registration of provisional attachment and/or by ordering the bailiff to confiscate the Certificate of Registry of the concerned ship and submit this certificate to the Preservative Disposition Execution Court.

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

Pursuant to Article 568 of CCP, when the ship is not arrested in rem, the creditor may also demand for the execution of provisional attachment by means of ordering the confiscation of the Certificate of Registry of Vessels.

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 ruling.

- Under the Brussels Convention, ships may be arrested for any of the "maritime claims"⁶
- Under domestic law,⁷ any credit, whether ordinary or privileged, whether arising from a maritime claim or not, is a valid ground to apply to court for the arrest of the debtor's ship.

¹ Book six of CCP

² Article 454 to Article 486 of CCP

³ Article 521 to Article 523 of CCP

⁴ Article 568 of CCP

⁵ Article 350 and 455-3 of CCP

⁶ Article 1 of the 1952 Brussels Convention

⁷ Provision of Prakas 2003 on resolution of ships registration, and provision relating to provisional attachment against ships (Article 568 of CCP), and compulsory execution against ships (Article 521 to Article 523 of CCP)

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

Cambodian law does not, for the purposes of ship arrests, distinguish ships according to their flags. However, in practice, the nationality of a ship may be an obstacle in court proceedings in that the court needs to inform the ship's embassy, in case, the ship is subject to provisional attachment by means of Code of Civil Procedure. Besides that, there are no privileges, except governmental ships, which immunity is protected by international law.

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

Once a maritime claim has arisen, ships can be arrested, even if the person liable for the maritime claim is not the ship-owner but is, for example, the bareboat charterer, voyage or time charterer or any other third party.⁸ The ship-owner shall, in order to have his ship released from the arrest, have to give security that guarantees the payment of the claim of the arresting party.⁹ In other words, the ship-owner will have to pay the security amount to release the ship, even if a third party is the debtor towards the claimant.

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

Under the Brussels Convention¹⁰, any ship belonging to the debtor may be arrested even where the claim is not directly related to the ship unless the claim pertains to the title or ownership of a particular ship or to 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 associated company is deemed to be jointly responsible for the claim as in the case of the responsibility of general partnership.¹¹

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

Under the Brussels Convention,¹² the creditor of a maritime claim against the bareboat or time charterer of a ship is entitled to arrest the ship in question or any other ship under the same ownership of the charterer.

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

Before the court issues the ruling to provisionally attach ships, the court may request the creditor to deposit money.¹³ The amount of deposit is the amount of damage that the court thinks the debtor may suffer after the court attaches the ship. Sometimes, the court may order the creditor to deposit an amount equivalent to the price of the ship. However, under Article 542 of CCP, it is the court's discretion whether it orders to deposit or not. If the creditor demonstrates good evidence, the court may not need the creditor to deposit any money. This would be evidence that permits immediate examination¹⁴ such as a management agreement, a creditor's report showing that the debtor has a lot of loans, etc.

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 arrest procedure in relation to maritime claims and maritime liens. However, while maritime claim may be extinguished due to a change in the ownership of the ship, maritime liens remain in full force and effect until the discharge executed by the debtors¹⁵.

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

Even though Cambodia has not acceded to any international conventions relating to maritime liens, Cambodia has adopted its own regulation relating to maritime lien since 2003.

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

We would need a couple of days after our law firm has obtained all the required documents of the claim and sufficient information (ship's movements, etc.). Once the complete application is handed to the competent court, an interim arrest decision will normally be obtained in a matter of days.

⁸ Article 4(1) of international convention relating to the arrest of sea-going ships (1952)

⁹ Article 5 of international convention relating to the arrest of sea- going ships (1952)

¹⁰ Article 3(1) of international convention relating to the arrest of sea- going ships (1952)

¹¹ Chapter 2 "General Partnership" of law on commercial enterprises, adopted 19 June 2005

¹² Article 3(4) of international convention relating to the arrest of sea- going ships (1952)

¹³ Article 542 of CCP

¹⁴ Article 131 of CCP

¹⁵ Article 52 of Prakas 2003

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 claimant must provide the documents¹⁶ evidencing the existence and the cogency of the claim. These required documents are listed in CCP. In addition, when the claim 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 notarisation and/or apostille, and when are they needed?

Notarized documents of title of execution are required in the case of the execution of a final court judgment¹⁷ and the execution of security rights against ships.¹⁸

In practice, there have not been any documents filed electronically to court; all required documents¹⁹ must be handed directly to the competent court.

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

The Cambodian courts may accept jurisdiction over any substantive claims that fall within Articles 8 and 9 of CCP (general provision of competent court). In addition, the Cambodian courts may accept jurisdiction over the substantive claims listed in Article 7 of the Brussels Convention.

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

The procedure to release a ship can be divided into two cases:

First, a ship arrested to satisfy final and binding court judgment may be released under the following procedures:

- Money Guarantee for the ship's release: The debtor-in-execution shall provide money guarantee equivalent to the total amount of the claims of the creditor-in-execution, the claims of the creditors who have made demands for distribution, and the execution costs. The court shall, upon motion and prior to the making of any offer for purchase, cancel all of the compulsory execution proceedings except for the distribution proceedings.²⁰ This is to ensure that if the debtor fails to fulfill his duty, the creditors-in-execution can be paid with the money guarantee following the determination of the distribution proceedings.
- Permission to sail: The court may, upon a motion by the debtor-in-execution, grant permission for the ship to sail if the court finds that business necessity or other good grounds exist, and if the consent of each creditor and the highest bidder or the purchaser has been obtained.²¹
- Cancellation of compulsory sale proceedings: If the bailiff is unable to confiscate the Certificate of Registry of ships within 2 weeks of the issuance of the ruling for the commencement of compulsory sale, the execution court shall cancel the compulsory execution proceedings.²²

Lastly, in the case of provisional attachment against ships, the debtor may file a motion of objection to the provisional attachment. If it is established by a prima facie showing that clear circumstances constituting grounds for cancelling the ruling of preservative disposition exist and that there is a risk that execution of provisional attachment would cause irreparable damage, the court may order a stay or a cancellation of the provisional attachment with the requirement of security.²³

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

Under the CCP, security for the release does not need to be money. It can be any negotiable instruments, as deemed appropriate by the court.²⁴

19. Does security need to cover interest and costs?

In the case of a ship arrest to satisfy a final and binding court judgment, the security must be equal to total amount of claims of creditors and execution cost,²⁵ which might also include the interest and costs depending on the parties and/or judge. However, upon issuing a court ruling on provisional attachment against ships, the court must stipulate the monetary amount the debtor is required to place as a court deposit in order to have the execution of the provisional attachment rescinded.²⁶ Thus, it is the court's decision whether interest and costs are covered.

¹⁶ Article 541 of CCP

¹⁷ Article 350 of CCP

¹⁸ Article 521 of CCP

¹⁹ In case of execution of final judgment against ships (Article 455 of CCP); execution of security rights against ships (Article 521 of CCP); and provisional attachment

against ships (Article 568 of CCP)

²⁰ Article 461 of CCP

²¹ Article 462 of CCP

²² Article 464 of CCP

²³ Article 551 of CCP

²⁴ Article 536 of CCP

²⁵ Article 461 of CCP

²⁶ Article 547(1) of CCP

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

P&I LOUs are considered as negotiable instruments under CCP's provision. Therefore, depending on the value of LOUs and on the agreement between the parties, the court might accept this security. In addition, it might also depend on the agreement between parties. If claimant agrees to accept the LOUs, he/she has to forfeit the claim; as a result, the court ruling against the ships will be cancelled.²⁷

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

After depositing the security for the ship's release, it is only a matter of days before the court ruling cancelling the attachment against ships will be obtained. That court ruling only comes into effect when it becomes final and binding. However, the court may, if it finds it particularly necessary, declare the ruling to come into effect immediately.²⁸

22. Is there a procedure to contest the arrest?

It is possible to contest the arrest; the debtor can file a motion of objection before the court that issued the ruling of attachment against the ship.²⁹ In such a case, it is important that the debtor prepares all relevant documents supporting his reason for contest, such as the non-existence of the debtor's claim or others good grounds.

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

According to Article 557 of the CCP, in the case of provisional attachment against a ship, the claimant must take legal action on the merit within a period deemed reasonable by the Court³⁰ after the said ship has been arrested; otherwise the arrest will automatically be held to be cancelled.

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

Cambodian judges rarely accept a claim for compensatory damages for wrongful arrest, unless bad faith or malice on the part of the arresting party is clearly established.

25. 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 exceptions are general partnerships, since the general partners are personally liable for the debts of the company. Where limited companies are concerned, Cambodian judges might reply on the theory of "fiction" instead of the theory of "appearance" to pierce the corporate veil. The company owning the ship must be proved to be fictitious. Considerations that the court may take into account include unity of management, absence of participation to the profits and/or debts, unequal distribution of the dividends, same beneficial or associated owner, etc.

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

Yes, if arrested property is subject to rapid deterioration or is expensive to retain in custody, the Bailiff is entitled to sell such property at the request of the claimant, even if the court has not yet given a judgment. In theory, Articles 565 and 568 of the CCP may apply also to ships under arrest.

In practice, the lapse of time of the procedure of judicial sale depends on the complexity of the case.

²⁷ Article 461 of CCP

²⁸ Article 547(1) of CC

²⁹ Article 550 of CCP

³⁰ This period shall not be less than 2 weeks.

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SHIP ARREST IN CAMEROON

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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 seaports (Douala, Limbe and Kribi). To these must be added the Tiko and Idenau seaports 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 as amended on 22nd August 2012 (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 144-156 of the code prescribes the modalities for "saisie conservatoire".

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

Article 149 of the code provides that the maritime debts which may give rise to ship arrest are those which result from one or more of the following causes, provided that claims which are only partially maritime are assimilated to maritime claims:

- a) Loss or damages caused by exploitation of the vessel;
- b) Death or corporal injuries arising, onshore or offshore, in direct relation with the exploitation of the ship;
- c) Operations of rescue or assistance, as well as all contracts of rescue or assistance, including, as the case may be, for special indemnity concerning operations of rescue or assistance to a ship which, by itself or by its cargo, was running the risk of causing damage to the environment;
- d) Damages caused or likely to be caused by the ship to the environment, to the coast or to connected interests; measures taken to prevent, reduce or eliminate the damages; indemnity for these damages; cost of reasonable measures to repair which was effectively taken or to be taken;

losses suffered or likely to be suffered by third parties in relation to these damages; and damages, costs or losses of a similar nature to those which are indicated in this item d);

- e) Costs and expenses related to the retrieving, removing, recovery, destruction or neutralization of a sunk, wrecked, grounded or abandoned ship, including all what is found or was found on board the ship, and costs and expenses related to the conservation of an abandoned ship and the up keep of its crew;
- f) Every contract related to the use or hire of a ship by chartering or otherwise;
- g) Every contract related to the transportation of goods or passengers by ship, by chartering or otherwise;
- h) Losses or damages suffered by, or in relation to, goods, including luggages transported by the ship;
- i) General average;
- j) Towing or piloting of a ship;
- k) Goods, materials, supplies, oil-fuel tank, equipments, including containers supplied or services rendered to the ship for its exploitation, its management, its conservation or its maintenance;
- l) Construction, reconstruction, repairs, transformation or equipment of a ship;
- m) Port, canal, dock (dry-dock), anchoring and inland waterways duties and fees;
- n) Wages and other sums of money payable to the captain, naval officers and other crew members, by virtue of their engagement on the ship, including repatriation fees and social insurance contributions payable on their behalf;
- o) Payments made on behalf of the ship or its owners;
- p) Insurance premiums, including annual insurance contributions, in relation to the ship, payable by the owner of the ship or by the charterer by devolution or on their behalf;
- q) Agency fees or brokerage commissions or other in relation to the ship, payable by the owner of the ship or by the charterer by devolution or on their behalf;
- r) Every dispute arising from the ownership or possession of a ship;
- s) Every dispute between the co-owners of a ship in relation to its exploitation or the right to the proceeds of exploitation of the ship;
- t) Mortgage or rights of a similar nature over a ship;
- u) Every dispute arising from a contract of sale of a ship.

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

Article 1 of the code has broadened its scope of application to include the arrest of any ship irrespective of her flag, provided such a ship is found within the CEMAC territorial waters. The only exception provided by article 144(2) 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 irrespective of the debtor?

Article 149 of the code prescribes different circumstances whereby a ship can be arrested. This contemplates a situation where a ship can be arrested irrespective 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 144(1) 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 149(f) 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 bare boat 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 150(2) of the code. Accordingly there is no requirement for counter

security. It is rather the debtor who shall be required to provide security under article 146 & 147 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 149 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 75 of the code provides a list of maritime claims that 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 75 is good reason to arrest a ship here and the procedure is the same.

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

Cameroon recognizes maritime liens under article 75-88(not) of the code and she is a signatory to this code which is an International Convention signed on 22th July 2012 by the CEMAC member states.

13. What lapse of time is required in order to arrest a ship from 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 150(2) 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 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 are 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 vessel 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 155(1) of the code provides that the creditor must file a substantive matter within a limited period if the arrest order would stand.

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

- a. By the debtor: He shall, within one month of the arrest, file a motion on notice before the same court for the discharge of the arrest order. If successful, the release order is served on the creditor (who has the right to appeal) and the Maritime Authority (who issues an authorization to sail in the absence of an appeal) and the Port Authority.
- b. By the creditor: Once he has received payment or sufficient guarantee, he shall immediately file a motion *exparte* before the same court for the release of the ship or simply instruct the sheriff/bailiff to release same. Either way, he shall serve the Maritime Authority (who shall issue an authorization to sail) and the Port Authority.
- c. Temporary release upon emergency: Upon the application of the debtor, the court may order a temporary release of the vessel (carrying perishable goods...) for a specific voyage (or voyages) upon deposit of sufficient guarantee.

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

In the case of a) above, no security is required. In the case of b) above, a Letter of Understanding issued by the P&I Club or endorsed by the P&I Club is sufficient. In the case of c) above, the law talks of sufficient guarantee, which we interpret to mean, funds enough to cover the debt.

19. Does security need to cover interest and costs?

Yes.

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

Yes.

21. How long does it take to release a Ship?

If the application for release is initiated by the debtor in a disputed case it may take from one month to two years or more depending upon whether there are appeals or not. If on the other hand the application for release is initiated by the creditor, it may take between a couple of hours to couple of days. In the case of temporary release it takes a couple of hours.

22. Is a procedure to contest the arrest?

Yes. The debtor may, within one month of the arrest, file a motion on notice before the same court contesting the arrest. If he succeeds he may claim damages for unjustified arrest.

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

Article 155(1) 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.

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

Yes. Article 156 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.

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

Article 54-74 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.

26. 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 where he specializes in International Commercial and Corporate Law besides his day-to-day General Practice. The firm's clients say he is reliable. As a Maritime Lawyer, he arrests up to 20 ships per year.*

SHIP ARREST IN CANADA (QUESTIONS 1 TO 9)

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

Ship arrest in Canada is usually simple and relatively inexpensive. The claimant must provide its law firm with the facts which evidence the nature of the claim and its amount (by providing a letter and/or orally) so that the solicitor can prepare an affidavit describing the claim. Then the law firm must prepare three documents:

- a. Statement of Claim to commence the action setting out the relevant facts which establish *in rem* jurisdiction.
- b. Affidavit to Lead Warrant, attesting to the facts of the claim, which can be sworn by the claimant or by its solicitor upon information and belief.
- c. Warrant for Arrest to be 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 Court, Sheriff fees and the legal costs to prepare the documentation. If the matter is straightforward, an arrest can be effected for as little as Cdn.\$4000 to \$5000.

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 there alternatives e.g. saisie conservatoire or freezing order?

In appropriate circumstances, Canadian Courts may grant *Mareva* Injunctions freezing 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 judgment against the debtor.

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

Arrest is available for a wide range of claims for which there is *in rem* jurisdiction including, per s. 22(2) of the *Federal Courts Act*, claims for or involving:

- (a) Possession or ownership of a ship or proceeds of sale of a ship;
- (b) Questions between co-owners of a ship with respect to possession, employment or earnings of a ship;
- (c) Mortgage or other charges, bottomry or respondentia;
- (d) Damage, or loss of life or personal injury, caused by a ship;
- (e) Damage to or loss of, a ship including its cargo or equipment;
- (f) Carriage of goods on a ship under a through bill of lading;
- (g) Loss of life or personal injury occurring in connection with the operation of a ship;
- (h) Loss of or damage to goods carried in or on a ship including loss of or damage to passengers' baggage;
- (i) Agreements relating to the carriage of goods or charter parties;
- (j) Salvage;
- (k) Towage;
- (l) Pilotage;
- (m) Necessaries for the operation or maintenance of the ship including stevedoring and lighterage;
- (n) Contracts relating to the construction, repair or equipping of a ship;

- (o) Wages of master, officer or crew of a ship;
- (p) Claims by 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;
- (q) General average contribution;
- (r) Marine insurance; and
- (s) Dock charges, harbour dues or canal tolls.

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

Yes. We also note that Canadian Courts will recognize sovereign immunity of government owned ships, but not if they are operated as a commercial ship.

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

As a general principle, other than for maritime liens and certain special statutory liens, the ship owner itself must be liable for the debt in order to arrest the ship. One exception is if the charterer acts 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. Canadian repairers and 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 be virtually identical to establish the right to such a claim. Section 43(8) provides only a statutory right *in rem* against sister ships. This means that a claim which would rank as a maritime lien as against the offending ship, may only rank as a statutory right *in rem* (behind any mortgage) as against its sister ship.

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

Subject to the exceptions described in Question 7, above, in order to advance a claim *in rem* for necessities ordered by the charterer of a ship, the claimant must show that the charterer was acting as the agent of the owner when such necessities were ordered. This is obviously easier to establish with bareboat-chartered vessels.

With respect to stevedoring services, domestic legislation provides 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 same bareboat charterer.

***Shelley** is the head of Norton Rose Fulbright's shipping team in Canada. She has practiced maritime law for more than 25 years and has been involved in dozens of ship arrests and priority disputes. Her practice includes all aspects of maritime law, both litigation and commercial. She is the Vice-President of the Canadian Maritime Law Association and is recognized by Best Lawyers, LEXPERT, Legal 500 and Who's Who in Shipping as one of the top shipping lawyers in Canada. She is also ranked Band 1 by Chambers Global for Shipping law in Canada alongside the firm's Shipping team, which is also ranked Band 1.

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SHIP ARREST IN CANADA (QUESTIONS 10 TO 26)

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

No, the Federal Court of Canada does not require counter-security in order to arrest a ship.

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

No, there is no difference in respect to arresting a ship for a maritime claim and a maritime lien. From a procedural standpoint, the arrest procedure is the same.

Nevertheless, the arresting party must bear in mind that if the maritime claim did not arise as a consequence of a maritime lien, then the vessel's ownership must have remained the same from the moment the cause of action arose to when it was arrested. In these cases, a change in ownership of the vessel could prove to be fatal to the in rem liability of the Ship.

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

Yes, Canada recognizes traditional English maritime liens. However, Canada is not a party to the International Convention on Maritime Liens and Mortgages. In accordance with the *Marine Liability Act*, Canada also recognizes maritime liens for Canadian suppliers of necessities (bunkers, goods, materials and services) to a foreign vessel. In addition, Canadian Courts will recognize foreign claims constituting a maritime lien under foreign law, even though the claimant does not enjoy a maritime lien under Canadian law.

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

Arresting a ship can be done very expeditiously provided that the claimant has provided us with all of the documents and particulars required to evidence the debt. The Solicitor will prepare a Statement of Claim, an Affidavit to Lead Warrant and a Warrant of Arrest. If the Vessel to be arrested is at the Port of Montreal, we are able to arrest within approximately two (2) hours.

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

No, a Power of Attorney is not required. Other than those listed at Question 13, there are no documents to provide.

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 Federal Court of Canada does not require any original or copied documents for the arrest of a vessel. However, documents will be required at a further stage in the litigation process.

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

Yes, Canadian Courts typically retain jurisdiction over the case.

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

The arrested ship under caveat will not be released. If there is no caveat binding the ship then the ship may be released in the following circumstances: 1) if the claim is satisfied because the amount claimed has been paid into Court, 2) if bail has been given in an amount fixed by the Court, 3) if the party who has initiated the arrest consents in writing to release the ship (for example upon receipt of

an acceptable P&I LOU) and 4) if there is a discontinuance or dismissal of the action in respect of which the ship was arrested.

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

Parties may agree upon an LOU as security. Otherwise, the Federal Court Rules allow for the giving of bail to release arrested property. Once bail is given, property may be released. The parties may agree to the form of bail, failing which a guaranty or bond (as provided for under the Federal Court Rules) will be required. It is left to the designated officer of the Court to determine the sufficiency of bail.

19. Does security need to cover interest and costs?

As per the Federal Court Rules, the fixing of security is based upon the principle that a Plaintiff has a right to security measured by its "reasonably arguable best case" capped at the value of the vessel. The "best case" will often be the amount the Plaintiff asserts to be owing in its Statement of Claim.

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

As a matter of practice, P&I LOUs are customarily negotiated and accepted between the Parties. However, it is worth noting that P&I LOUs are not considered sufficient guarantees under the Federal Court Rules.

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

The release of the arrest vessel will occur very swiftly once the parties have negotiated a P&I LOU and once the arresting party has prepared the "Release from Arrest" proceeding.

22. Is there a procedure to contest the arrest?

Yes, there is a procedure to contest the arrest. The arrest can be contested in any case where the claimant deems that the vessel was either wrongfully arrested or that the arrest was carried out in an inappropriate jurisdiction.

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

In Canada, the legal action on the merits is taken simultaneously to the arrest proceeding as a Statement of Claim must be filed along with the Warrant of Arrest and Affidavit to lead warrant.

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

Yes, Canadian Courts acknowledge wrongful arrest. If the ship owner can prove that the ship was arrested as a result of gross negligence or malice, the Courts may award damages in its favour.

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

Canadian Courts are extremely reluctant when presented with requests to pierce and lift the corporate veil, as this principle is considered sacrosanct under Canadian law. Therefore, as a general rule, Canadian Court will respect the corporate veil unless the corporate entity has used the corporate structure for fraudulent purposes.

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

The Federal Court may consider to have the ship sold pendente lite in certain circumstances. The Court will assess the following elements to determine whether there are ground to have the ship sold pendent lite: 1) the value of the vessel compared with the amount of the claim, 2) whether there is an arguable defence, 3) whether it is reasonable to assume that there will be a sale at some point, 4) whether there could be a diminution in value or sale price by reason of delay, 5) whether the vessel will depreciate by further delay ("wasting asset") and 6) whether there is any good reason for a sale before trial.

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Marc has extensive experience in maritime and transportation law, international trade and commercial law, arbitration and mediation, with more than 40 years of practice. He acts as counsel to a varied clientele in the maritime industry comprised of P&I Clubs, cargo underwriters, shipowners, charterers, ship suppliers, as well as shippers and consignees of cargo. In commercial matters, Marc represents banking institutions, shipping and trading companies. Marc's practice has led him to represent interests from North America, Central and South America, Europe, Asia and Australia. He is fully trilingual in French, English and Spanish, which enables him to deal directly and efficiently with his international clientele.

Marc is also a guest lecturer at McGill University and a sought-after speaker at various conferences and seminars, both in Canada and throughout the world.

SHIP ARREST IN CHILE

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

The arrest of a ship can take place in a limited number of cases.

These cases are contained in articles 844 to 846 of the Code of Commerce. The title holder of one of these privileged credits it is entitled to request the arrest of a vessel.

As stated in article 1231 of the Code of Commerce, the holder of a privileged credit can require from competent tribunal to issue an arrest order against a vessel that it is expected to berth. The requirement must concisely contain the arguments and background information supporting the alleged right to arrest, enclose all the founding documents and announce the type of lawsuit that will be presented in the near future.

If, in the opinion of the tribunal, there is sufficient merit it will issue the arrest order and proceed to notify the navy authority.

It must be pointed that the competent tribunal can be the tribunal that has jurisdiction over the territory the port is placed in, or the tribunal that has jurisdiction to review the main or remedial action, in which case this tribunal will issue a rogatory letter to the tribunal that has jurisdiction over the port in which the vessel has arrived.

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

No International Convention applies in this procedure, only the Chilean Code of Commerce and the Code of Civil Procedure.

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

There is no other procedure other than the one described.

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

As stated above, there are no alternatives. In respect to this question, and in my opinion, in the Chilean legal system there is not a discernible distinction between these two terms.

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

In first order the liens are (with preference over mortgages):

First group of cases: (Article 844 of the Code of Commerce)

- Legal costs and other disbursements caused by a suit, in the common interests of the creditors, for the preservation of the vessel or for its forced sale.
- Remunerations or other benefits, derived from the labour contracts with seamen, and the remunerations indebted to the pilots in the service of the vessel.
- This same privilege will apply to the indemnities related to death or bodily injuries of the dependants, whether they have happened on land, on board or on the sea, provided that they arose from accidents related with the operation of the vessel.
- Rates and fares of ports, channels and navigable ways. Also, the rates and fares related with signaling and piloting in ports, channels, navigable ways and interior waters.
- General expenses caused by salvage services and contributions due to general averages.
- The same will apply to disbursements and sacrifices that the authorities or third parties may have incurred in order to prevent or minimize the damages caused by pollution or oils spills and other harmful substances to the environment or third party's property, in the cases that a fund of liability has not yet been established.
- The Indemnities caused by damages, losses or averages caused to other ships, ports, docks or navigable channels or damages to the cargo or luggages, as a consequence of ships collisions to other navigations accidents, when the respective civil action can not be founded in a contract, and the bodily injuries caused to the passengers and crew involved.

Second group of cases: (Article 845 of the Code of Commerce)

- The credit mortgages and the pledges constituted in respect to minor vessels will have preference over the following list.

Third group of cases: (Article 846 of the Code of Commerce)

- The credit derived by the sale, construction, repair and equipment of a vessel.
- The credits related to the supply of products or material that are indispensable for the operation or conservation of a vessel.
- The credits derived for the contract of carriage of passengers, charter parties or goods transportation, including the indemnities caused by damages, decreases and missing portions of luggages and cargo, and the credits derived by the damages caused by pollution, or spills of fossil fuels and other harmful substances.
- The credits of the disbursements made by the captain, agents or third parties, on account of the owner, made in order for the operation of the vessel, including agencies services.
- The credits derived by insurance premiums, regarding hull and machinery and civil liability insurances.

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

The flag is irrelevant.

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

As a general overview it will depend on the nature of the credit and its origin and its relation with the specific vessel. The article number 1234 of the Code of Commerce provides a general rule: (Free translation)

"A vessel may be object of the special precautionary measure described in this section in the following cases:

When the vessel itself is the material object upon the privilege is exercised.

When the creditor is the holder of a privileged credit over other vessel that belongs to the same owner or is under the same administration or operated by the same person/entity"

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

The relation of "sisterhood" between two specific vessels, in view of the applicable legal norm, is very wide, as it can be considered that two vessels are related, not only if they are owned by the same person/entity, but also operated and managed by the same person/entity.

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

There are no specific legal norms regarding the bareboat and time-chartered vessels. The arrest of a ship can be made regardless of these circumstances, provided of course that they fall under the possible scenarios where a title holder can arrest a ship.

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

Theoretically, provided that the actor enclose along with the petition of an arrest with sufficient documents that can prove a reasonable presumption of the existence of the credits invoked the judge will grant the arrest without further petition or delay.

But if the judge deems these documents or background information/evidence insufficient, or the actor does not present any document or background information/evidence, a counter security can be required, in order to cover the costs that may arise if, in the end, it is proven that the arrest petition was unfounded.

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

Yes, in Chile the arrest of a vessel can only take place if it is invoked a privileged credit or to enforce a judgement that involves the judicial sale of a ship.

Regarding a maritime claim, the only way to enforce it via a ship arrest is to have a final and firm judgment of a tribunal, that declares the liability of an owner/operator/management regarding the claim.

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

The only maritime liens are the ones listed between articles 844 and 846 of the Chilean Code of Commerce.

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

Provided that the claim has been written and all the pertinent founding and background documents are already translated, the lapse of days between filing the arrest petition and its actual enforcement can take a few days, usually two at least.

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

In first instance no, as the general procedure rules that can be applied allows to act as a kind of "de facto attorney", provided that in short time your principal will ratify the action presented and will send the relevant PoA in order to be presented before the judge. All of this will be assessed discretionally by the judge, who can require a sufficient security.

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 relevant PoA must be apostilled and sent via courier (Nowadays the Apostille Convention is in full force in Chile).

As for other documents (founding documents and background information) can be presented digitally, but it is advisable that these digital copies be notarized.

Finally, there is no specific requirement as for original copies when it comes to the documents that must be presented as evidence for the petition of arrest.

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

Provided that there is not an arbitration clause that hands the jurisdiction of the dispute to a foreign tribunal, the Chilean tribunals will assume jurisdiction.

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

The ship interest must present a pecuniary guarantee that satisfies what was ordered by the tribunal, usually this will take form as a LOU.

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

Usually the actor will ask the tribunal to order the vessel interest to present a bank guarantee (a Bank Warranty Bill or Ballot)

19. Does security need to cover interests and costs?

The arrest request always asks for the coverage of due interests and costs, so the security requested will have to satisfy that coverage.

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

As long as the tribunal deems them sufficient (taking into account its own criteria and what was demanded by the actor in this respect), yes.

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

If the security ordered by the tribunal is presented swiftly the tribunal must lift the arrest immediately.

22. Is there a procedure to contest the arrest?

Yes, the vessel interest can raise a number of issues that can paralyze the immediate execution of the arrest, for example, they can contest that the arresting party is not the real credit holder, or that the arrested vessel is not related, via ownership or common operation/management, to the vessel that caused the privileged credit in the first place.

23. What period of time will be granted by the Courts in order for the claimants to take legal actions on the merits?

Every time one credit holder wants to start an arrest procedure it is necessary to indicate that a lawsuit will be presented promptly. In this case it will be granted a period of ten business days, that can be extended to 30 business days under special circumstances that may justify that extension, for example the need to start a judicial procedure abroad, and its subsequential evidence of its initiation to the tribunal that granted the arrest in the first place.

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

Yes, this can be the case when the arresting party fails to present the announced lawsuit in the period of time granted by the tribunal, or in the case that, via an incidental procedure, the tribunal declares that there is no merit in the request, as can be the case when the supposed credit holder is no such one or or that the arrested vessel is not related, via ownership or common operation/management, to the vessel that caused the privileged credit in the first place.

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

Yes, but in not an constant manner. The reception of this theory has taken place after the tribunal reviews and checks some doctrinary criteria or requirements. It must be stressed that there is no judicial precedent system, so the piercing or lifting of the veil must be ruled case by case.

26. It is possible to have a ship sold pendent lite, if so how long does it take?

No, there is no possibility of that.

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SHIP ARREST IN CHINA (QUESTIONS 1 TO 9)

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

China is one of the major maritime jurisdictions in the world. It is certainly not a ship arrest haven, but it is a convenient place to arrest a ship at reasonable costs and relatively rapid speed.

A ship can be arrested either for the enforcement of a judgment or arbitral award, or far more frequently, for obtaining security for a maritime claim. The application can be made either before an action on merits has been commenced or thereafter. A Chinese maritime court has jurisdiction to arrest a ship which is located within its jurisdiction even if the parties have agreed to refer the substantive claim to a foreign court or arbitral tribunal.

The law governing the arrest of ships is mainly the Maritime Procedure Law, 2000 ("MPL"). According to the MPL, to obtain an arrest order, the claimant shall file with the relevant maritime court a written application together with supporting documents and a prima facie maritime claim has to be made out. More importantly, counter security will usually be required. It can be in the form of cash deposit or guarantees issued by local banks or insurance companies. The amount of the counter security is at the discretion of the court and may vary from court to court: it can be 30 days hire of the ship to be arrested or a certain percentage of the claim amount, up to the full amount, or under very rare circumstances, the market value of the arrest to be arrested.

The courts will immediately release the ship when security is posted by the respondent which can likewise be in the form of cash deposit or guarantees issued by local banks or insurance companies or in other forms acceptable to the claimant.

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

China is not a party to the 1952 or 1999 Arrest Convention. However, Chinese law on the ship arrests is generally in line with the provisions of the 1999 Arrest Convention.

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

A ship may also be arrested for a non-maritime claim. Nevertheless, such an arrest will be granted only during enforcement proceeding after the claimant has obtained a final and enforceable judgment or arbitral award. Furthermore, although the application for arrest may be filed with an ordinary court, the arrest shall normally be executed through a maritime court (or its superior court in appropriate cases).

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

Arrest of a ship is a special type of property preservation measures. Other measures include the attachment of other properties (tangible or intangible) and the freezing of bank accounts etc. These measures can be applied for alternatively or in addition to the arrest of a ship if the value of the ship to be arrested is insufficient to secure the claim.

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

The MPL lists 22 types of maritime claims which are qualified for arrest of a ship. These 22 types of claims correspond almost identically to the 22 categories of maritime claims defined in Article 1.1 of the 1999 Arrest Convention as to which arrest of ship is permissible. This list has probably included almost all kinds of maritime claims that may be encountered in real life.

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

Yes. What flag a ship flies does not matter and a ship can be arrested as long as the relevant conditions for arrest are met.

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

Basically, a ship can only be arrested if her owner is the debtor of a maritime claim. There are essentially two exceptions:

The first is related to the arrest of a ship under a bareboat charter — such a ship can be arrested if the bareboat charterer of the ship is liable for the maritime claim and is the bareboat charterer of the ship when the arrest is effected.

The second exception is related to maritime liens. In respect of claims which enjoy maritime liens, e.g. claims for crew wages, port charges, salvage, loss of life or personal injury or other claims in tort (e.g. loss of or damage to property arising from a ship collision), the ship which gave rise to the maritime liens can be arrested even if she has changed hands at the time of the arrest.

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

Sister ships can be arrested. A “sister ship” means any ship (other than the particular ship giving rise to the maritime claim) which is owned by the ship-owner, bareboat charterer, time charterer or voyage charterer who is liable for the maritime claim. However, the arrest of sister ships is not available to claims with respect to ownership or possession of a ship.

The arrest of associated ships is not allowed, unless in the very extraordinary cases where the court is prepared to pierce the corporate veil and to find that the relevant companies have lost their separate corporate personalities (i.e. they are in effect one entity).

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

As to ships under bareboat charters, please see the comments under Question 7. Time chartered ships are normally not subject to arrest.

Mr. Henry Lee is a partner of Sloma & Co., a specialised shipping law firm based in Shanghai and providing services before all Chinese courts. Mr. Lee specialises in bill of lading, charterparty, ship sale & purchase, shipbuilding, collision, personal injury, commodities and insurance matters. He has been working for international shipowners, P&I Clubs, ship financing banks, insurance companies (including H&M underwriters and liability insurers) and traders for 20 years. Mr. Lee is recommended as a leading shipping lawyer in China by Chambers & Partners and the Legal 500.

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SHIP ARREST IN CHINA (QUESTIONS 10 TO 26)

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

In general, YES. According to Article 4 of the *Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law to the Arrest and Auction of Vessels* effective as of 1st March 2015 (hereinafter as Supreme Court Judicial Note on the Arrest and Auction of Vessels), where a maritime claimant applies for arrest of a vessel, the relevant maritime court shall order the maritime claimant to provide guarantee; but for the maritime claimant who applies for arrest of a ship, if it is due to disputes over crew labor contracts or compensation for personal injuries suffered at sea or in waters connecting the sea, and the facts are clear and the relationship of rights and obligations are definite, the relevant maritime court may NOT request the maritime claimant to provide guarantee / counter-security.

According to the Supreme Court Judicial Note on the Arrest and Auction of Vessels, effective as of 1st March 2015, the specific amount of guarantee/counter-security to be provided by a maritime claimant shall be equal to the various maintenance costs and expenses that may arise during the arrest of the vessel in question, the losses of sailing schedule due to the arrest, and the expenses incurred by the respondent concerned for the guarantee provided to lift the vessel from arrest.

Since early 2015, more and more active insurance companies in mainland China have launched a new type of insurance cover named Property Preservation Liability Insurance, under such insurance cover, it is for the insurer to issue Letter of Guarantee as counter-security for the insured (claimant) to apply for preservation of property during proceeding or prior to proceedings, including to apply for ship arrest.

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

Yes. Maritime Liens shall NOT be extinguished by virtue of the transfer of the ownership of the ship, except for those that have NOT been enforced within 60 days of a public notice on the transfer of the ownership of the ship made by a court at the request of the transferee when the transfer was effected. For Maritime Lien claim, arrest can only be enforced by arresting the particular ship that gave rise to the maritime lien. For a maritime claim, where owner or bareboat charterer of a ship is the liable party, the ship should be owned by the owner or should be under bareboat charter period when ship arrest is executed.

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

Yes. Under Article 22 of China Maritime Code, the following five types of maritime claims shall be entitled to maritime liens:

- (1) Payment claims for wages, other remuneration, crew repatriation and social insurance costs made by the Master, crew and other members of the complement on board;
- (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 from the moment the file arrives to your law firm?

The key elements are Counter-Security, the notarized and legalized POA and certificate of incorporation/good-standing from a foreign party, which are most time consuming and should be considered and well prepared in advance.

It is not a problem for hardworking lawyers to prepare arrest documents, but it does take time for court to examine on arrest documentation, to decide on the format & amount of counter-security, and to prepare arrest order. According to Art. 17 of the Special Maritime Procedure Law of PR China (SMPL), the maritime court, having accepted an application for ship arrest, shall make an order within 48 hours; where the order involves ship arrest as preservation measure for the maritime claim, it shall be executed forthwith. In practice, an arrest may be ordered and executed within 48 hours in case of urgent matter even during non-working hours.

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

Yes, POA is a must. In addition, Certificate of Identification of Legal Representative and Certificate of Incorporation or Certificate of Good-standing of the applicant are also requested in practice, so as to prove the applicant remains active. In addition, the following documents should be submitted to maritime court:

- (1) A written Ship Arrest Application signed and stamped by the applicant or its agent *ad litem*;
- (2) Preliminary and basic evidence in support of the maritime claim;
- (3) Original Counter-Security acceptable to the court.

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 theory, application for ship arrest, notarized & legalized POA and Certificate of Identification of Legal Representative and sometimes Certificate of Good-standing should be submitted in original at the time of arrest application is submitted to court. But for urgent matters, maritime court may consider to accept a faxed copy arrest Application and a faxed or scanned copy of signed/stamped POA/COI, provided on that the Original notarized and legalized POA and Certificate of Identification of Legal Representative and Certificate of Incorporation or Good-standing must be submitted to court by authorized PRC lawyers/agent *ad litem*, within the court requested time saying within two weeks or max. within one- month from the date of issuance of the ship arrest order. Counter-Security must be presented in original by the applicant.

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

Yes. According to Art. 19 of SMPL, after execution of ship arrest, any party may bring action over the substantive claims to the maritime court that effected the ship arrest, unless a jurisdiction agreement or arbitration agreement has been reached between the parties. According to the Supreme Court Judicial Note on the Arrest and Auction of Vessels, in case any party brings a lawsuit to another competent maritime court, the maritime court that arrested the vessel may continue to enforce the preservation measure/ship arrest.

"Forum Non Convenience" Doctrine

PRC maritime court could seize jurisdiction by pre-proceeding arrest of vessel, however, if all the conditions for applying the "forum-non-convenience" doctrine are met, and if the defendant have raised objection on jurisdiction, the maritime court can order to dismiss the case filed by plaintiff, notifying plaintiff to file the case in more convenient foreign court. These conditions are provided by **Art. 532 of the PRC Supreme Court Juridical Opinions on Application of Civil Procedure Law**, as follows:

- a) *The defendant requested the case should be tried by more convenient foreign court or have raised Objection on Jurisdiction;*
- b) *There is no jurisdiction agreement between the parties;*
- c) *This case does not subject to the exclusive jurisdiction of PR China court;*
- d) *This case does NOT involve any interests of the state of China, any Chinese citizen, company or organization;*

- e) *The main facts in disputes were NOT incurred within the territory of China, and Chinese law does not apply to this case; it would be of great difficulty for PRC court to find out facts and to apply governing law;*
- f) *Foreign court has Jurisdiction to entertain this case, and is more convenient to handle this case.*

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

The ship under arrest will be released for the following reasons:

The applicant withdraws his application for arrest;

The respondent provides security satisfactory to the court;

Where the respondent constituted the liability limitation fund for maritime claims, the court shall order without delay the release of the ship from arrest;

The ship under arrest should also be released or the security provided should be returned to the respondent if the arresting party has not commenced legal proceedings or arbitration proceedings within 30 days from the arresting date.

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

Parties in disputes can negotiate on the type and amount of security at any stage; the court will intervene only when the parties concerned fail to reach agreement on the type or amount of security. In addition to cash deposit, letter of guarantee issued by bank or insurance company or other financial institution registered within the territory of PR China is usually acceptable to court. Sometimes Letter of Undertaking issued by International Group P&I Club maybe acceptable to party concerned.

19. Does security need to cover interest and costs?

Yes. Security amount ordered in court order is often corresponding to the arresting party's requested amount, which often includes bank interest and costs.

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

Unless agreed by the applicant, PRC courts usually do not accept a letter of undertaking issued by a foreign P&I Club. It is however encouraging that more claimants' lawyers in China now tend to recommend their clients to accept IG P&I Club's LOU, based on the claims amount, the credibility of the Club and PRC lawyers involved for the matter.

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

Following satisfactory security is provided to court or accepted by arresting party, ship under arrest is usually lifted soon within 24 hours subject to release application is submitted to court by arresting party. Release Order has to be served by court to port authority MSA (maritime safety administration) for sailing permit.

22. Is there a procedure to contest the arrest?

Yes. If the respondents are dissatisfied with a ship arrest order, they may apply for review within 5 days after receipt thereof. The court shall give the result of the review within 5 days after receipt of the review application. However, execution of the ship arrest order shall not be suspended during the period of review. Where a ship arrest is contested by an interested party, the court shall examine the objection and lift the arrest if the reasons of objection are justified.

23. What 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 ship arrest in preservation of a maritime claim is 30 days. Where a maritime claimant brings an action or applies for arbitration within the 30 days, or where a maritime claimant applies for arrest of a ship in the process of legal action or arbitration, arrest of the ship is not subject to the 30 days' time limit.

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

Yes. However wrongful arrest is seldom established in maritime courts' practice. There is no specific definition for wrongful arrest under Chinese law. In judicial practice, a wrongful arrest may exist where the applicant has no merit of maritime claim for ship arrest, or the owners of the ship under arrest are not liable for the maritime claim, or the amount of security demanded by the applicant is unreasonably high.

If the claimant's claim ultimately fails and constitutes a wrongful arrest, the respondent can bring a claim in tort against the claimant for wrongful arrest requesting compensation for losses caused thereof, such in tort claim can be secured by the counter-security provided by the claimant for ship arrest.

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

Yes, piercing of the corporate veil is in theory acknowledged by the courts in China, namely in Para. 3, Art. 20 of The Company Law of PRC, which provides that *Where any shareholder of a company evades debts by abusing the independent legal person status of the company or by abusing the shareholder's limited liabilities, thereby seriously prejudicing the interests of the creditors of the company, the shareholder shall be jointly and severally liable for the debts of the company.*

However, No judicial interpretation has been issued by the PRC Supreme Court on how to apply this Article in specific cases, and therefore the standard of its application may vary from court to court. In judicial practice, the Chinese courts hold very cautious attitude when applying this article, and it is for the claimant to bear heavy burden of proof on that the standard of application has been met.

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

Yes. It takes a minimum of a couple of months for maritime court to have a ship sold *pendente lite*, counting from the date of ship arrest.

If the respondent fails to provide security within the 30 days' arrest time limit, and if it is not appropriate to keep the ship under arrest, the claimant, after having brought an action or having applied for arbitration, may file an application to the maritime court of ordering the ship arrest, for judicial sale of the ship by auction (sale of a ship *pendente lite*). 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.

A maritime court that orders auction of a ship shall issue an announcement (public notice) in newspapers or other news media, and the period of announcement for ship auction shall be not less than 30 days. Where a ship needs to be auctioned off again due to the failure to reach any deal/lower than reserve price in the first auction, re-auction announcement shall be published seven days prior to the date of auction. After two auctions have been aborted, a ship may be sold at the selling price no less than 50% of its valuation.

***Ms. Zhao** is the Managing Partner of HiHonor law firm, she has over 20 years' experience in shipping law. She obtained her LL.B from Shanghai (ECUPL) and her LL.M from Univ. of Southampton. She had one year working experience in FD&D with leading P&I Club in London; she had three months' working experience with prominent shipping firm in Cape Town of South Africa; and practiced with other two leading P&I clubs and top international shipping firm in London in 1998. Her major practice covers all aspects of shipping law including both dry and wet, international trade law and investment. She was selected by All China Lawyers' Association as one of "The Elite PRC Lawyers of International Practice" and attended overseas training course in Spain and Brussels in 2014; and in USA in 2016, received comprehensive training on cross-boarder transaction/investment. Ms. Zhao is a Supporting Member of London Maritime Arbitrators' Association (LMAA); and an Arbitrator of Korean Commercial Arbitration Board.

SHIP ARREST IN COLOMBIA

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

The ship arrest practice in Colombia is a procedure known by few judges. Unfortunately, in our country there is not a proper Maritime Jurisdiction where this kind of processes can be guided, like there is in Panamá, therefore, the arrest petitions are known and decided by residual Judges who award at Civil Circuit Courts. Because of this, it is the duty of the attorney not only to file the petition itself, but also to educate the Judge about its nature and urgency.

In order to achieve a successful arrest, there are several variables like, the immediacy to obtain the documents to file the petition, the accurate information about the ETA and departure of the vessel and the pressure given to the local authorities to proceed with the decree of the arrest, its execution and final lift. It is very important to mention that a preventive arrest petition is not a lawsuit and its main purpose is to obtain a satisfactory security over a maritime credit/lien, so it will not constitute itself as an action to define in the merits of the credit claimed, under any circumstance.

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

The Decision 487 of 2000 of the Andean Community of Nations.

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

Yes, there is.

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

Neither. The alternatives given by the Colombian General Process Code are precautionary measures that are derived from the lawsuit that contains the substantive claim (the merits); these are the attachment of the vessel and the sequestration.

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

Article 1 of the Decision 487 of 2000, includes 22 kinds of maritime credits, which are all related to the use of vessel, like: losses and damages caused by her, death and injuries, salvage, tugging and piloting operations, environmental damages, fees of the shipping agent, general average, charter parties, wages of the master and crew members and others.

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

Yes, it is possible.

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

Article 41 of the Decision 478 of 2000 establishes that the arrest of any vessel that has an outstanding maritime credit will proceed if:

- The person who is the owner of the vessel at the moment of birth of the credit is obliged to pay it and is also the current owner at the moment that the arrest is executed.
- If the bareboat charterer at the moment of birth of the credit is obliged to pay it and is also the current bareboat charterer at the moment that the arrest is executed.
- If the credit is based on a mortgage or lien of the same nature over the ship.
- If the credit relates to the ownership or possession of the vessel.
- If the credit is against the owner, the bareboat charterer, the manager or the shipowner of the vessel and is guaranteed by a maritime privilege granted by Article 22 of this Decision.

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

According to Article 42 of the Decision 478 of 2000, it is possible to arrest sister ships and ships owned by the person who is personally bound by the maritime credit.

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

In Colombia it is possible to proceed against Bareboat, TimeChartered and Voyage-Chartered vessels, taking into account articles 41 and 42 of the Decision 478 of 2000.

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

Yes, they do, according to article 590 of Colombian General Process Code. The claimant must provide an insurance policy issued by a local insurer, a bank guaranty, or a cash deposit; these counter securities must cover the 20% of the amount claimed.

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

No, the arrest petition and procedure is the same for both cases.

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

Yes, the maritime liens are recognized under the rules of the Decision 478 of 2000 of the Andean Community of Nations.

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

There is not a specific time required; everything depends on the ETA of the vessel and its date of departure. The attorneys in charge of filing the petition must "press" the judge in order to obtain a quick decree for the arrest order. Few judges in Colombia understand the nature of this kind of petition; therefore, the attorneys have to be as explicit as possible at the moment of explaining it to the judge. Once the arrest order is issued, this must be sent to the Harbor Master Office of the Port where the vessel is berthed.

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

Yes, a POA is required to file an arrest petition as attorney; it must be accompanied by a document that certifies that the undersigned has the faculty to submit it (This could be done by means of the certificate of incorporation or the certificate of incumbency of the creditor).

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 POA must be an original document. If the person granting the POA of attorney is foreign, the document, along with the certificate that indicates that the undersigned has the faculty to submit it must have an apostille or the seal of a Colombian consul. This last one must be obtained if the Country where the POA is submitted has not ratified the Hague Convention Abolishing the Requirement for Legalization for Foreign Public Documents.

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

Yes, they do. The article 51 of Decision 478 of 2000 of the Andean Community of Nations establishes that the Court that orders the arrest is entitled to accept jurisdiction over the substantive claim, unless the parties have agreed any litigation before another State's Court or Arbitration.

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

Once the parties agree upon the given security and the claimant accepts and receives it for its claim, the creditor must proceed as soon as possible at the Judge's office to inform about it and to ask for the lift of the arrest measure. Usually, and in order to obtain the release order quickly, the petition is submitted from both parties. Once the Judge issues the writ releasing the arrested vessel, this must be immediately informed to the Harbor Master Office of the Port where the vessel is berthed.

If there is no agreement between the petitioner and the debtor (vessel) with respect to the type of warranty, the judge, according to the local rules of procedure, has 3 options:

- To require a local bank guaranty.

- To require a local insurance bond.
- To require a cash depot in a local bank.

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

The security must be satisfactory for the claimant party and it must be negotiated with the debtor. If such parties do not achieve a settlement regarding the security issue, the Judge may have the power to choose a proper security and its amount. The judge will be entitled to choose between an insurance policy issued by a local insurer or a bank warranty. As mentioned above, in some cases and depending on the nature of the credit, the judge can require a cash deposit in a local bank.

19. Does security need to cover interest and costs?

No, it doesn't need to cover interest and costs, but if the parties agree so, it could cover them.

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

Yes, they are, but the claimant party must consider them as satisfactory, otherwise they will not be accepted.

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

There is not a specific time limit to release the ship; everything depends on the time taken for the negotiations between the parties and the speed of the Court to issue the writ that ceases the arrest order.

22. Is there a procedure to contest the arrest?

Once the debtor is notified of the writ that orders the arrest, the debtor has the right to challenge such decision if the arrest is considered wrongful.

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

The article 53 of Decision 478 of 2000 entitles the Judge that decrees the arrest to establish a deadline to file the lawsuit on the merits, however, this is not specified in such treaty and the Colombian Laws do not have an analogue rule that can cover the gaps in the treaty, therefore the fixation of such deadline is subject to the Judge's legal reasoning.

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

Yes, they do. Therefore, counter-security is requested to the claimant party before the arrest order is issued.

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

Yes, the Courts acknowledge the piercing and lifting of the corporate veil.

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

Any procedure that results in a Ship's auction must be supported in an execution title and after an execution procedure with a final judgment that order the auction.

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SHIP ARREST IN COSTA RICA

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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 none 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 out-dated laws and regulations.

4. Are there 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 non-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 from 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. What is the procedure to release a ship from arrest?

The parties involved in the precautionary arrest have to file a joint motion to release the vessel. Otherwise, the ship-owner or its agent will have to post a counter security deposit. In either case, the physical release of the vessel should not take more than 24 hours.

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

A cash bond or non-monetary pledges such as a Letters of Credit or Bank Warranties.

19. Does security need to cover interest and costs?

Usually it has to cover the total amount of the claim plus 50% for interests, costs and fees. However the Judge has full discretion to establish the final counter security amount.

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

Generally yes and as long as the parties involved in the precautionary arrest file a joint motion to release the vessel. A self-filing of an LOU is not sufficient; the acceptance of the claimant is mandatory.

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

No more than 24 working hours, excluding weekends and holidays.

22. Is there a procedure to contest the arrest?

Yes. The ship-owner or its agent can file a claim for a wrongful arrest if the claimant does not file the merits of the claim within a month after requesting the precautionary arrest.

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

One month.

24. 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.

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

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

26. 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.

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SHIP ARREST IN CROATIA (QUESTIONS 1-9)

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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 cases 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 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 if there is no direct applicability of the Convention. 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 Harbour 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 there 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, 67 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 irrespective 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 (liens) and registered encumbrances. It also possibly affects some other underlining issues subject to particular matters.

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

For maritime privileges (liens) and registered encumbrances, yes. In the case of direct applicability of the Convention, the answer is yes, as it is provided in the Convention. For maritime claims depends on the applicable law for merits of the matter. The main principal of Maritime Code as regard to the debtor and the arrested ship is that the arrested ship as an asset is the property of the debtor. In Croatia there is no "in rem" proceedings, but only "ad personam".

If the foreign law that applies to the merits of the matter provides "in rem" liability, and the debt is born with regard to the ship, the answer is yes. In this case the opposing party in the application for arrest should be the debtor who is not the owner of the ship.

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 may be arrested if there is direct applicability of the Convention, or if applicable foreign law for merits of the matter provides "in rem" claim, or if the principal debtor is the owner of the ship in Bareboat or Time-Charter (see answer under point 7.).

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SHIP ARREST IN CROATIA (QUESTIONS 10-26)

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

The counter-security is not required by the Courts in order to arrest the ship.

However, under Croatian law there is an existing possibility for the opposing party (i.e. the owners of the vessel under arrest) to apply to the Court with request to order the claimants to provide a counter security after the arrest is granted. The Court may order counter security only following request of the opposing party. In such a case the Court may order the Claimants to put up a counter security for costs and damages sustainable by the owners for detention of the vessel arising out of the arrest, if subsequently a Court finds the arrest was not justified. Nevertheless, as a general view, the Courts of Croatia are not inclined to accept the request of the opposing party for counter-security.

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

From the procedural point of view, there is no difference in respect to arresting a ship for a maritime claim and a maritime lien. Nevertheless, pursuant to article 954, section 1, of the Croatian Maritime Code it is provided that as a security for the maritime claims (save maritime liens claims) any vessel may be arrested that is owned by a "personal debtor" at time of submission of the petition for arrest. The expression "personal debtor" relates to the registered owner of the vessel liable for respective claim.

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

Yes, Croatian Maritime Code provide a list of maritime liens. Under Croatian law the claims secured by maritime liens are taking priority over a ship mortgage.

As per the provisions of the Croatian Maritime Code, the claims secured by maritime liens are as follows:

1. Claims for salaries and other allowances owed to the master, officers and other crew members regarding their employment on board, including repatriation costs and social security contributions to be paid in their name;
The Croatian Maritime Code (2004 as amended) does not provide for sale of the ship pendent lite
2. Claims for death or personal injury occurred on land or at sea and are directly connected to ship employment;
3. Claims arising from remuneration for salvage at sea;
4. Claims for port fees, expenses pertaining to navigation in channels and other sea lanes, and pilotage costs;
5. Claims arising from non-contractual liabilities for material losses or damages caused by ship, with the exception of loss or damage to cargo, containers and passenger objects transported by this ship.

Maritime liens on a ship for the principal shall also apply on interest.

List of maritime liens provided by the Croatian Maritime Code corresponds to the International Convention on Maritime Liens and Mortgages, Geneva 1993. Croatia has not ratified International convention relating to maritime liens. As per provisions of Croatian Maritime Code (the conflict of law rules), the law of the ship's flag applies to maritime liens.

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

The time required to arrest the ship since the moment the file arrives to our law firm depends of the scope of documents to be perused (and translated in Croatian language). Generally, it takes a few hours to prepare the application for arrest. The arrest proceeding is commenced by the petition for the arrest, submitted to the Court having jurisdiction over the Port where the ship is located and

supported with copies of the respective evidence. All documents and evidence submitted should be supported with the translation into Croatian language by a sworn court interpreter. Once the application for arrest is submitted to the Court, the Court will decide within a day or two, depending when the application has been received by the Court. The ship is arrested when the Arrest Order is served to the Master, and ship documents sized by the competent Harbour Master's Office.

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

Yes, in order to apply for the arrest of the ship a PoA duly signed and sealed by the client/claimant is required.

In order to obtain the arrest of the ship, the claimant must demonstrate existence of an arguable claim against registered owner of the ship and to elaborate that on the facts of the case there is a reasonable possibility (danger) that an amount as established by a judgement or by award will not be recovered. If the registered owner of the ship is a foreign (non-Croatian) entity, existence of danger is assumed by law. No special form of legalization of PoA is required. A PoA, in a copy, by e-mail in advance, would be sufficient, and the original to be provided to the Court subsequently). The application for arrest should also be supported with an evidence regarding the registration of the ship with full identity of the registered owner (e.g. transcript of registry or Lloyds Intelligence/Equasis).

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

Save for the application for the arrest, no original documents are required. For the time being, no documents can be filed electronically. Nevertheless, implementation of electronical system is under way and should be available in near future. No documents require notarisation and/or apostille (for the purpose of arrest of the ship).

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

As a general principle under Croatian law, jurisdiction of the Court of Croatia can be founded on the arrest of the vessel (over the substantive claim), provided the exclusive jurisdiction of foreign court/ arbitration has not been agreed by the contract.

In a case that the arrest of the vessel is granted, the Court will give the claimant 15 days period to commence the legal action on merits before the competent court and/or arbitration and to provide the Court with the evidence that such legal action has been commenced. If the claimant failed to commence legal action on merits before the competent court and/or arbitration, the arrest will be lifted.

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

The ship can be released from the arrest if: a) the claimant submits a written motion and withdrew the application for arrest; b) if the respondent places the appropriate security (accepted by the court or the claimant); c) if the Order for arrest is set aside following appeal of the respondent; d) if the claimant fails to initiate the procedure on merits before the competent court/arbitration within the time granted (usually 15 days). In all cases the Court will issue a Decree and release the ship from the arrest within one or two hours.

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

According to the judicial practice of the Courts of Croatia, in order to release the ship from the arrest a cash deposit and/or bank guarantee are considered acceptable security without need for approval from a claimant. Accordingly, if a cash deposit is paid with the Court or bank guarantee is provided by a respondent as a security, the Court will release the ship from the arrest regardless to objection of the claimant. However, if other form of security is provided (e.g. P&I LOU or other form of guarantee of the insurer), the security will be submitted for consideration to a claimant prior the decision be made by the Court, which decision is subject to appeal.

19. Does security need to cover interest and costs?

The security need to cover the interest and costs as awarded by the Order for Arrest. The security amount is usually set in the amount of 120-130% of the principal claim.

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

Club LOUs will be submitted for consideration of a claimant prior the decision be made by the Court. Generally, IG P&I Club LoUs are considered sufficient security to lift the arrest. However, as the one LoU provided by the IG P&I Club has not been honoured, in certain cases the LoU has not been accepted by the Court as sufficient security.

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

The release procedure is also considered as an urgent procedure. The Court will issue the Order and lift the arrest within an hour.

22. Is there a procedure to contest the arrest?

Yes. The respondent has a right to contest the arrest by filing the appeal against the Arrest Order. Once the appeal against the Arrest Order is filed, the first instance Court may consider the appeal of the respondent and set aside the Arrest Order if found the appellation reasons grounded. However, the first instance Courts are not inclined to decide on appeal of the respondent, but forward the matter to the Court of Appeal for their consideration and decision.

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

In a case that the arrest of the ship is granted, the Court in Croatia will give the claimant 8-15 days period to commence the legal action on merits before the competent court and/or arbitration and to provide the Court with the evidence that such legal action has been commenced. If the claimant fails to commence legal action on merits before the competent court and/or arbitration, the arrest will be lifted following request of the respondent.

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

The Courts of Croatia acknowledge wrongful arrest. If the arrest is wrongful, the claimant would be liable for all costs, losses and damages sustained by the respondent, due to such wrongful arrest. The claim for compensation of damages arising out of and/or in connection with wrongful arrest should be submitted in the same procedure, if still pending. Otherwise, the claim can be submitted in a separate litigation procedure for compensation of damages.

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

The piercing and lifting of corporate veil is known to Croatian law. Nevertheless, as a general practice, under the Croatian law it is very difficult to pierce the corporate veil. In this respect, the Courts of Croatia will recognize only the registered owner as the owner of the ship and will not pierce the corporate veil between related companies.

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

The Croatian Maritime Code (2004 as amended) does not provide for sale of the ship pendent lite.

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SHIP ARREST IN CURAÇAO

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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 actual 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 applies in accordance with article 8 of the Convention. It is thought that the provisions of the Convention do not apply as to conservatory arrest of ships flying the flag of a Non-Contracting State, at least in so far as they increase the protection of the owner of such vessel¹.

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

Executory arrests are allowed with regards to judgments rendered within the Kingdom of the Netherlands or other judgments executable in Curacao.

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

No.

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

Conservatory arrest of ships flying the flag of a Contracting State, is only allowed for maritime claims as defined in the Convention. Ships flying the flag of a Non-Contracting State 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 ship, then an arrest is allowed. In certain cases recovery on a ship is possible for claims against others than the owner, for instance the bare boat or time charterer, or for claims that attach to the ship irrespective of the identity of the owners.

¹Berlingierri on Arrest of Ships, ed. 4 (2006), no 52.850

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?

See 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 from the moment the file arrives to your law firm?

In straightforward 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 for the Curacao Court as forum arresti, which serves as a residual jurisdiction in case elsewhere a judgment that is executable in Curacao cannot be obtained.

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

The arrestor orders the bailiff to lift the arrest, the bailiff subsequently notifies the vessel as well as the harbour authorities.

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

Curacao procedural law only prescribes that the ship is to be released against "sufficient guarantee"

19. Does security need to cover interest and costs?

The security is to cover the amount estimated by the Judge who allowed the arrest. His estimate normally includes 30% of the principal amount for interest and costs.

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

Depending on circumstances.

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

1-2 hours during working hours.

22. Is there a procedure to contest the arrest?

Arrest can be contested in summary proceedings. A Judge in such summary proceedings will order the release of the vessel if nullifying forms have not been observed, if the arrestee summarily demonstrates that there is no merit what so ever to arrestors claim, or if sufficient guarantee is or has been provided.

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

Standard period is 4 weeks after the conservatory arrest is made, but normally longer or prolonged periods can be obtained without much difficulty.

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?

In very limited circumstances; yes

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

After in a procedure on the merits or in summary proceedings an executory title has been obtained, by operation of law a conservatory arrest will transform into an executory arrest, also pending continuation of the proceedings in for instance appeal. An executory arrest may lead to the ship being sold through public auction. Such sale normally takes several months to complete.

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SHIP ARREST IN CYPRUS

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

The Cyprus Admiralty jurisdiction is exercised by the Supreme Court, which by virtue of rule 50 of the Admiralty Jurisdiction Order gives an absolute right for arrest of the vessel or property. 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, can be tried by the District Courts. The person/entity who wishes to arrest a vessel in Cyprus must file an action in rem against the vessel herself and simultaneously an application requesting her arrest. 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) Lodgment 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) Lodgment 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. Upon the issuance of the arrest order and the compliance of the above requirements the arrest order must be served on 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 the Brussels Liens and Mortgage Conventions. 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 said Act is applicable in 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. In cases where the claimant cannot proceed with the arrest of a vessel, he may seek a "freezing" Mareva injunction, which is normally granted when the defendants have no further assets in Cyprus and there is risk of alienation/ dissipation of assets. The application for a Mareva injunction is made ex parte.

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

A "freezing injunction" is an option.

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

The Admiralty Court has jurisdiction to hear the following claims:

- a) claim to possession or ownership of a vessel or to ownership of any share therein;
- b) question arising between the co-owners of a vessel as to possession, employment, or earnings of that vessel;
- c) claim in respect of a mortgage of or charge on a vessel or any share thereof;
- d) claim for damage done by a vessel;
- e) claim for damage received by a vessel;
- f) claim for loss of life or personal injury sustained in consequence of defect in a vessel or in her apparel/ equipment, or of a wrongful act, neglect, or default of owners, charterers, or persons in possession or control of a vessel or of master or crew thereof or of any other person for whose wrongful acts, neglects, or defaults owners, charterers, or persons in possession or control of a vessel are responsible, being an act, neglect or default in navigation or

- management of the vessel, in loading, carriage, or discharge of goods or in embarkation, carriage, or disembarkation of person;
- g) claim for loss or damage to goods carried in a vessel;
- h) claim arising out of any agreement relating to carriage of goods in a vessel or to use/charter;
- i) claim in nature of salvage;
- j) claim in nature of towage in respect of a vessel;
- k) claim in 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) claim in respect of construction, repair, equipment of a vessel, dock charges/ dues;
- n) claim by a master or crew for wages and claim by or in respect of a master or crew for any money or property, which under any provisions of the Merchant Shipping Acts 1894-1954 is recoverable as wages at Court or in the manner in which wages may be recovered;
- o) claim by a master, shipper, charterer, or agent in respect of disbursements made a vessel's account;
- p) claim arising out of a general average act;
- q) claim arising out of bottomry; and
- r) claim for the forfeiture or condemnation of a vessel or of goods.

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

You can arrest a ship in Cyprus irrespective of her flag, provided that she is in the territorial waters of Cyprus.

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

You can arrest a ship in 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?

The Administration of Justice Act 1956 is applicable in Cyprus. Although section 3(3) of the said Act 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". This situation is compensated by section 3(4) of the 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". It should be distinguished that a person who possesses a maritime lien in respect of that "other ship" has no higher right or priority than that enjoyed, under 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. In the case the claims mentioned in (d) to (r) above, where a person who would be liable on claim in an action in personam was, when the cause arose, 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, she 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.

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 proves to be wrongful. The amount of the security to be provided is at the discretion of the Court, which will take into account all circumstances of the case. Usually, 10% to 30% of the claimed amount will need to be put up although in a few exceptional cases we have seen the court order as much as 50% of the claimed 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: a) Bottomry; b) Salvage; c) Wages; d) Master's Wages; e) Disbursements and liabilities; and f) Damage done by a ship.

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

It will normally take between 2-4 business days to arrest the vessel from the moment we receive supporting documents and instructions.

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

No POA is required to bring the claim and present the Arrest Application to the relevant 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. Name, place of residence, occupation of every claimant and defendant and a concise statement of the claim made or relief/remedy sought, should be included in the structure of the writ. The issue of the writ gives the claimant a right against the vessel, which originates from the cause of action in rem and crystallizes 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.

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

In order to arrest a vessel in Cyprus, you are required to file an action in rem against her. After the issuance of the arrest order, the substantive claim can be prosecuted.

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

Any party can apply to the Court for the release of a vessel and the Court will grant such an order if the terms as to security or payment of any costs have been provided. An application can be made by any party without any notice to be given to the other party (if there is no caveat). The procedural rules provide the following four options in which a release can happen:

- a) Upon proof of payment into Court of the amount claimed or of the appraised value of the property arrested, or, where cargo is arrested for freight only, of the amount of the freight verified by affidavits;
- b) On the application of the party at whose instance the property has been arrested;
- c) On the consent in writing being filed signed by the party at whose instance the property has been arrested;

On discontinuance or dismissal of the action in which the property has been arrested.

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

The type of security is usually in the form of a Cyprus Bank Guarantee or cash.

19. Does security need to cover interest and costs?

When evaluating the amount requested for security, it is usually the case that the security cannot be more than what the ship is worth. A claimant will also ask for interest and costs, however the initial arrest expenses are paid by the arresting party to the Admiralty Marshal who is responsible for the maintenance of the vessel, while it is under arrest.

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

P&I & LOUs are not recognised by Courts; Courts require the Bank Guarantee in order to lift the arrest.

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

It depends on the circumstances of each case. If security is paid, and the Court orders for such release, usually within a day the vessel can be released.

22. Is there a procedure to contest the arrest?

Yes, wrongful arrests are recognized under Cyprus Law and test for wrongful arrest is primarily "bad faith".

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

Under Cyprus Law, in an action in rem, the writ of summons must be served at least 21 days, and in an action *in personam*, at least 10 days, before the date named in the writ of summons for the appearance of the parties before the Admiralty Court.

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

Cyprus Courts acknowledge concept of wrongful arrest, hence the requirement for the claimant to post security.

25. 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 circumstance (basically fraud).

26. 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. 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 good reasons for which 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.

***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, reflagging, 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.

***Christiana Achilleos** studied law in the University of Leeds. She obtained her LLB with an honours in 2010 and was awarded with LLM in International Banking & Finance Law in 2011. After her graduation, Christiana underwent and successfully completed her training at the General Attorney's office in Limassol. She was admitted to the Cyprus Bar Association in 2013 and was immediately hired at a leading law firm in Cyprus. Christiana's litigation expertise ranges across several areas of litigation, including corporate litigation (with experience in liquidation applications, corporate applications, shareholders' disputes, derivative actions and applications seeking injunctive relief), admiralty litigation (with experience in ship arrest applications, collision claims and advising on complex issues of maritime law and conventions including time bar and limitation of damages issues), banking law (her experience includes conducting actions arising from the governmental "haircut" of depositors' accounts with Cypriot Banks and Swiss Franc mortgage claims), tort law (including debt collection cases, cases against or on behalf of forex companies, defamation cases, personal injury cases and insurance-related cases), employment law, rent-control law, family law, wills/probates and criminal law. Apart from conducting numerous trials before Courts, she has also managed to settle a number of cases out of the court on favourable terms for her clients. Christiana is a fluent speaker of English and Greek and can advise and represent clients in both languages without any reservations. Christiana joined LG Zambartas LLC in February 2018.

SHIP ARREST IN DENMARK (QUESTIONS 1 TO 9)

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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 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 the Shipping & Transport group with DLA Piper Denmark which consists of 5 partners and various lawyers and junior associates. The group deals with shipping and maritime law as well as other transport matters; hence acting for ship owners, shipping lines, freight forwarders, ship brokers/agents and road carriers. The group is also highly specialized in aviation law acting for various air carriers in dispute resolution and contract works. Furthermore, Henrik Kleis acts for the majority of Danish ports and handles a long line of cases of various nature for the ports. Moreover, Henrik Kleis is Honorary British Consul.*

SHIP ARREST IN DENMARK (QUESTIONS 10 TO 26)

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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 ownership to 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 from 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 e-mailed 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. What is the procedure to release a ship from arrest?

There is no formalized procedure and a petition to release the ship can simply be sent to the court by e-mail.

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

The only requirement is that the security must be adequate to cover the debt including expected interests and the cost of the arrest, the cost validation proceedings and the cost of the proceedings on the merits.

19. Does security need to cover interest and costs?

Yes.

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

Yes.

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

Generally speaking, the release can be done within one workday.

22. Is there a procedure to contest the arrest?

The arrest can be contested during the validation proceedings.

23. What 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 or two weeks if the forum of the validation proceedings is not Danish.

24. 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 owner's right to compensation is influenced by the fact that the owner can always avoid the effects of an arrest by providing a guarantee for the amount in dispute.

25. 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.

26. 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).

***Mathias Steino** is a partner with HAFNIA LAW FIRM. He was born in 1976 and obtained his law degree from the University of Copenhagen in 2003. Mathias studied at New York University School of Law in 2002 and was lecturing at Copenhagen University for a number of years. He has a broad but dedicated practice within the field of ship arrest and has been involved in more than 300 ship arrests in more than 60 jurisdictions within the last years. The firm acts for banks, underwriters, owners, suppliers and trading houses in respect of strategic pursuit of claims against vessels as well as defense services to owners and banks. Mathias is a member of the board of the Danish Maritime Law Society and frequently lecture in international fora on the topics of ship arrest and counter-party risks related to bunkering.

SHIP ARREST IN EGYPT

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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, all outstanding invoices, Insurance Policy and other documents such as mutual correspondents, faxes, e-mails and other agreements which prove this debits should be presented).

A legalized power of attorney must be granted by the client (The claimant) who is filing an arrest application. This power of attorney must be signed by the client, certified by the Apostille 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, 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 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 crewmembers 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 recognise 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 from 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 Apostille 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 notarisation and/or apostille, and when are they needed?

The required documents relating these debits 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 accept 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. What is the procedure to release a ship from arrest?

In according to the Egyptian Maritime Trade Law No 8/1990, Article No 63, in order to release a ship from arrest, an application of release a ship from arrest must be submitted by the defendant to the chief of judge or his representative on his jurisdiction attached with a bail or guarantee letter to be sufficient for settlement of debit.

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

In spite of the article No 63, of The Egyptian Maritime Trade Law No 8/1990, didn't explain definitely the required type of security of bail or guarantee letter however the practical practice is indicated that a bank guarantee letter must be submitted by a known bank to be acceptable. Also, a deposit of cash money equivalent to the total debit will be acceptable too.

19. Does security need to cover interest and costs?

The security must cover the interest and 10% for the costs in case of the judge was included to the capital debit in the arrest warrant.

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

As referred the practical actual is indicated that P&I LOUs are not acceptable at all.

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

It's usually takes about from one to two days to release a ship from arrest starting from the date of submitting the application of release the ship from arrest to the chief of judge.

22. Is there a procedure to contest the arrest?

The defendant has a right to contest against the arrest warrant before the summary execution court whether the arrest was executed or not yet. The defendant also has a right to consent against the

plenary trade court through 10 days starting from the date of commencement of execution of the arrest. So, the judge can cancel the arrest warrant or amend it, Article No 197, of the Egyptian procedural law.

23. What 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.

24. 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.

25. 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.

26. 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.

**Our legal services and consultancies are presented to Ship-Owners, Charters, P&I Clubs, Marine Insurance & Reinsurance Companies, Ship Agents, Repairs, Suppliers, Building, Oil & Gas Companies, etc. Our legal services are included, Marine insurance and reinsurance claims, Charter parties liabilities, Bills of lading, Ship sale/Purchase contracts, Collision/Salvage and General damage liabilities, Oil pollution/ Casualties, Stowaways and Refuges, Cargo liabilities (Shortage/Loose/Damage and Delay of cargo, Ship's Arrest/Release, in all Egyptian ports, Crew detention, Costs and Fines, Disputes settlements, Legal defense, disputes before the all Egyptian courts, Disputes under voyage/time charters, Financial collapse, Bankruptcy, Collisions of ships, Salvage claims and marine casualties, Marine mortgages, Crew wages claims, Personal injury and death claims, Ship registration, Ship deletion, Ship delays, Custom's fines and demurrage, Customs clearance facilities, Assisting in import & export procedures, All aspects of shipping, marine and trade disputes, International Arbitration, Execution of international judicial and arbitration awards in Egypt.*

SHIP ARREST IN ENGLAND & WALES (QUESTIONS 1 TO 9)

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

An application on paper is made to the Admiralty Marshal. Evidence must be filed showing that the claim comes within the Court's Admiralty Jurisdiction. There is a sliding scale of fees; the fee on issuing proceedings for amounts up to £200,000 is 5% (i.e. a maximum of £10,000 court fee) plus a further £225 for issuing the arrest warrant. In addition the applicant must give an undertaking to pay the Admiralty Marshal's costs which should be recovered as they are a first charge on the proceeds of the vessel ranking before maritime liens.

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

The UK is a party to the Brussels Convention Relating to the Arrest of Seagoing Ships, 1952. The relevant provisions are contained in the Senior Courts Act 1981. Section 20 sets out the types of claims for which the ship may be arrested.

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 might be possible to obtain 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 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 ships in associated ownership. Sister ships are vessels that are owned at the time when action is brought by the person who was the owner of the ship in connection with which the claim arose.

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

A bareboat-chartered ship may be arrested for a claim for which the bareboat charterer is contractually liable. Time chartered vessels cannot be arrested for claims of this nature, but where a time charterer owns a vessel, any vessel owned by the time charterer may be arrested for a claim under the charterparty.

***Lewis Moore** qualified as a solicitor in 1976. Lewis Moore joined Hill Dickinson in 2017.

Lewis Moore acts for clients in relation to contentious and non-contentious work, joint venture disputes, commodity sale and purchase, ship sale and purchase and charterparties and is a CEDR Accredited Mediator.

He acted for the successful charterers in *The Achilleas* [2007] 1 Lloyd's Rep 19 a House of Lords decision regarding damages for late redelivery and for the successful appellants in *Star Reefers Pool Inc. v. JFC Group* [2011] EWCA, a Court of Appeal decision on anti-suit injunctions.

SHIP ARREST IN ENGLAND & WALES (QUESTIONS 10 TO 26)

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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 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. All documents can be filed electronically but originals must be made available for inspection if required by another party to the proceedings or the court. 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 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. What is the procedure to release a ship from arrest?

Once security has been agreed all that is required in order to release a ship from arrest is the filing of a request for release with the Admiralty Marshal together with a further undertaking to be responsible for any costs he may incur in effecting the release. The Admiralty Marshal will then arrange for one of his officers to remove the arrest papers from the ship.

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

It is up to the parties to agree appropriate security.

19. Does security need to cover interest and costs?

No, but it would be wise to ensure that it does.

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

Usually but it may depend upon the circumstances.

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

Once security has been provided the request for release can be lodged with the Admiralty Marshal immediately but it will depend upon the availability of local officers of the court where the ship is located. Outside of normal office hours it may therefore take a little longer.

22. Is there a procedure to contest the arrest?

Not as such. A ship owner could include a counterclaim for damages in respect of losses suffered as a result of the arrest being brought on an improper basis as part of the defence to the substantive action but provided security is given in timely fashion such losses should be minimal and be limited to the costs, if any, of providing the security. If adequate security is offered but an arresting party refuses to accept that security, thereby extending the period of arrest, a claim for damages for detaining the vessel without just cause may have more chance of success.

23. 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.

24. 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.

25. 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.

26. 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)

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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) that specifies maritime claims;
- b. International Convention on Maritime Liens and Mortgages (1993) that 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 there 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 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?

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.

***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 17)

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

Yes. Usually Estonian Court appoints shiparrest counter-security in the amount of 15% of the claim or higher. In case of small claims counter-security is often appointed higher than 15% at the discretion of the judge. Payment of counter-security can be scheduled.

It is possible to apply that court will not appoint counter-security, but only claims of crew have so far been accepted without counter-security.

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

Yes. Concept of proceedings "in rem" is not accepted in Estonian law, but nevertheless for a maritime lien one can arrest a ship irrespective of her owner during the validity lien period, which is one year. To arrest a ship for maritime claim, 1999 Convention Article 3 (2-1) shall apply.

Due to mistakes in incorporating provisions of Article 3 (2) into the domestic law, aspects of arrest under Article 3(2) (sistership arrest) are sometimes interpreted wider than allowed by article 3 (2-1), but this should be avoided since 1999 Convention is applicable also directly.

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

Court has to order a release, after which bailiff will take vessel documents back on board, or captain or lawyer can collect them from bailiff's office. Bailiff's fees need to be paid before documents are released from bailiff's office. After this there are no restrictions for a vessel to sail. Should any problems with different authorities occur, court order of release can be used.

**Advising all aspects of maritime, corporate and commercial law since 1999 Indrek mainly specialises in sale-purchase, registration and arrest of ships. He became managing partner of MALSCO (maritime law and shipping consultations) in 2006.*

SHIP ARREST IN ESTONIA (QUESTIONS 18 TO 26)

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

Estonian courts expect to get cash deposit on Estonian bank account (of Ministry of Finance) indicated in court decree or bank guarantee usually expected from a bank located in a member state of European Union. The deposit is the fastest for the release.

19. Does security need to cover interest and costs?

The security amount will be determined by the court on basis of arrest application and this can cover interests and reasonable costs.

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

P&I LOUs have been accepted as an alternative security by court, however this has not been stipulated in the laws and this gives options to the arresting party to object the LOU.

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

The aim is to release the ship urgently once sufficient alternative security is provided and court makes respective decree within the same day. Thereafter the arrest can be lifted by enforcement officer who arrested the ship and obtained the originals of ship's documents when imposing the arrest. This may cause some delay in release, because the same enforcement officer (or her/his official substitute) should be available for release and redeliver ships documents. The release takes usually 1-2 days unless the arresting party have disputed the court's release decree.

22. Is there a procedure to contest the arrest?

It is possible to contest the arrest, however this does not abolish ship arrest unless there are obvious facts of wrongful arrest proved. It is very difficult to succeed in contesting the arrest, because arrest procedure is quick and preliminary procedures to obtain security to the claim. The claim on merits of the case will be passed later in main proceedings, where all aspects of the arrest and the claim can be discussed.

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

Maximum 1 month can be granted for legal action on merits, but it can be shorter period depending on how complicated judge sees the case and the jurisdiction where claim on its merits is filed. If arresting party stipulates in arrest application to the court that this dispute belongs for resolving by foreign court or arbitration, then in such case 1 month time for filing main claim is usually granted.

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

Wrongful arrest cases can be possible, however there is little practice. There is 1 judgement against arresting party, which did not defend the case when claim for wrongful arrest was brought before the court.

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

There have been cases of piercing and lifting of the corporate veil in first and second court instances, however this is still uneven and developing sphere of law and practice. There is no good profound precedence in this respect yet.

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

Yes, it is possible, but according to present practices it takes more than 1 year.

****Indra Kaunis** has gained a vast experience in shipping cases and practical knowledge of industry at working in Estonian Shipping Co.(ESCO) and in Tschudi Shipping Co.(TSC) in 1993-2006. He was chief lawyer and a member of the board of directors of ESCO since 1997 and later in TSC. Indra established law firm Consolato del Mare(CdM) in 2006, when he left TSC. CdM specializes in maritime and transport law and is advising regarding full range of shipping cases, shipbuilding, ship finance and other shipping related matters under leadership of Indra. Indra was member of Estonian delegation in Geneva in 1999, when was discussed and adopted International Convention on the Arrest of Ships under auspices of IMO. He has participated as an expert at adoption of other international maritime conventions (MLC). Indra is head of expert group established for revision of Estonian maritime laws. Languages spoken: Estonian, Russian and English.*

SHIP ARREST IN FAROES

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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 notarised 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 there 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 irrespective of her flag?

Yes.

7. Can you arrest a ship irrespective 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 from 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. What is the procedure to release a ship from arrest?

In order to release the vessel, there must be placed a security at the court.

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

The security must be placed in the form of a bank guarantee.

19. Does security need to cover interest and costs?

The size of the security must be exactly the same as the amount set up in the arrest. Usually, the amount set up in the arrest covers costs and interests as well.

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

No.

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

Usually the same day as the court receives the security.

22. Is there a procedure to contest the arrest?

Yes. The party, which demands the arrest, must issue a summons regarding the legitimacy of the arrest, and in this connection it is possible to contest the arrest.

23. What 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.

24. 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.

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

No.

26. Is it possible to have a ship sold pendent elite; 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

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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 defendant must own the vessel 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 one 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 there 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 refueling. 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 that 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 endanger 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 a varying amount of 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 from 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 defense 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. In general, courts do not require POAs from attorneys at law (i.e. members of the Finnish Bar Association). 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 notarisation 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 principle 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. What is the procedure to release a ship from arrest?

In order to release a ship from arrest the defendant can provide the Bailiff with a security for the applicant's claim. In some cases the arrest can only be lifted if the defendant provides a security that is approved by the applicant or in the Bailiff's view corresponds to the applicant's need for legal protection in an appropriate and sufficient manner. An arrest can also be lifted at the request of the defendant unless the applicant demonstrates that legal proceedings against the defendant were commenced on time. The applicant must commence legal proceedings against the defendant within one month from the day when the final arrest order was granted. An arrest shall also be lifted if the principal claim has been rejected or dismissed by a court or if the claim has been paid.

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

The security may take the form of a monetary security or a guarantee. The Bailiff may require a bank guarantee from a Finnish bank.

19. Does security need to cover interest and costs?

The security shall cover the amount that the court has ordered the ship to be arrested for. The security shall generally also cover interest and legal costs.

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

Sometimes P&I club letters may be used as an accepted form of guarantee to lift the arrest.

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

If the grounds for the arrest have lapsed, the Bailiff shall carry out the reversal measures. The law does not specify the duration of this procedure.

22. Is there a procedure to contest the arrest?

When the arrest is granted and enforced by a separate arrest order or during the proceedings of the principal claim, the defendant can appeal such an order in the court of higher instance. However, in cases of an interlocutory order, the order cannot be appealed but the applicant must commence legal proceedings against the defendant within one month from the final arrest order.

23. What 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.

24. 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.

25. 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. However, in 2015, the Supreme Court pierced the corporate veil in an IP-related case (KKO 2015:17) and considered the parent company liable for the debts of its subsidiary. Later in case KKO 2017:94, the Supreme Court deemed company A liable for some public debts of company B. A and B were managed and fully owned by the same person. The reasoning of the Supreme Court was that a part of the operations of company A had been transferred to company B without any sound business reason only in order to avoid some payments of public nature. However, in these particular cases, there was a relatively clear effort on part of the parent company/company A to circumvent their obligations under law, and it is yet too early to assess the impact of these cases. Partnerships are an exception to the general rule, since the general partners are personally liable for the debts of the company.

In addition, 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.

26. 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.

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SHIP ARREST IN FRANCE

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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 para. 25 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 and art. R5114-15 to R5114-47) and the Code of Civil Procedures of Execution (art. L.111-1 et seq. and art. R.112-1 et seq.).

4. Are there 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 irrespective 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 (e.g. fishing boats).

7. Can you arrest a ship irrespective 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 para. 25 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 1926 Brussels Convention on Maritime Liens and Mortgages; art. L.5114-18 of the Code of Transports).

12. Does your country recognise 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 from 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 notarisation 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 EU Regulations, must be met.

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

A ship may be released from arrest either by providing the appropriate guarantee or deposit as per the order of arrest or by serving upon the arrestor a writ of summons with a view to challenging the arrest (see para. 22 below).

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

As a matter of principle, any security that would be equivalent to the guarantee offered by the arrest

of the ship for the recovery of the claim is acceptable. In practice, French judges accept bank guarantees, cash deposits and P&I letters of undertaking.

19. Does security need to cover interest and costs?

Security would need to cover the exact sum for which the arrest of the ship has been ordered. This sum often includes a provision for interests and costs.

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

P&I letters of undertaking are usually deemed sufficient when provided by P&I Clubs members of the International Group. For other P&I Clubs, it would depend on the identity, reputation and credit worthiness of the Club, as freely appreciated by the ruling judge.

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

In usual cases of urgency, the ruling judge would issue an order to lift or confirm the arrest of the ship the same day of the hearing at which the arrestor would have been summoned to appear. Once obtained, the order to lift the arrest can be notified forthwith, through bailiff, to the harbour master for an immediate release.

22. Is there a procedure to contest the arrest?

The arrest of a ship is challenged by writ of summons served upon the arrestor, which is deemed to have elected domicile at the offices of its lawyers and/or bailiffs. The writ, which does not need to be translated, summons the arrestor to appear before the judge who ordered the arrest at a hearing that could be scheduled at the first convenience of the judge or his/her substitute, including the same day of the arrest.

23. What 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.

24. 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.

25. 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: e.g. 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.

26. 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.

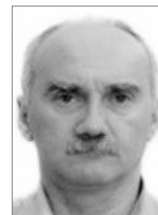
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SHIP ARREST IN GEORGIA

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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» (Nº1756 ot 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 Nº1536-PC

Georgia Code of Civil Procedure (14.11.1997r. Nº1106- 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 arbitration or a court.

Each type has its own character and procedure

a) 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.

b) 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 (arbitration or court), which has competency for consideration of the claim on the merits.

c) ship's arrest against legal decision of a foreign arbitration or a court – Georgia is a part of New York Convention on Enforcement of Arbitral Awards and therefore foreign arbitration 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 there 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 irrespective 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 irrespective 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 from 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. What is the procedure to release a ship from arrest?

A vessel can be release by the order of the Court, which took a decision to arrest her, or by the order of the Court of Appeal, if any appeal had been submitted.

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

Civil Code of Georgia provides that instead of arrest of the vessel - as claim security - financial security can be applied as a local bank guarantee or a deposit submitted to a deposit account of the Court. However, in practice this provision is applied quite rarely.

19. Does security need to cover interest and costs?

No interest is imposed on the penalty amount. When applying to the court the court fee is fixed: about USD 90. Court of Appeal fee is approximately the same.

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

Maritime Code of Georgia provides that P&I Club or first-rate bank guarantee can be submitted. In practice, this provision shall not apply in cases of administrative delinquencies. In the private law disputes the application of this provision of in the private law disputes the application of this provision depends on the goodwill of the Party who seeks arrest of a ship on property requirements.

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

A vessel's release depends on the grounds of the arrest. If the arrest was implied as a security for a property claim, the time of release can be until the conclusion of the dispute on the merits. In the cases of administrative delinquencies, the vessel is released from the arrest in 1-2 days upon payment of the penalty.

22. Is there a procedure to contest the arrest?

Procedure of appeal exists and is widely applied.

23. What 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.

24. 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.

25. 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"

26. 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.

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SHIP ARREST IN GERMANY

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

Germany has not only well-known international seaports 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 or any inland court having jurisdiction to hear the case on the merits.

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 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 there 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 irrespective of her flag?

An arrest may be applied for irrespective of the flag.

7. Can you arrest a ship irrespective 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?

A vessel may be arrested if the claim against the bareboat or demise charterer is covered by a maritime lien. It is also well arguable that for any other claim against the bareboat and demise charterer the vessel can be arrested. This, by contrast, does not apply to time charterers. If other property of charterers is concerned – i.e. bunkers – that property may of course also 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 shipowners' 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 from 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 time limit 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. What is the procedure to release a ship from arrest?

There are in general two possibilities: The shipowners may either file a motion/appeal against the arrest order (§ 924 German Procedural Code) or – as every arrest order has to include the amount of security against the arrest may be lifted – pay such amount into the court's cashier.

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

In general security has to be provided in cash or by providing an unconditional bank guarantee issued by a first class bank located in the EU. Of course, if the parties to an arrest so agree, a vessel may be released against a P&I Club Letter, preferably from a P&I Club of the International Group. However, a German court will not accept a P&I Club Letter, if the arresting party does not agree.

19. Does security need to cover interest and costs?

The court may consider interest and costs, but in the end the shipowners have to provide such amount as determined by the court in the arrest order. If the parties agree on a P+I-Club-Letter interest and cost will of course be an issue.

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

As stated, that depends on an agreement of the parties; a court will not accept a P+I-Club-Letter as sufficient security.

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

As stated in No.17 there are two possibilities:

- (i) Contest the arrest by an appeal; or
- (ii) Pay what is ordered as security.

It is obvious that (ii) is fast and efficient as a prompt release only depends on providing security and therefore it is advisable to have your preparations ready to pay cash or provide for a guarantee and then appeal. If cash or security may not be provided for whatever reason and the appeal is the only option it depends on the counter-arguments the shipowners may present. The court will in any case set a date for a hearing immediately after the counter-arguments have been lodged. German Courts will in general decide at the end of that hearing. So generally speaking – depending on the merits of the counter-arguments – the arrest order may be lifted within a couple of days.

22. Is there a procedure to contest the arrest?

Look at No.17!

23. What 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.

24. 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.

25. 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.

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

During pending arrest 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 intent 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

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

Where owners have placed acceptable security for the release of a ship, the court may order release of the ship upon request made by the owners for release of the ship.

In some cases, the arrestor could request for release of the ship, where owners have placed acceptable security for the release. In some cases, the court may order release of a ship under arrest, if owners successfully challenge an order of arrest.

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

Security such as bank guarantees, P and I Club LOUs and insurance bonds are acceptable to be placed for the release of ships.

19. Does security need to cover interest and costs?

Yes, security must cover the claim, interest and costs.

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

Yes, P&I LOUs are accepted as sufficient to lift the arrest.

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

A ship can be released within 24 hours of filing an acceptable security.

22. Is there a procedure to contest the arrest?

Yes, there is a procedure to contest the arrest.

23. What 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.

24. 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.

25. 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.

26. 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 pendent 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.

****ÁELEX** is a leading Ghanaian 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. ÁELEX 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

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

Arresting a ship in Gibraltar is a relatively simple and straightforward 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 there 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, master's 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 from 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. What is the procedure to release a ship from arrest?

In order to have ship released from an arrest one must either put up security or satisfy the claim in respect of which the arrest has been made.

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

The type of security which needs to be put in place for the release is either, a cash deposit, a letter from a P&I Club or a guarantee from a first class bank.

19. Does security need to cover interest and costs?

Yes .

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

Typically they are.

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

Once security is put up or the owner of the ship is satisfied the claim, a ship can be released almost immediately.

22. Is there a procedure to contest the arrest?

If a ship owner would like to contest an arrest, then he must file an acknowledgement of service of the claim within 14 days of the claim form being served on them and file a defence to the claim within 28 days of the date of service of the particulars of claim.

23. What 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.

24. 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.

25. 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, and in practice, will only happen in cases where there are allegations of fraud.

26. 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

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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 that 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 there 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 null and void towards the arrestor and for the amount for which the arrest was ordered; disposal is likewise null 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 favour, 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 irrespective 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 irrespective 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.

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

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

Counter arrest or filing of a separate new petition.

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

The court orders the placement of security in the form of a bank guarantee issued by an approved financial institution in Greece. P&I Letters are accepted on the premises that the other party accepts them.

19. Does security need to cover interest and costs?

In general, the petition to arrest a vessel is made for an amount covering the costs and the interests. Therefore the security necessarily covers them also.

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

P&I Letters are accepted on the premises that the other party accepts them.

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

The procedure is rather quick from the moment the bank guarantee is filed with Court that ordered the arrest.

22. Is there a procedure to contest the arrest?

The arrest can be contested with the filling of a counter petition based on various grounds (such as unlawful act, misrepresentation etc.).

23. What 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*.

24. 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.

25. 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.

26. 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.

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Prior appointment to his current position was the Honorary Consul for the Republic of the Marshall Islands in Greece.

He is a Member of the Athens Bar Association (Attorney at Law - Accredited to the Supreme Court) and has published extensively articles on various aspects of Greek Law:

- Immigration & Naturalization / Greek Chapter, Kluwer.
- Iow Tax transactions / Greek Chapter, Kluwer.
- Immigration Issues / Nomiki Vivliothiki - Invest in Greece Review.
- Ship Arrest Issues / Nomiki Vivliothiki - Invest in Greece Review.
- Activities for Utilizing Low Tax Jurisdictions/ Nomiki Vivliothiki - Invest in Greece Review.

He has presented papers in more than twenty international conferences for topics related of Immigration, Maritime Law and Intellectual Property. He manages the boutique law firm Vardikos & Vardikos with associated offices in Cyprus and Dominica (authorized government agent for the Citizenship by Investment Program). Inter alia the law firm specializes in Shipping, Intellectual Property, Immigration Law, Debts Collections and Corporate Services in all major jurisdictions.

SHIP ARREST IN HONG KONG

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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 Hong Kong 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 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 the types of maritime claim for which a vessel may be arrested. They include claims for:

- 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 allow the arrest of ships for other purposes. In the 2014 case the "KOMBO" [2014] HKCU 1698, the court upheld the arrest of a vessel even though the Plaintiff had already obtained an arbitration award. The effect of this judgment is significant as it means that vessels can still be arrested under the in rem jurisdiction of the court so long as the judgment or arbitration award in personam remains outstanding. 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 such that the organs of the PRC can now claim immunity in response to claims against them in Hong Kong.

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 from the moment the file arrives to your law firm?

Arrest documents can be issued within 48 hours of receiving the file. Although there are certain difficulties, documents can be issued and executed on emergency application to a duty judge out of normal office 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 solicitors' firms in Hong Kong require a formal written retainer before advising or acting on instructions on behalf of a client.

Apart from the documents to be exhibited in the affidavit to establish a prima facie right to arrest, no other documents are required.

According to Order 75/5/14 of the Rules of the High Court, there is no prescribed or practice form for the affidavit. Instead, an outline of the form is provided. The affidavit must state certain specified details, such as the nature of the claim, the parties' details and the name 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?

The claimant's solicitor will apply to issue a warrant of arrest, supported by an affidavit. 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. However, if grounds exist for a forum non conveniens application, or if the claim arises out of a contract containing 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. What is the procedure to release a ship from arrest?

This is done by filing a Praecipe demanding the court to issue a Warrant of Release. An undertaking issued by a solicitors' firm to pay all charges and expenses incurred by the Chief Bailiff is required to be filed at the same time. The agreement of the arresting party and all caveators must be obtained. This is normally done by the parties signing their names on the Warrant of Release expressing their consent to release the ship from arrest.

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

The party seeking release of the ship should obtain the consent of the arresting party (and the caveators, if any) to the issue of a release by giving bail to his/their satisfaction. The arresting party may agree to accept a P&I Club Letter of Undertaking or a guarantee issued by a bank or insurance company on wording acceptable to him. The court does not have power to intervene in negotiations over private security arrangements but it is always open to the party seeking release of the ship to provide bail or make payment into court to secure the release of the ship under arrest.

19. Does security need to cover interest and costs?

The arresting party is entitled to sufficient security to cover the amount of his claim with interest and costs.

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

No, not without the consent of the arresting party.

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

Within a few hours.

22. Is there a procedure to contest the arrest?

The party seeking release of the vessel may make an application to court on the basis that the court does not have jurisdiction to issue the Warrant of Arrest. Such application is usually made on grounds that the party seeking arrest had acted in bad faith or in a grossly negligent manner or that he had failed to disclose material facts known to him at the time the affidavit leading to the issue of a warrant of arrest was sworn.

23. What 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 can only 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.

24. 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.

25. 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. However, 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 the separate corporate personality is used to evade an existing legal obligation, or practise fraud or deception.

26. 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 more readily order sales of vessels *pendente lite*, especially in Crew and/or Mortgage actions for which Hong Kong is a recognized centre in Asia.

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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 and articles.

SHIP ARREST IN ICELAND

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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 there 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: sýslumaður) 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's 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 from 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 are 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. What is the procedure to release a ship from arrest?

A ship is released from arrest when the claimant receives payment of claim, if a confirmation of an arrest is not submitted to Icelandic courts in time, or if a confirmation of an arrest is not granted by the courts and the arrest set aside. However, if confirmation of an arrest is declined by the District Courts and it set aside, the arrest remains in effect for three weeks, until a time limit for appeal passes. If the claimant neglects to submit a request for confirmation to Icelandic courts within the applicable limitation period, the arrest is set aside when the limitation period has passed, after either one or three weeks from the arrest, see question 23. A shipowner may additionally prevent an arrest by providing an immediate guarantee.

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

No security is necessary for the release when an arrest ceases due to the general reasons above. A shipowner's guarantee to prevent an arrest is subject to similar rules as the claimant's counter-security, see question 10, and must be in cash or a similar form, e.g. a bank guarantee.

19. Does security need to cover interest and costs?

Yes, to prevent an arrest the shipowner's guarantee must cover the full claim amount, including interests and costs.

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

No.

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

The shipowner will usually keep the possession of the ship under arrest, see question 1. After the arrest ceases, legal restraints due to the arrest will usually be lifted by the District Magistrate within a few days, although it might vary in relation to the reasons for the arrest ending or being set aside.

22. Is there a procedure to contest the arrest?

Shipowner's protest during arrest procedure does not generally stop the arrest. If the arrest has not yet taken place and is being processed by the District Magistrate the Magistrate must upon shipowner's protest make an immediate decision on whether to proceed. Protests are usually unsuccessful unless the shipowner proves that the request for arrest should have been dismissed ex officio or that the claimant's claim is unfounded. The shipowner may only appeal a Magistrate's decision to proceed with the arrest to the District Courts if the claimant approves. After ship arrest completion however, the shipowner may contest the arrest before Icelandic courts in proceedings for confirmation of an arrest pursued by the claimant.

23. What 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.

24. 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.

25. 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.

26. 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. There has always been at least one partner at LOGOS who specialises in shipping and transport law. As a result LOGOS has considerable experience in this field.*

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LOGOS's work in the shipping and transport sector includes all maritime and transport related matters, such as arrest, contract of carriage, storage contracts, cargo claims, personal injury, salvage, general average, sale and purchase of new and second hand vessels, shipbuilding contracts and charter party contracts.

SHIP ARREST IN INDIA

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

(i) The High Courts of Bombay, Calcutta, Hyderabad, Karnataka, Kerala, Madras, Orissa and Telangana exercise Admiralty jurisdiction under The Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2016. The statute has codified the heads of maritime claims for which a ship could be arrested.

(ii) Application for arrest of a ship is made ex-parte, unless Caveat is filed against a arrest. 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.

(iii) The ship would be released from arrest provided security in the form of a Bank Guarantee or cash deposit is made with the Registry. Ship could also be released from arrest if on an application made on behalf of the ship; the Court holds that the arrest is not maintainable.

(iv) If security is not furnished, the High Court is empowered to auction the vessel within 45 days from the date of the arrest. If the sale proceeds are insufficient to satisfy claim of the all Claimants, the Court would decide the priority as laid down in The Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2016.

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

The Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2016 codifies maritime claim and maritime lien under which ships could be arrested.

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

Claimant could seek arrest of a ship in execution of decree passed by any Superior Court of any reciprocating territory of a foreign country against the Owner of the ship; subject however the original claim was a maritime claim.

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

There is no separate freezing order other than arrest of a ship.

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

A ship could be arrested for the following claims:

- a. Dispute regarding the possession or ownership of a vessel or the ownership of any share therein;.
- b. Dispute between the co-owners of a vessel as to the employment or earnings of the vessel;
- c. Mortgage or a charge of the same nature on a vessel;
- d. Loss or damage caused by the operation of a vessel;
- e. Loss of life or personal injury occurring whether on land or on water, in direct connection with the operation of vessel;
- f. Loss or damage to or in connection with any goods;
- g. Agreement relating to the carriage of goods or passengers on board a vessel; whether contained in a charter party or otherwise;.
- h. Agreement relating to the use or hire of the vessel, whether contained in a charter party or otherwise;.
- i. Salvage services, including, if applicable, special compensation relating to salvage services in respect of a vessel which by itself or its cargo threatens damage to the environment;
- j. Towage;
- k. Pilotage;

- l. Goods, materials, perishable or non-perishable provisions, bunker, fuel, equipment (including containers), supplied or services rendered to the vessel for its operation, management, preservation or maintenance including any fee payable or leviable;
- m) Construction, reconstruction, repair, converting or equipping of the vessel;
- n) Dues in connection with any port, harbor, canal, dock or light tolls, other tolls, waterway or any charges of similar kind chargeable under any law for the time being in force;
- o) Claim by a Master of the crew of a vessel or their heirs and dependents for wages or any sum due out of wages or adjudged to be due which may be recoverable as wages or cost of repatriation or social insurance contribution payable on their behalf or any amount an employer is under an obligation to pay to a person as an employee, whether the obligation arose out of a contract of employment or by operation of a law (including operation of a law of any country) for the time being in force, and includes any claim arising under a manning and crew management relating to a vessel, notwithstanding anything contained in the provisions of section 150 and 151 of the Merchant Shipping Act, 1958;
- p) Disbursements incurred on behalf of the vessel or its owners;
- q) Particular average or general average;
- r) Dispute arising out of a contract for the sale of the vessel;
- s) Insurance premium (including mutual insurance calls) in respect of the vessel payable by or on behalf of the vessel owners or demise charterer;
- t) Commission, brokerage or agency fees payable in respect of the vessel by or in behalf of the vessel owner or demise charterer;
- u) Damage or threat of damage caused by the vessel to the environment, coastline or related interests, measures taken to prevent, minimize or remove such damage, compensation for such damage, costs of reasonable measures for the restoration of the environment actually undertaken or to be undertaken, loss incurred or likely to be incurred by third parties in connection with such damage, or any other damage, costs, or loss of a similar nature to those identified in this clause;
- v) Costs or expenses relating to raising, removal. Recovery, destruction or the rendering harmless of a vessel which is sunk, wrecked, stranded or abandoned, including anything that is or has been on board such vessel, and costs or expenses relating to the preservation of an abandoned vessel and maintenance of its crew;
- (w) Maritime lien.

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

Yes.

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

As long as the maritime claim arises from commercial dealings between the parties, the ship could be arrested even if it belongs to the Government or a Foreign State.

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

A sister ship, that is any ship of the same owner, could be arrested. Ships in associated ownership cannot be arrested.

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

Bareboat chartered vessel could be arrested if the Court has reason to believe that the bareboat charterer of the vessel at the time when the maritime claim arose is liable for the claim and is the bareboat charterer or the owner of the vessel when the arrest is effected. Similarly if the Claimant asserts maritime claim against registered owner or the demise charterer, the vessel could be arrested even if it is on time charter.

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

The High Court may, as a condition of the arrest of a ship or for permitting an arrest already effected to be maintained, impose upon the Claimant an obligation to provide an unconditional undertaking to pay such sums of money as damages or such security of a kind for an amount and upon such terms as may be determined by the High Court, for any loss or damage which may be incurred by the defendant as a result of arrest.

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

Yes. Maritime lien continues to exist on the vessel notwithstanding any change of ownership or of registration or of flag.

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

Yes. It is codified under the Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2016. Maritime lien means a maritime claim against the Owner, Demise charterer, Manager or Operator of the vessel in respect of any of the following claims:

- 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 salvage services including special compensation relating thereto.
- d. Claims for port, canal and other waterway dues and pilotage dues and any other statutory dues related to the vessel.
- e. Claims based on tort arising out of loss or damage caused by the operation of the vessel other than loss or damage to cargo and containers carried on the vessel.

Maritime lien shall extinguish after expiry of a period of one year unless prior to expiry, the vessel has been arrested or seized and such arrest or seizure has led to a forced sale by the High Court. However, in regard to claim for wages including costs of repatriation and social insurance contribution, the period shall be two years from the date on which wage or sum, cost of repatriation or social insurance contribution fell due or became payable.

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

Upon receipt of all documents (which includes the agreement/contract, all correspondence, invoices, etc.), the draft of the proposed Complaint to be filed would be sent by e-mail within 24 hours. The Complaint has to be signed and verified by the person who is personally acquainted with the facts of the case which needs to be attested before the Indian Consulate or Embassy.

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

POA, Complaint, all documents in support of the claim, affidavit in support of the arrest and affidavit of undertaking to pay damages, have to be filed in 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?

POA in original, Complaint and all original documents in support of the claim or photocopies (if originals are not in the possession of the clients) would have to be filed in the Court. Along with the Complaint a list of all documents and photocopies of all documents irrespective of whether the same is in support of or adverse to the Claimants case would also have to be filed.

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

Once the Court orders the 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 Court would stay the suit if there exists a valid arbitration agreement between the parties in which event the security may or may not be retained.

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

Security in the form of Bank Guarantee or cash deposit needs to be made and the order for release from the Court needs to be obtained thereafter. The original order of the Court releasing the ship needs to be served upon the Port and Customs authorities.

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

Bank Guarantee or Pay Order issued by a nationalized bank in favour of the Registry or cash deposit.

19. Does security need to cover interest and costs?

Yes, if the order so directs.

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

P&I LOUs are not accepted unless consented by the Claimants.

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

Once security is furnished, an order for release of the ship could be obtained during Court working hours.

22. Is there a procedure to contest the arrest?

An order of arrest could be contested by filing a written application supported by an affidavit stating the grounds for such contest.

23. What 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 a dispute on its merits.

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

Yes. If arrest is held to be wrongful or it is found Claimant has obtained excessive security and the same has been provided, in such an event, Claimant would be held liable for damages.

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

Yes. In order to pierce corporate veil, one needs to establish that the shipowner has created multiple entities for the sole purpose of avoiding legal liabilities.

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

If the Owner or a Bareboat charterer abandons the vessel after its arrest the High Court is empowered to auction the vessel within the period of 45 days from the date of arrest or abandonment. The High Court however, for reasons to be recorded in writing extend the period of auction of the vessel for a further period of 30 days. However, the period could take longer if either the order of the arrest or the order of sale is contested before the same Court or the Appellate Court.

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SHIP ARREST IN INDONESIA

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

Ship arrest in Indonesia is regulated in Articles 222 and 223 of Law No. 17 Year 2008 regarding Shipping ("**Shipping Law**"), with the following provisions:

Article 222:

- (1) harbor master can only arrest the ship in the harbor upon the written orders of the court.
- (2) The arrest of ship based on the written order of the court as referred to in paragraph (1) can be based on reasons:
 - a. The ship in question related to the criminal case; or
 - b. The ship in question related to a civil case.

Article 223:

- (1) The order of ship arrest by a court in a civil case in the form of maritime claim is done without going through the process of a lawsuit.
- (2) Further provisions on procedures for the containment vessel at the port referred to in paragraph (1) is regulated by the Minister.

Notes:

Article 223 of Shipping Law states that ship arrest procedures shall be regulated under a Minister Regulation, however until now the said Minister Regulation has not been issued. In practise, this legal vacuum is often used as the reason for the Court to reject the requests of ship arrest under Article 222 and 223 of Shipping Law. According to our search in several District Courts in Jakarta and also based on our practice in several Courts in Indonesia, the Courts very rarely conduct the arrest of ship based on Article 222 and 223 of Shipping Law.

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

Currently Indonesia is in the process to ratify the 1999 International Convention on Arrest of Ships, but to date the Convention has not yet been officially ratified. On the other hand, Indonesia has ratified the 1993 International Convention on Maritime Lien and Mortgages under President Regulation No. 44 in the year 2005.

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

There is another way to arrest a ship by conducting seizures towards the ship.

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

The Indonesian Civil Law acknowledge 2 (two) types of seizures, namely:

- a) Security seizure (*conservatoir beslag*) as based on Article 227 of Indonesian Civil Prosedural Regulation (Herziene Inlands Reglement / "HIR")
This seizure is requested to the Court by the Plaintiff along with a civil claim and the Judges who examine the case will declare the seizure is valid and valuable in the Court Decision if the civil claim is granted.
- b) Execution seizure (*eksekutorial beslag*) as based on Article 197 of HIR
This seizure is requested by the winning party (execution petitioner) to the Head of the District Court after the issuance of a final and binding Decision, in which the execution petitioner request for seizure towards the assets of the losing party (one of which is the ship) in order to fulfill the obligations under the Decision.

As we have previously explained that since the Minister Regulation concerning the arrest of a ship has not been issued, Courts rarely conduct the arrest of a ship under Article 222 and 223 of Shipping Law.

Alternatively, the Courts may conduct security seizure which shall be submitted under a civil claim and/or execution seizure which shall be submitted upon a final and binding Decision. The purpose of this seizure is to have the ship sold in auction after the issuance of a final and binding Decision and the proceeds of sale will be given to the winning party (execution petitioner).

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

According to Article 223 paragraph (1) of Shipping Law and its Elucidation (explanation), the maritime claims which can be the basis of ship arrest arise due to:

- 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. damage to the environment, ship or cargo on board as a result of salvage operation or salvage agreement;
- d. damage or threat of damage by the ship to the environment, coastline or related interests; measures taken to prevent damages to the environment, ship and cargo on board; as well as costs of reasonable measures of reinstatement of the environment;
- e. costs or expenses relating to the raising, removal or repair of a ship including cost for ship salvage and crew rescue;
- f. cost with regard to the usage and operation or charter of a vessel based on a charter party etc.
- g. costs with regard 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. costs of towage;
- k. costs of pilotage;
- l. costs with regard to the materials, provisions, bunkers, equipment (including containers) supplied or services rendered to the ship for its operation, management, preservation or maintenance;
- m. costs with regard to the construction, reconstruction, repair, converting or equipping of the ship;
- n. costs with regard to the port, canal, dock, harbor 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 for the interest the ship on behalf of the owners;
- q. insurance premiums (including mutual insurance calls) in respect of the ship, payable by or on behalf of the ship owner or demise charterer;
- r. any commissions, brokerages or agency fees payable in respect of the ship by or on behalf of the ship owner or demise charterer;
- s. costs of any dispute as to ownership or possession of the ship;
- t. costs with regard to any dispute between co-owners of the ship as to the employment or earnings of the ship;
- u. costs with regard to a mortgage or a "hypothèque" or a charge of the same nature on the ship;
- v. costs with regard to any dispute arising out of a contract for the sale of the ship.

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

Yes, as long as the ship is in Indonesian waters, since there is no specific restriction to arrest a foreign ship.

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

Yes, since there is no specific restriction to arrest a ship from any certain parties.

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

Sister ships or ship in associated ownership cannot be arrested. According to Article 222 paragraph (2) of Shipping Law, the arrest of a ship shall be against the ship in question.

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

Bareboat and time-chartered vessels can be arrested as long as the vessels are related to the maritime claim.

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

According to the Shipping Law, there is no provision concerning the counter security in order to arrest a ship.

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

Indonesia Shipping Law regulates the maritime lien (prioritized maritime-receivables) under Article 65 and 66 as follows:

Article 65:

(1) If there is a claim against the receivable secured by a ship, the owner, charterer or operator of a vessel must prioritize the payments of maritime-receivables as shown in the following.

(2) Maritime-receivables referred to in paragraph (1) are as follows:

- a. for the payment of wages and other payments to the master, ship's crew, and other complementary crew of the ship in respect of their employment on the ship, including costs of repatriation and social insurance contributions that should be financed;
- b. to pay money over the death or pay medical expenses for bodily injuries, both on land and at sea that are directly related to the operation of the ship;
- c. for payment for the salvage of the vessel;
- d. for port fees and other shipping lanes, and pilotage dues; and
- e. to pay for losses caused by physical loss or damage caused by the operation of the ship other than loss or damage to cargo, containers, luggage and passengers carried on board.

(3) Prioritized maritime-receivables cannot be imposed on board for securing the claims referred to in paragraph (2) letters b and e if such action arising as a result of:

- a. damages arising from the transport of oil or hazardous substances and other toxic by sea; and
- b. radioactive material or a combination of radioactive material with toxic materials, explosive or other hazardous properties of nuclear fuel, product, or radioactive waste.

Article 66:

(1) Payment of prioritized maritime-receivables referred to in Article 65 shall have priority over payment of pledge, mortgage, and listed receivables.

(2) The owner, charterer, manager, or operator of a vessel must prioritize the payment of the costs incurred in addition to the payment of prioritized maritime-receivables referred to in Article 65.

(3) The costs referred to in paragraph (2) are as follows:

- a. costs arising from the removal of sunken or stranded ship taken by the Government to ensure the safety of shipping or maritime environmental protection; and
- b. ship repair costs that belong to the shipyard or dock (retention rights) if at the time of the forced sale of the vessel is in dry dock or docks located in the jurisdiction of Indonesia

(4) Maritime-receivables as defined in Article 65 has a priority level in accordance with the order, unless the claim for the salvage vessel has been incurred prior precede other claims, the costs of salvage becomes priority over the other prioritized maritime-receivables.

There is no specific regulation concerning the arrest of ships under maritime liens, therefore the basis for arrest of ships under maritime liens shall be the same as the maritime claims as mentioned in Article 223 of Shipping Law and its Elucidation (explanation).

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

Yes, Indonesia has ratified the 1993 International Convention on Maritime Liens under the President Regulation of the Republic of Indonesia No. 44 in the year 2005. Furthermore, Article 65 and 66 of Indonesian Shipping Law also accommodated the maritime liens.

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

Several weeks to a few months, depending on the court having jurisdiction over the matter.

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

Yes, we need to provide and submit a POA, petition letter for the ship arrest, together with supporting evidences proving the maritime claim 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?

We are required to submit the original POA and original petition letter to the Court when we submit the petition of ship arrest. If the POA is signed out of Indonesian territory, the POA will require notarisation and legalization by the Indonesian Embassy in the relevant country.

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

Yes. A party may file for a civil claim and request for a seizure towards the arrested ship.

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

Currently there is no regulation which specifically regulates the procedure to release a ship from arrest, but basically ship release will be based on the disputing parties reaching a settlement and or the shipowner proving to the court that the arrest is not justified.

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

Currently there is no regulation which specifically regulates the security for release of ship arrest and based on our practices, the Court does not require any security for the release of ship arrest.

19. Does security need to cover interest and costs?

There is no specific regulation on this matter and the Courts do not impose this security.

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

The Court normally requires settlement of the dispute in order to lift the arrest.

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

Once the parties confirm settlement of the dispute then it might take a few days to process release of the vessel.

22. Is there a procedure to contest the arrest?

There is no regulation which specifically regulates the procedure to contest the arrest. However, for the execution seizure of ship, the contesting party may file an Objection Claim to the District Court against the execution seizure in order to lift the seizure.

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

There is no period of time granted by the Courts, but in practice it will take around 6 to 12 months for the District Court (first level court) proceeding.

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

There is no specific regulation on wrongful arrest of ship.

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

Yes, Indonesian Law acknowledge the piercing of corporate veil under the Company Law (Law No. 40 Year 2007).

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

Under Indonesian Law, a ship can be sold in auction after the issuance of a final and binding Decision on the civil claim. A civil claim in Indonesian Law shall be adjudicated by a District Court (first level court). The Decision of District Court can be filed for appeal to High Court, further cassation to the Supreme Court and then Case Review to the Supreme Court before it becomes final and binding. Therefore it may takes more than 2 years until a Decision is final and binding.

Iqbal Hadromi is the founding partner of Hadromi & Partners Law Firm and has over 2 decades of experience in the legal business. Asia Pacific Legal 500 has named him as one of the leading lawyers in Indonesia in the fields of banking & finance, corporate & M&A, dispute resolution, IP, projects & energy, restructurings & insolvency, real estate, and shipping. He has also been listed by Lawyer Monthly of UK as one of the Asia Pacific's 100 leading lawyers. His expertise in corporate and M&A has in the past been highly recommended by Chambers & Partners. He is also actively involved in litigation and dispute resolution work for domestic and multinational clients as well as written in various articles and spoken in various seminars on Indonesian law. Iqbal speaks Indonesian and English.

SHIP ARREST IN IRAN

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

There are not any provisions in respect of ship arrest in the Iranian Maritime Code or Civil Procedure Act neither is Iran a party to the International Conventions in respect of ship arrests. However, it is generally possible to arrest a ship in Iranian waters as an asset of the shipowner debtor. A claimant can request a provisional order or attachment order to arrest a vessel. These orders are usually requested and granted when the Iranian courts have jurisdiction to consider the case on the merits. If the arrest order is granted and a ship is arrested, the claimant should file a petition on the merits of the case, within 10 to 20 days from the date of order depending on the procedural route pursued, to the competent court. Failing this, the arrest order can be cancelled by the court upon request of the defendant.

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

Iran is not party to the 1952 and 1999 Arrest Conventions, therefore, these International Conventions are not applicable in Iran.

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

There are two legal methods of ship arrest in Iran.

- i. Under Article 108 of Iranian Civil Procedure Act, a claimant can petition the court for an attachment order over the debtor's assets. After payment of a counter-security into the court account, in a sum determined by the judge in his discretion, the attachment order can be obtained. For the enforcement of the attachment, the claimant can introduce a ship as an asset of the defendant to which execution can apply. Upon such request, the court will send a letter to the port guard authorities to arrest the named ship, if it belongs to the particular defendant. If the claimant does not submit his petition on the merits of the case within 10 days after issuance of the order, the court will cancel the attachment order upon the request of the defendant.
- ii. Under Article 310 of Iranian Civil Procedure Act, as a matter of urgency, the court will hear an application, *ex parte*, and where satisfied, will issue a provisional order upon request of the claimant. As per Article 316 of the Act, provisional orders may involve the confiscation of property or the compulsion to perform or refrain from doing an act. For obtaining a provisional order for arrest of a ship, a claimant has to provide the court with a convincing argument that if a ship leaves an Iranian port, there would not be any possibility of obtaining any other asset over which security could be held for purposes of enforcing any final judgment against it. For issuance of the provisional order, the court will require a suitable counter-security for the estimated/probable losses of the defendant in the event the claimant's case is not proved. After service of the arrest order and arrest of the ship, the claimant should provide the court with a certificate evidencing submission of the petition on the merits, within 20 days from the date of the arrest order, otherwise the order will be cancelled upon request of the defendant. In such an eventuality, the arrest would be lifted and the vessel would be granted port clearance.

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

The above mentioned orders are mainly to preserve/secure the defendant's assets until judgment can be enforced.

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

Under the Iranian Civil Procedure Act, arrest of a ship is possible for any types of claims whether they are marine or non-marine in nature. However, there is a minimum claim amount of IR 200,000 (approximately USD 65,000) required before a provisional attachment will be granted.

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

Yes, regardless of flag.

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

As it was explained above, the vessel should be the registered property of the debtor. It is extremely difficult to convince the courts to arrest the assets/vessels of subsidiary companies.

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

If the sister-ship shares registered ownership with the debtor then it can be arrested.

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

Bareboat and Time-Chartered vessels, chartered by the charterer defendant, cannot be arrested for the debt of the charterer arising from his use of the vessel because the claim is against the charterer and not the vessel or its owner.

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

Yes. The amount of the counter-security is at the discretion of the judge but will be at least 10% of the claim amount.

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?

Yes, Iran is a party to the International Convention for the Unification of Certain Rules of Law Relating To Maritime Lien and Mortgages signed in Brussels 1926, however in practice there is not a special procedure for enforcing maritime liens and the enforcement aspect of maritime liens is as per the local Iranian law.

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

If the required documents are provided, a ship arrest usually takes a few days. In theory a ship could be arrested in one day, but in practice the formalities of submitting the application, referring it to a branch of public court, verifying the documents by the clerk of the court, determining the amount of security by the judge, depositing the amount into the court bank account, issuing the order by the judge, enforcing the order by the enforcement department of the court, and notifying the port guard authorities will usually take more than one day.

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

A legalised POA and the claim documents in the Persian language are 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?

A legalised original POA and certified copies of documents proving the nature of the claim are required. According to the law, all the documents should be original in form and officially translated into the Persian language, within Iran. However in practice the courts may accept copies by emails or fax.

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

Generally the answer to this question is 'yes'. However in the absence of any Iranian jurisdiction clause, there has to be a real connection between the claim and the Iranian territory in order for the courts to accept jurisdiction over the substantive claim.

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

If there is an agreement between the parties, or, the defendant provides the court with the acceptable guarantee, the ship will be released immediately. The court will send a letter to the port guard authorities informing them of lifting arrest of the vessel.

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

Cash deposit or bank guarantee.

19. Does security need to cover interest and costs?

At least the security should be equal to the claim amount inserted in the claimant petition.

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

No. The Iranian courts do not recognize a Club's LOUs as security. Club LOU's are not recognised as a good form of security by the Iranian courts however there is nothing that prohibits the parties from agreeing to provision of a Club LOU and for the Claimant to request the lifting of the arrest.

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

The ship can be released on the same day of provision of security so long as the request is made within working hours of the court. The port authorities may accept a court letter of release outside of usual working hours and grant port clearance.

22. Is there a procedure to contest the arrest?

If the ship is arrested by an attachment order, as per Article 116 of Iranian Civil Procedure Act, the defendant can protest against the order within 10 days from the date of notification. The courts should consider the protest in the first court hearing, but the courts do not usually decide on the protest at that time. Any decision on the protest will be made together with the decision of the court on the merits of the case. If the claim is rejected and the defendant wins, the court shall condemn the claimant to pay the defendant's losses arising from the arrest and will be paid through the counter-security deposited with the court.

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

10 or 20 days respectively, depending on whether the claimant requested an attachment order under Article 108 or a provisional order under Article 316 (both outlined above).

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

In the case of wrongful arrest, the claimant will be condemned to pay the defendant's losses. Wrongful arrest can be established by the rejection of the claim by the court. This may happen when the substantive claim cannot be proved by the claimant.

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

No.

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

In principle, it is not possible unless we succeed in proving to the Court that the ship is under the risk of a quick deterioration and in a situation that endangers third parties.

The ship can only be sold after a final judgment is issued in favour of the claimant by the enforcement department of the court. Sale by auction may take a few months since the ship's value should be evaluated by an official court expert and subsequent notice of the auction details must be given to the litigant parties and the public to attend the auction.

In 2008 **Omar joined the Transport & Insurance department at Al Tamimi & Company and currently is the head of the department covering 9 countries. Ranked by both Legal 500 and Chambers and Partners, Omar's experience as a marine lawyer and advocate covers almost all aspects of the industry. He has dealt with and represented major P&I Clubs regarding claims. He has represented many clients in marine disputes through arbitration in London, Dubai, Kuwait and Jordan. He regularly advises in cargo, container, marine agency, shortages, groundings, bunker, collisions, salvage, seaworthiness and insurance claims. He has also advised on many vessel sale and purchases, which includes drafting, reviewing and advising on related legal and finance documents. He also has drafted and advised on different types of maritime documents such as recaps, charter parties, B/L, LOIs, Agency Agreements, Insurance and P&I cover. Omar's experience includes mergers and acquisitions advice and structuring and set up advice for marine companies and other entities in jurisdictions such as Cyprus, Egypt, Germany, Jordan, Malta, Panama, Sudan, UAE (including the free zones) and UK.*

Omar is an author of the UAE Vessel Registration and Mortgage Section in the Kluwer International Maritime Law Handbook. He is currently heading the EMAC team to establish the first Maritime Arbitration Centre in the UAE and the region.

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SHIP ARREST IN IRAQ

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

Iraqi Transportation Law does not regulate the arrest of ships in specific. Therefore, the general legal principles of precautionary attachment stipulated within the Iraqi Law of Civil Procedures will apply to the arrest of ships in Iraq. According to this Law, a creditor will have the right to attach the assets of his debtor if he succeeds in proving that he has a credible claim against the defendant and has a legitimate indication that the defendant might dissipate his assets. The arrest application is normally submitted to the First Instance Court. The court will consider the application on a prima facie basis and the arrest order will be issued in chambers on an ex-parte basis.

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

Iraq is neither a party to the International Convention on the Arrest of Seagoing Ships of 1952 nor to the International Convention on the International Convention on the Arrest of Ships of 1999.

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

As previously indicated, ships may be arrested in Iraq in reliance to the Civil Procedures Law (Article 231) which regulates conservatory attachment of assets in general (please see above question no. 1).

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

No. The saisie conservatoire procedure will apply to the arrest of ships in Iraq.

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

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 justified.

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

Yes. A ship anchored within the Iraqi territorial waters can be arrested irrespective of the flag she is flying.

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 that the claim is proven, on the face of things, to be serious and justified. However, in certain circumstances especially where the claim is secured by a maritime lien, it could be argued in court that the creditor has recourse against the ship regardless of the owner's identity.

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

According to the Iraqi Laws, the application of arrest should be directed against the party responsible for the debt. There is no legal provision which gives the creditor the right to arrest a ship unless its owner is responsible for the debt. The arrest of a sister ship might be possible providing that both ships are owned by the same party who is a debtor of the arresting party. The arrest of associated ships is not possible in Iraq.

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

The arrest of a ship for a debt created by the charterer of the ship is impossible.

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

Yes. Counter-security is required by the court prior to the issue of the arrest order.

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 between the arrest of a vessel for a maritime claim and the arrest of a vessel for a maritime lien.

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

The Iraqi Maritime Code does not recognize maritime liens in specific. In addition, Iraq did not accede to any of the International Conventions relating to Maritime Liens. Therefore, and pursuant to the general legal principles applicable in Iraq, the following debts shall give the creditor a maritime lien over the ship:

- a) The costs of a court action and other costs involved in the sale of the ship and the distribution of the sale proceeds.
- b) The taxes and fees due to the treasury.
- c) The maintenance costs of the ship and its machinery and other equipment.

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

Assuming that all forwarded documents have been translated into Arabic by a sworn translator in Iraq, the ship can be arrested within 48 to 72 hours.

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

A POA duly notarised and legalised up to the Iraqi Embassy must be submitted to the competent Court of First Instance with the arrest application. In addition, we need to attach to the arrest application all the documentation supporting the claim against the ship. In this context it must be noted that the official language in Iraq is Arabic which means that all documents in foreign language must be translated into Arabic by a sworn translator in Iraq prior to submission.

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 arrest application must be submitted manually to the competent Court of First Instance as electronic filing is not available. The documentation supporting the claim must be attached to the application and if this documentation is in foreign language it must be translated into Arabic language. Only official documents must be legalised up to the Iraqi Embassy at the place of issuance and then legalised by the Ministry of Foreign Affairs in Iraq.

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

In principle, they will not.

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

The release of the ship by the applicant is done by virtue of a simple memorandum submitted to the court in this regard. If the defendant to the application wants to release the ship, he must deposit the security determined by the judge and request him to issue an order in relation to the release of the ship. Both orders must be served upon the ship and the harbour master or the coast guard.

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

The only type of security acceptable by the court is bank guarantee issued by a bank.

19. Does security need to cover interest and costs?

The judge will determine the amount of the security that must be deposited by the defendant to the arrest application in order to release the ship. This issue is left to the discretion of the judge.

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

P&I LOUs are unacceptable by Iraqi Courts.

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

The release of the ship can be done within 48 to 72 hours

22. Is there a procedure to contest the arrest?

The defendant to the arrest application may file a grievance to the judge that issued the arrest order. Upon hearing the grievance, the Court may order the lifting of the arrest order and such judgment shall be enforceable. This judgment may be appeal through the normal channels of appeal.

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

The applicant must, within eight days starting from the issue of the arrest order, file substantive proceedings before the competent court to sustain the arrest order, failing which the arrest order will be void ab initio.

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

Under the general principles of civil law, a claim for wrongful arrest may succeed if the party claiming indemnification can prove the bad faith of the arresting party and its losses arising from the arrest.

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

This concept is not recognised in Iraq.

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

In principle, it is not possible unless we succeed in proving to the Court that the ship is under the risk of a quick deterioration and in a situation that endangers third parties.

In 2008 **Omar joined the Transport & Insurance department at Al Tamimi & Company and currently is the head of the department covering 9 countries. Ranked by both Legal 500 and Chambers and Partners, Omar's experience as a marine lawyer and advocate covers almost all aspects of the industry. He has dealt with and represented major P&I Clubs regarding claims. He has represented many clients in marine disputes through arbitration in London, Dubai, Kuwait and Jordan. He regularly advises in cargo, container, marine agency, shortages, groundings, bunker, collisions, salvage, seaworthiness and insurance claims. He has also advised on many vessel sale and purchases, which includes drafting, reviewing and advising on related legal and finance documents. He also has drafted and advised on different types of maritime documents such as recaps, charter parties, B/L, LOIs, Agency Agreements, Insurance and P&I cover. Omar's experience includes mergers and acquisitions advice and structuring and set up advice for marine companies and other entities in jurisdictions such as Cyprus, Egypt, Germany, Jordan, Malta, Panama, Sudan, UAE (including the free zones) and UK. Omar is an author of the UAE Vessel Registration and Mortgage Section in the Kluwer International Maritime Law Handbook. He is currently heading the EMAC team to establish the first Maritime Arbitration Centre in the UAE and the region.*

SHIP ARREST IN IRELAND

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

An application is made before the Admiralty Judge. The application is normally made on consent, immediately following the provision of security. The Admiralty Marshal immediately releases the vessel.

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

The type of security is normally agreed between the parties. If there is no agreement as to the type of security proffered, then the ship-owners must pay money into court and apply for a release.

19. Does security need to cover interest and costs?

Yes, security should cover interest and costs. The arresting party is entitled to an amount of security to cover their "best arguable case".

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

In practice a P&I LOU is often acceptable, subject to the arresting party being satisfied as to the particular entity proffering the undertaking. However, there is no decided case in Ireland compelling an arresting party to accept a P&I LOU as security.

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

A ship is released very swiftly on receipt of security, normally within 2 hours.

22. Is there a procedure to contest the arrest?

Yes. An application is brought by the ship interests to contest the arrest.

23. What 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.

24. 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.

25. 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.

26. 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 pendent 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. Hugh is instructed by ship owners, prominent insurance companies, 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

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

1.1 Sources of the Admiralty Court's Jurisdiction

The Israeli Maritime Court was established during the British Mandate over Palestine-Israel which took place formally between 1922-1948, and in-fact from the year 1917 and until 1948. By a King's-Order-in-Council dated 2 February 1937 the Supreme Court of Jerusalem was constituted as a Maritime Court under the Colonial Court Admiralty Act, 1890. On the date when the Colonial Court Admiralty Act was enacted, the relevant acts of Admiralty which were in force were the Admiralty Acts of 1840 and 1861 and also the Naval Prize Act of 1864. These continue to apply to the Israeli Haifa Maritime Court's (being a division of Haifa District Court) jurisdiction (which was granted the maritime jurisdiction formerly held by the supreme court) up to this present date.

In addition, the Israeli legislator, when enacting the Israeli Shipping Law (Sea-going Vessels), 1960, in relation to maritime lien, has chosen to follow International Convention for The Unification of Certain rules of Law Relating to Maritime Liens And Mortgages, Brussels 1926.

Accordingly, there are two set of rules governing the Israeli Maritime Court: The English Admiralty Acts of 1840 and 1861 and the Israeli Shipping Law (Sea-going Vessels), 1960, which follows the 1926 Brussels Convention. 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 laws principle, Israel law will be applicable.

Latest Significant Judgments have been handed down by the Haifa Maritime Court:

(i) In the matters of M/V "Marianne" and M/V Zaytouna- Oliva (2019) the Haifa Maritime Court reconfirmed its authority to act as a Prize Court according to the Naval Prize Act 1864 and ordered, at the request of the State Of Israel on the confiscation and judicial auction sale of these two vessels which was captured by the Israeli navy while attempting to breach the naval blockade imposed upon Gaza shore. These judgments follow the Haifa Maritime Court's decision in the matter of the M/V Estelle where it was held that the Haifa Maritime Court has the authority to act as a Prize court.

(ii) In the matter of M/V "HURIYE ANA" the Haifa Maritime Court held that a sister-ship arrest is not recognized under the Israeli Law as no such possibility/authority appears in neither of the Admiralty Court Acts of 1840 and 1861 which constituted the Maritime Court (as a Colonial Maritime Court) and as Israel is not a signatory party to the Brussels Convention 1952 or any other convention which allows a sister-ship arrest. This judgment is the first time that the Maritime Court has dealt in a reasoned judgement with the issue of sister ship arrest. Until then, only ex-parte decisions were given.

(iii) In the matter of M/V "Thor Horizon" the Haifa Maritime Court ordered on the stay of proceedings in a claim in rem filed on the grounds of damage done to the goods due to a law and jurisdiction

clause. Claimants appealed to the Supreme Courts arguing that if the claim will be referred to the foreign jurisdiction it might be dismissed due to the 12 months- time bar of the Hague- Visby Rules (Article III (6)). Owners refused to undertake that when the claim will be filed before the foreign jurisdiction they will not argue that claim is barred. Under these circumstances, the Supreme Court held, that, as the claim might be dismissed if referred to the foreign jurisdiction, the law and jurisdiction clause will not be enforced by the Court, and cancelled the stay of proceedings.

(iv) In the Matter of the M/V Captain Harry" the Haifa Maritime court recognized in a German Judgement handed by the District Court of Hamburg ordering that the Owners are not under an obligation to pay the Claimant for the bunkers is supplied to the sub-charterer of the vessel. As a result (of the recognition) the Haifa Maritime court dismissed the claim in rem filed before. This decision has been appealed before the Supreme Court.

(v) In the matter of M/V Nissos Rodos, the Haifa Maritime Court denied a claim in rem filed by a local port agent who paid Haifa Port the ports due for 17 calls of the vessel at Haifa Port, reasoning that there was no contractual relations between the agent and the Owner (as the commercial relations were between the agent and a third party who operated the vessel) and that therefore there was no personal liability on behalf of the Owner to pay the claimed amount. An appeal filed before the Supreme court was denied.

1.2 The Application for Arrest

The Application for Arrest must be filed with the Claim in Rem.

In practice, we support the Application by an Affidavit. 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 requisite but in practice will file a signed POA, a copy scan is sufficient.

The Court has a discretion to order the arresting party to furnish security. in the matter of M/V Tara Kaptanoglu it was held that 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.

In relation to arrest for a supply of necessities, being a contractual lien the Haifa Admiralty Court will order an arrest if the Claimant is the contractual party to the agreement under which the necessities were supplied, even if the party is not the actual supplier itself. On the other hand a Claimant which did not enter with the Owners in an agreement for the supply will not be entitled to a maritime lien, even if it is the actual supplier. Entering such an agreement can be done by the Owner itself, the Master or any entity authorized by the Owner to enter in such agreements (such as the managers).

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. Most of the arrest applications do not require an appearance before the Court or the Judge. The claim in rem and the arrest applications are filed by electronic communication followed by a message sent from the Court's Clerk to the presiding Judge to draw his attention that an arrest application is filed.

The Order of Arrest will be normally discharged by the provision of a P&I Club or other acceptable guarantee normally a local (Israeli) 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. The arrest order is drafted in a manner it will contain orders according to which a scanned copy of the Arrest Order forwarded by e-mail or fax will be sufficient for the authorities for arresting the vessel and complying with the order. In practice an original true copy of the order is served after it has been sent by fax or e-mail.

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

Although no international convention related to ship arrest has been formally adopted by the Israeli legislature the Israeli Shipping Act of 1960 follows the Brussels 1926 Convention and the Admiralty Court can use the convention as a persuasive source of law. Israel is not a party neither to International Convention Relating to Arrest At Sea 1952 (Brussels) nor to the International Convention

On The Arrest Of Ships 1999 (Geneva) and In the matter of M/V Huriye Ana (2017) the Haifa Maritime Court held that he has no authority to order a "sister-ship arrest"

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 there alternatives e.g. saisie conservatoire or freezing order?

Under normal civil procedure Rules and Practice the Court can also grant a "Mareva Injunction", restraining order and attachments on goods, property and entitlements.

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 irrespective of the debtor?

According to the Haifa Maritime Court's line of recent judgements only the debtor is entitled to a maritime lien- for example the contractual supplier as opposed to the actual supplier. Such right(s) can be assigned by the debtor and in such a case the assignee will receive the debtor's rights and as a result will be entitled to a maritime lien.

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

As Israel is not a signatory party to any of the Conventions allowing a sister ship arrest and as no such an arrest is applicable under the Admiralty Court Acts of 1840 and 1861 which constitute the Maritime Court under the judgment held recently in the matter of the M/V HURIYE ANA" The Admiralty Court held that no such an arrest is recognized under the Israeli law.

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

The Israeli Shipping Act 1960 follows the Brussels convention of 1926. Accordingly, clause 53 of this Act states that the orders relating to maritime liens will apply also to "*vessels operated by a charterer or any other person who is not it's owner*". It is also worth mentioning, that, the Israeli legislator's reasoning when enacting the Israeli Shipping Act 1960, were, that, between the two distinguished maritime liens regimes: the English and the Continental it prefers the latest according to Brussels Convention 1926. However, the Maritime Court is recently consistent with the ruling (reasoned by the Court following the English maritime-law), that, a maritime lien requires personal liability of the Owners.

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

Not normally, only on rare occasions such as when there is a serious doubt as to the validity of the documents constituting the application for 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 your country recognise maritime liens? Under which International Convention, if any?

Yes, as in Clause 1.1 above. None of the International Arrest Conventions apply in Israel as a matter of ratification or accession. However as the Israeli Shipping Law mentioned in clause 1 above follows, in clause 41, part of the International Convention for the Unification of Certain Rules of Law Relating to Maritimes Liens and Mortgages 1926 and as the Court itself was established by and according to English Law and the Admiralty Court in fact follows both, it may well be arguable to ask the Court to follow a relevant Convention on a specific matter, as a matter of customary law.

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

As explained in clause 1.2 above, the arrest can be effected within 24 hours of receiving instructions.

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

A POA is not obligatory. We support the arrest application with 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 affected.

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

The ship can be released from arrest by successfully contesting the alleged grounds of arrest or the Courts jurisdiction or by providing an acceptable guarantee.

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

The usual securities acceptable to the Court are a deposit within the Court, a P&I LOU issued by one of the International Group of P&I Clubs, or a bank guarantee issued by an Israeli bank.

19. Does security need to cover interest and costs?

Under the Arrest order, the Court states the amount that should be deposited or secured for the release of the Vessel. Usually the interests and costs are included in the claim and the arrest order as being part of the maritime lien.

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

Yes. See 18 above.

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

If security is provided as above, a matter of a day. If the arrest is contested for substantive or procedural reasons, the Court will attempt to resolve the matter as soon as possible but if the issues are complex this may take up to a week.

22. Is there a procedure to contest the arrest?

Yes, as described in clause 17 above.

23. What 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.

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

There is no leading authority relating to the matter of wrongful arrest. Under the general civil law a party seeking a temporary relief (such as a lien or restraining order) might be liable in tort or in a commitment emerging out of the Court's order to compensate the other party for its damages if the temporary relief is cancelled and if the seeking party acted unreasonably or in malice (Civil Appeal 732/80 Arens Vs. Bait-El). It seems that when deciding on an application or claim for damages for wrongful arrest the Haifa Maritime Court will follow the Evengelismos Tests of 1858 as interpreted By the Court of Appeal of Singapore in the matter of M/V Vasiliy Golovnin 2008.

25. 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.

26. 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.

****Adv. John Harris** Founding partner with more than 45 years of experience is consistently highly recommended with a "top tier" rating for shipping and maritime law (transportation) in Israel by the leading international legal rating institutions. Co-author with Adv. Yoav Harris of the Israeli Chapter in the Shiparrested.com: Ship Arrest in Practice, and in Chambers Shipping Global Practice Guides, for Israel. John Harris is regularly invited to participate at international shipping law seminars and conferences and has been short-listed by Lloyds List as the leading maritime lawyer for the Middle East and Indian subcontinent.*

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Adv. Yoav Harris contributes articles to the Israeli monthly magazine "The Cargo"; to the international quarterly Arbitration Watch and is the co-author of the Israeli chapters of the annual Ship Arrest In Practice guide of Shiparrested.com and for the Shipping Global Practice Guide for Chambers & Partners. The firm regularly receives instructions from the foremost shipping and maritime law departments of international law firms and keeps abreast of English and other jurisdictions' maritime law judgments and publications. According to the latest Chambers & Partners ranking, the firm "has significant litigious capabilities".

In the non-litigation aspect of the practice the firm provides legal advice relating to the various contracts of carriage and attends to the sale and purchase of ships and the financing of ship purchases.

SHIP ARREST IN ITALY (QUESTIONS 1 TO 9)

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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 there 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 irrespective of her flag?

A ship can be arrested irrespective of her flag.

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

A ship can be arrest irrespective 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.

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SHIP ARREST IN ITALY (QUESTIONS 10 TO 26)

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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 from 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. 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.¹ 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 truthfulness of the copy disclosed. The notarisation 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.

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.²

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

An application should be filed before the court seeking an order releasing the ship. It is common practice however to ask the court, along with the arrest order, for authorization to inform the harbor master that the ship is free to leave (upon receipt of proper security or following a settlement agreement) with no need for a formal release order. Such authorization is generally granted by the courts more familiar with ship arrest procedures, and this considerably simplifies the release.

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

Either under Italian law or pursuant to the provisions of the Brussels Convention 1952 owners may obtain the release of the ship arranging the issuance of a suitable guarantee. The options available are two: escrow or bank guarantee (or Club's LOU). The first solution implies that the sums are deposited into a special bank account and authorization from the Court is sought to shift the arrest from the ship to the sums.

19. Does security need to cover interest and costs?

Yes.

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

P&I LOUs are generally accepted and considered suitable to lift the arrest.

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

A few hours, if an application is required. Otherwise, just a very short time if the authorization as per question 17 above is given.

22. Is there a procedure to contest the arrest?

Yes, the party intending to challenge the arrest has 15 days to file an appeal, before the same court (a board of 3 judges decides on the application)

23. What 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.

24. 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.

25. 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.

26. 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.*

SHIP ARREST IN IVORY COAST

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

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 Commercial court (or Tribunal of Commerce) 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 must be realized 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 Harbor Master who needs the arrest orders to be formally approved by the Legal Department of the port Harbor which closes at 16:00 hrs LT on Fridays.

Furthermore, the local regulation requires that the arrest request 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, the claimant's demand could not succeed.

If by chance an arrest order were issued, it could easily be cancelled later 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) A big part 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 ship owners to negotiate. To conclude, detaining a vessel is quite easy when the creditors' claim file is complete and transmitted rapidly to the Court.

Obtaining an arrest order supposes also that sufficient evidence of the claim has been provided when filing the demand e.g. B/L, Contract, Survey Report detailing the damage, unpaid invoices, etc.

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 by a special declaration on 17 March 1989.

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.

A distinction should be made between the international arrest and the national arrest.

- 1) International arrest: 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.
- 2) National arrest: The article 8 §4 of The Brussels Convention provides that local Laws apply when the arrested ship flies Ivory Coast Flag and when the creditor's usual residence or principal place of business is in Ivory Coast. These local rules are contained in the new Ivorian Maritime Code adopted on 29 June 2017 (art.242 to 261).

3.2 The arrest of a ship with the view to sell 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 there 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 can retain a vessel based 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, a maritime claim is also needed (new Maritime Code adopted on 29 June 2017).

5.2 The arrest of a ship with the view to sell it.

In such a procedure, the claim must be based on a liquid and due debt regardless of its nature.

6. Can you arrest a ship irrespective 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 irrespective 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.

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 was a link between societies and therefore an organized fraud in order to be insolvent. Jurisprudence resulting from the application of this provision is not well defined.

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?

The application of the International Convention on Maritime mortgages and liens dated 10th April 1926 in Ivory Coast is not certain. That convention was ratified on 23 August 1935 by France and entered into force on 2 June 1931, while Ivory Coast was still a colony. Was such convention automatically applicable to the French colonies? The applicability of treaties in the former colonies is not an easy question. This question is solved under the view of international public law.

Ivorian Courts have not yet pronounced themselves about the question to know whether that convention applies or not in Ivory Coast because this question has not been raised by anybody before the courts.

But in any case, Ivory Coast recognizes maritime liens because the provisions of the International Convention on Maritime mortgages and liens dated 10th April 1926, related to this point, were integrated into the Code of Commerce on 19 February 1949. Moreover, the new Ivorian Maritime Code contains provisions about maritime liens.

13. What lapse of time is required in order to arrest a ship from 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, but not for obtaining the order of 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?

The Court does not require originals except when a defendant alleges that a document is a forgery. Consequently, all documents can be filed electronically; there is not any requirement of notarization or apostille of the documents although it is better to legalize 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. What is the procedure to release a ship from arrest?

- Negotiations for amicable settlement
- Proceedings before the Court for lifting the arrest

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

- P&I LOU
- Local bank guarantee
- Deposit escrowed before the CARPA (Local bank of lawyers)

19. Does security need to cover interest and costs?

According to article 5 of the Brussels Convention "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 [...]". The security must cover only the amount of claim which is mentioned in the order of arrest.

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

If there is no real dispute on the debt, a P&I LOU can be provided and an amicable release is made without going before the Court. But the claimant is not obliged to accept a P&I LOU. He may prefer a bank guarantee. Furthermore, there are many chances for the Court to require a bank guarantee. The debtor can also make a deposit corresponding to the whole amount of claim before the CARPA (Local bank of lawyers) until the case is definitely resolved.

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

The time necessary to lift the arrest depends on several factors including:

- The time elapsed between the arrest of the ship and the appointment of the counsel;
- The duration of the proceedings before the court: the proceedings can take three days or more;
- The time necessary to place security;

So, it is not possible to determine exactly the time expected to release a ship. But once the judicial decision or amicable agreement is done, the vessel can be released in a few hours.

22. Is there a procedure to contest the arrest?

Yes. An urgent writ of summons for release of the ship will be filed before the Court which delivered the order of arrest. It can be made within two (02) or three (03) days (procedure of "référé").

23. What 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; but it is not automatic. A demand should be filed for that. The Port Harbor Master would refuse to enable a vessel to sail without having received a withdrawal (or release order) from the Court.

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

Ivory Coast recognizes wrongful arrest if evidence shows that an arrest is abusive, especially when the debtor provides proofs showing that the debt has been paid.

25. 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 exist.

26. 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

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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 holder of a maritime lien or a mortgagee can arrest a ship to execute a maritime lien or enforce a mortgage on the particular ship. They 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 the case of the “Fairwind 308”, our office managed to release the arrested ship without security).

Provisional Arrest – A creditor of shipowners can arrest any 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 order, 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 there 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. As regards an arrests by lien or mortgage, an arrestor must have a maritime lien or a mortgage on the arrested ship.

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

Yes.

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

In respect of a provisional arrests, a debtor must be a shipowners of the ship. As to arrests by lien or mortgage, a holder of a maritime lien or mortgage can arrest the ship irrespective of who is the debtor.

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

It is possible for a claimant to arrest a sister ship if the ship is owned by the debtor. It is possible but not easy to arrest an associated ship by piercing a corporate veil.

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

Under our new maritime law (which will be enforced in the spring of 2019), a bareboat charterer or time charterer can create a lien on the ship. However, based on the principal of the famous case of the Hansa Altenburg in the Yokohama District Court, this new law shall be interpreted narrowly.

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

With respect to arrests by a lien or mortgage, a claimant does not need to put up counter-security. In contrast, in case of 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. 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. Although 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 from the moment the file arrives to your law firm?

It depends on how complicated the claim is. It depends on quality of a lawyer. We 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 instruction on a Thursday and arrested her the next day. In the provisional arrest of the Aventicum, we received instruction 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 instruction on a Friday morning and arrested her following Monday. It all depends on the case and quality of a lawyer. Our advice is to appoint an experienced shipping lawyer in case of ship arrest in Japan and to ask experience of a lawyer before your 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. The Japanese courts love "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 on the condition that original document will be supplied later. It depends on 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?

In case of ship arrest by lien or mortgage, cash, bank guarantees, insurance bonds and LOUs of P&I clubs can also be accepted as security. In case of provisional arrest, cash is generally the only way. Sometimes, however, any security is not required to release an arrested 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, you can release the ship by putting up P&I LOU (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, the ship was released next early 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. Our office set aside the arrest of all six ships successfully. Recently our office had success to set aside ship arrest of Ocean Dragon, Hansa Altenburg, DS Blue Wave and JRS Corvus as regards the trouble between the time charterer and the bunker supplier (and we are claiming damage from the arrestor based on wrongful arrest).

23. What 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.

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SHIP ARREST IN JORDAN

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

The Jordanian Maritime Code does not regulate the conservatory arrest of ships. Therefore, the arrest of ships in Jordan will be subject to the Civil Procedures Law which gives any creditor the right to apply to the Court of First Instance (Summary Judge dealing with urgent matters) for a conservatory attachment of his debtor's assets to obtain security for his claim. The Court normally considers the arrest application 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).

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

Jordan is neither a party to the International Convention on the Arrest of Seagoing Ships of 1952 nor to the International Convention on the International Convention on the Arrest of Ships of 1999.

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

Yes. Ships may be arrested in Jordan in the context of either a precautionary seizure procedure or an enforcement procedure commenced against her. The main difference between both procedures is that the applicant is not required to have an execution deed against the ship in order to commence precautionary arrest proceedings.

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

The precautionary seizure procedure above-mentioned (question No. 3) is an alternative to the saisie conservatoire procedure.

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

A ship may be arrested in the Jordanian territorial waters for any debt against the owner of the ship or the ship, provided that the debt is proved, on the face of things, to be serious and grounded.

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

Yes. A ship anchored within the Jordanian territorial waters can be arrested irrespective of the flag she is flying.

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

The ship can be arrested in the Jordanian territorial waters for any claim which the claimant has against the owner of the ship or the ship if he proves, on the face of things, that his claim is serious and grounded.

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

The arrest of sister ships in Jordan is possible since the creditor is given the right to arrest any of the assets of his debtor to secure the claim provided that he proves, on the face of things, that his claim is serious and grounded. As for the arrest of associated ships, this recourse is not available to creditors in Jordan.

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

The Jordanian Maritime Code does not give expressly the creditor of the charterer the right to arrest the ship for a debt resulting from the charterer's actions. Therefore, the position of the time charterer and bareboat charterer needs to be examined on a case by case basis while taking into consideration whether the charterer has a lien on the ship.

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

Yes a counter-security is required in Jordan.

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 between the arrest of a ship for any maritime claim and the arrest of ship for a maritime lien.

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

Jordan did not accede to any of the International Conventions relating to Maritime Liens. The Jordanian Maritime Code recognizes maritime liens and article 50 of the said code has listed them as follows:

- a) Judicial costs and expenses incurred in order to preserve the value for the benefit of the creditors generally (tonnage dues and lighthouse and port fees and other dues or fees of a similar nature) pilotage fees and guarding and maintenance costs from the time of the ship's entry to the port.
- b) Debts arising from the contract of employment of the master, crewmembers and other employees of the vessel.
- c) Charges due for assistance and salvage operations and for the contribution of the ship to general average losses.
- d) Indemnity for collision or arising from other perils of the sea and from damages caused to ports, docks and navigational routes, and compensation for injuries to passengers and crew and for loss or damage to cargo and baggage.
- e) Debts arising from contracts concluded, or operations carried out carried out by the master outside the ship's port of registration with his legal powers, and which are actually required for the preservation of the ship or for completing the voyage, whether or not the master is the owner of the ship, and whether or not the debt is owed to him, or the ship chandlers, repairmen, creditors or other contracting parties.
- f) Damages due to the charterers of the ship.
- g) The total of premiums due on insurance taken on the ship's hull, tackle and equipment for the last voyage insured, or for the last period of insurance on a term policy, provided that in both cases this total does not exceed one year's premiums.

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

Assuming that all forwarded documents have been translated into Arabic by a sworn translator in Jordan, the ship can be arrested within 48 to 72 hours.

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

A POA duly notarised and legalised up to the Jordanian Embassy must be submitted to the President of the competent Court of First Instance with the arrest application. In addition, we need to attach to the arrest application all the documentation supporting the claim against the ship. In this context it must be noted that the official language in Jordan is Arabic which means that all documents in foreign language must be translated into Arabic by a sworn translator in Jordan prior to submission.

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 original documentation supporting the claim must be attached to the application and electronic filing is not available. As mentioned under question 14 above, if these documents are in foreign language they must be translated into the Arabic language. Only official documents must be legalised up to the Jordanian Embassy at the place of issuance and then legalised by the Ministry of Foreign Affairs in Jordan.

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

If foreign courts are given jurisdiction over the conflict, Jordanian courts will not accept jurisdiction over the substantive claim.

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

The release of the ship by the applicant is done by virtue of a simple memorandum submitted to the

court in this regard. If the defendant to the application wants to release the ship, he must deposit the security determined by the judge and request him to issue an order in relation to the release of the ship. Both orders must be served upon the ship and the harbour master or the coast guard.

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

The security that needs to be placed to release the ship must take the form of either a bank guarantee issued by a local bank or cash deposited in the Court.

19. Does security need to cover interest and costs?

The judge will determine the amount of the security that must be deposited by the defendant to the arrest application in order to release the ship. This issue is left to the discretion of the judge.

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

No they are not.

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

The release of the ship can be done within 48 to 72 hours.

22. Is there a procedure to contest the arrest?

The defendant to the arrest application may file an appeal against the arrest order before the Court of Appeal. Upon hearing the appeal, the Court may issue an order lifting the arrest order and such judgment shall be enforceable through the normal channels. The appeal shall be submitted within 10 days from the date of issue of the arrest order. The judgment issued by the Court of Appeal may be appealed through normal channels.

23. What 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 substantive proceedings within eight days starting from the date of issue of the arrest order.

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

Under the general principles of civil law, a claim for wrongful arrest may succeed if the party claiming indemnification can prove the bad faith of the arresting party and its losses arising from the arrest.

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

In principle, the concept of piercing and lifting the corporate veil is not recognised in Jordan.

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

Such sale could be authorized only if the ship is under the risk of a quick deterioration and in a situation that endangers third parties.

In 2008 **Omar joined the Transport & Insurance department at Al Tamimi & Company and currently is the head of the department covering 9 countries.*

Ranked by both Legal 500 and Chambers and Partners, Omar's experience as a marine lawyer and advocate covers almost all aspects of the industry. He has dealt with and represented major P&I Clubs regarding claims. He has represented many clients in marine disputes through arbitration in London, Dubai, Kuwait and Jordan. He regularly advises in cargo, container, marine agency, shortages, groundings, bunker, collisions, salvage, seaworthiness and insurance claims. He has also advised on many vessel sale and purchases, which includes drafting, reviewing and advising on related legal and finance documents. He also has drafted and advised on different types of maritime documents such as recaps, charter parties, B/L, LOIs, Agency Agreements, Insurance and P&I cover. Omar's experience includes mergers and acquisitions advice and structuring and set up advice for marine companies and other entities in jurisdictions such as Cyprus, Egypt, Germany, Jordan, Malta, Panama, Sudan, UAE (including the free zones) and UK.

Omar is an author of the UAE Vessel Registration and Mortgage Section in the Kluwer International Maritime Law Handbook. He is currently heading the EMAC team to establish the first Maritime Arbitration Centre in the UAE and the region.

SHIP ARREST IN KENYA

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

Ship arrest practice is governed by the Judicature Act (Cap 8) Laws of Kenya and the jurisdiction is exercised by the Admiralty High Court of Kenya.

The Admiralty High Court of Kenya follows the law and procedure of the High Court in England. Kenya has never enacted domestic legislation to govern the procedure of arrest of ships in the country and hence the Admiralty High Court of Kenya has strictly followed the law in England.

The Admiralty High Court in Kenya is situated in Mombasa.

The substantive law is provided by Section 20 of the Senior Courts Act, 1981 of England while the procedural law is provided by Part 61 of the English Civil Procedure Rules. These are the provisions of law to be applied by a party seeking to arrest any vessel within the territorial waters of Kenya

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

Kenya ratified the International Convention for the Unification of Certain Rules Relating to the Arrest of Sea-going Ships made in Brussels on 10th May, 1952. The International Convention on Arrest of Ships, 1999 is also applicable.

The Brussels Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters, 1968 is also relevant.

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

The Senior Courts Act, 1981 provides only for in rem arrest of a ship through in rem proceedings in respect of maritime claims.

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

There is no alternative ways for arresting a ship such as saisie conservatoire or freezing order.

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

These are exclusively claims that are within the admiralty jurisdiction of the High Court as defined by Section 20(1), 20(2), 20(3), 21(3) and 21(4) of the Senior Courts Act, 1981.

They include:

- a) Claims to the possession or ownership of a ship or to the ownership of any share;
- b) Questions arising between the co-owners of a ship as to possession, employment or earnings of that ship;
- c) Claims in respect of a mortgage of or charge on a ship or any share therein;
- d) Claim for damage received by a ship;
- e) Claim for damage done by a ship;
- f) Claim for loss of life or personal injury sustained in consequence of any defect in a ship or in her apparel or equipment, or in consequence of the wrongful act, neglect or default of –
 - (i) The owners, charterers or persons in possession or control of a ship; or
 - (ii) The master or crew of a ship, or 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) Claim for loss of or damage to goods carried in a ship.

- h) 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 –
 - (i) under the Salvage Convention 1989;
 - (ii) under any contract for or in relation to salvage services; or
 - (iii) in the nature of salvage not falling within (i) or (ii) above; or any corresponding claim in connection with an aircraft.
 - j) Any claim in the nature of towage in respect of a ship or 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 in respect of dock charges or dues.
 - n) Any claim by a master or member of the crew of a ship for wages (including any sum allotted out of wages or adjudged by a superintendent to be due by way of 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 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
 - s) Any action to enforce a claim for damage, loss of life or personal injury arising out of
 - (i) a collision between ships; or
 - (ii) the carrying or omission to carry out a manoeuvre in the case of one or more of two or more ships; or
 - (iii) non-compliance on the part of one or more of two ships, with the collision regulations.
 - t) Maritime claims giving rise to maritime liens brought in rem irrespective of ownership of the ship therefore allowing arrest of the ship :-
 - (i) Any claim for possession or ownership of a ship or to the ownership of any share
 - (ii) Any question arising between the co-owners of a ship as to possession, employment or earnings of that ship
 - (iii) Any claim in respect of a mortgage or a charge on a ship or any share therein
 - (iv) 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.
 - (v) Any claim which gives rise to a maritime lien for instance claims for damage done by a ship, claims for salvage, claims for master's wages and disbursements, claims for seamen's wages, claims for bottomry and respondentia.
- All other maritime claims without a maritime lien are limited by consideration of ownership and can only be brought in rem and thus against a particular ship if the following conditions are satisfied:-
- (i) must be a claim in connection with a ship;
 - (ii) the person who would be liable on the claim if sued personally was the owner or the charterer or in possession or control of the ship when the cause of action arose; and
 - (iii) at the time when the action is brought, the person who would be liable on the claim if sued personally was the beneficial owner of all the shares in the ship or was the demise charterer of it. A claim form can only be issued and a ship arrested in these circumstances if between the date of the cause of action i.e. the matter or breach of contract complained of, and the date the claim form is issued:
 - 1. the ownership remains unchanged; or
 - 2. the demise charterer is unchanged.

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

Yes.

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

No, a debtor can only arrest a ship as set out Sections 20(2) and 21(4) of the Senior Courts Act, 1981.

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

A sister ship can be arrested provided that:-

- i) the claim arises in connection with a ship; and
- ii) the person who would be liable on the claim if sued personally was the owner or the (demise) charterer or in possession of the ship at the time the cause of action arose; and
- iii) at the time when the claim form is issued the person who would be liable on the claim if sued personally, is the beneficial owner of all the shares in the sister ship to be arrested.

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

Generally, a bareboat charter entitles the charterer to take over full control of the vessel by engaging its own master and crew and by fitting a vessel with all necessary equipment to make it seaworthy. Such a charter is otherwise referred to as a charter by demise. A claim form therefore, can only be issued and the ship arrested if the ownership remains unchanged and the demise charterer is unchanged between the date of the cause of action and the date the claim form is issued, unless the claim gives rise to a maritime lien.

However, if the ship is on time charter then in these circumstances a ship can only be arrested in respect of a claim which gives rise to a maritime lien.

A maritime claim without a maritime lien cannot be claimed by arresting the ship if the claim is against the time charterer only and not against the owner of the ship irrespective of whether or not the ship has changed ownership from the date the cause of action arose at the time of her arrest.

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

No security is required to arrest a ship. However, an undertaking must be given by the advocate to pay the Admiralty Marshal's fees and any expenses incurred by him in respect of the arrest of the ship, the care and custody of it while under arrest and the release or endeavors to release it.

The undertaking is given by the advocates acting for the arresting party.

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

Yes.

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

Yes. This is provided for under Section 21(3) of the Senior Courts Act, 1981 which is applicable in Kenya.

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

In one day, the law firm is able to draft and file the pleadings seeking orders of warrant of arrest of a ship as well as carry out the search to establish ownership and that no caution has been recorded at the registry against arrest of the ship.

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 apostille, and when are they needed?

The advocate acting for the arresting party or the arresting party is required to file an application for arrest and a declaration in support of application for warrant of arrest. This declaration contains the specific details of the nature of the claim that has not been satisfied, the name of the ship, her port of registry, the total amount sought, details of the parties and ownership of the ship. The Undertaking to the Admiralty Marshal is also attached to the application.

These documents may be filed electronically and they do not require notarization or apostille.

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

Yes because the ship is within the limits of the port at the anchor or alongside

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

Once an application for release of the ship is filed together with the consent of the arresting party and reasonable security is tendered a ship may be released. The party against whom the claim is filed is also required to pay any costs incurred in releasing the ship as well as the Admiralty Marshal's expenses, if any.

The court will order release of the ship once the consent of the arresting party is given.

Where there is another person, who has a right in rem against an already arrested ship, that party may file a caution against the release at the Admiralty Registry to prevent it from being released without its consent.

There remains a right to re-arrest if the security is insufficient. The security cannot exceed the value of the ship at the time the ship was initially arrested.

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

Reasonable security must be provided for a ship to be released. It is an amount sufficient to cover the arresting officer's claim, together with interest and costs. However, the security cannot exceed the value of the ship arrested.

The security is in form of a bank guarantee issued by the bank, a letter of undertaking given by the bank, a payment into the court's account, or a bond paid to court.

19. Does security need to cover interest and costs?

Yes.

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

Yes.

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

A ship is released immediately the arresting party consents to its release.

22. Is there a procedure to contest the arrest?

Yes.

The procedure of contesting an arrest is provided by Part II of the English Civil Procedure Rules where the party contests the jurisdiction of the court to try the claim or where a party argues that the court should not exercise jurisdiction.

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

Full trial takes 2 to 3 years.

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

Yes. They acknowledge wrongful arrest and award damages where the action was brought with malice or gross negligence.

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

Yes.

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

Yes it is possible where there is lack of security and there is a risk that the ships condition and value will continue to deteriorate over time.

The sale is conducted after being advertised and sealed bids received through the court. The ship is sold to the highest bidder.

The proceeds of the sale are retained in an escrow account opened in the name of the Admiralty Marshal until the case is heard and determined and the proceeds are then paid out in the order of priorities.

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SHIP ARREST IN KOREA

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

There are several bases to arrest a ship in Korea, e.g., (i) to arrest a ship based on a prejudgment attachment which is to obtain security for the claims against the owner of the ship pending enforceable judgments, or (ii) based on maritime lien and/or mortgage on the vessel which will proceed with the auction sale of the vessel. We note that in rem action/proceedings are not recognized in Korea.

In case of the former (prejudgment attachment), there is no restriction of the claims seeking for the arrest of a ship if and only if the claim is owed by the owner of the ship. In this respect, the Korean court may pierce the corporate veil of the registered owner of the ship and allow the arrest of the ship if the claim is owed by a beneficial owner of the ship.

In case of the latter (arrest based on maritime lien), the Korean court will look to the law of the port of registry of the ship when it determined the existence of the maritime lien.

In case of arrest of a foreign ship, it is usual practice that the maintenance and preservation order will also be sought to preserve and maintain the ship. In such a case, the possession of the ship will be transferred to the maintenance and preservation company.

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

We note that Korea is not a party to any convention relating to the arrest of ships (such as 1952 or 1999 Arrest Convention).

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

There are other ways to arrest a ship such as by obtaining a prejudgment injunction order. This prejudgment injunction order is relevant in order to preserve the *status quo* of the ship if and when e.g., there is a dispute as to the ownership of the ship and/or the validity of the charter party in respect of such ship.

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

Please see 3 above.

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

In case of the arrest based on the prejudgment attachment, there is no restriction on the types of the claims. On the other hand, in order to arrest the ship based on maritime lien, the claims should give rise to a maritime lien under the law of the port of registry of the ship.

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

In case of the arrest based on the prejudgment attachment, the ship's flag is not relevant. On the other hand, in case of arrest based on maritime lien, ship's flag may be relevant (see 5 above) assuming the ship flies the flag of the state of the port of registry. If the ship flies the flag of the country where a bareboat charter is registered (other than the port of registry where the ownership is registered), the Korean court would look to the law of the port of registry of the ship (where the ownership is registered.)

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

Yes. Who is the debtor is not relevant to the arrest of a ship.

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

In case of the arrest based on the prejudgment attachment, sister ship (i.e., a ship belonging to same owner) arrest is allowed so far as the debt is owed by the owner of such ship. Associated ownership arrest may or may not be allowed.

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

In principle, a ship may not be arrested based on the debt owed by bareboat charterer or time charterer unless the claims give rise to a maritime lien.

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

In case of the arrest based on the prejudgment attachment, the Korean court will require a counter security. The amount and the method (surety bond or cash) of the counter security will be determined by the court at its sole discretion. However, under normal practice, it has been the case that the court would require 10 % of the claim amount as counter security and such counter security can be provided by way of a surety bond.

In case of the arrest based on the prejudgment injunction (see 3 above), there is no established practice as to the amount and the method of the counter security.

On the other hand, in case of arrest based on maritime lien, no counter security will be required. However, the applicant is required to advance the auction costs.

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

Please refer to our answer 10 above.

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

Korea recognizes the maritime lien. However, Korea is not a party to any International Convention in this regard.

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

Assuming we are provided with all the relevant documents (including the power of attorney), it may take a half day or one day to prepare the application for the arrest of the vessel (including the translation of the documents made in a foreign language). We then submit the application to the court which has jurisdiction over the arrest of the ship (which is normally the court which has jurisdiction over the port where the ship is staying). The court then considers our application and (if the court is going to grant our application), then the court will issue the deposit order (counter security). It may take one day or so. Then, once the counter security is provided, the court will issue the order for the arrest of the ship based on prejudgment attachment. These whole processes may take 1 to 3 days provided the counter security can be provided without delay.

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

Yes. We need the power of attorney and the company registry (or the equivalent document) of the applicant and the owner of the ship/or the debtor (i.e., respondent) showing the incorporation of the company in question, address of the company and the name of the representative director.

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 the time of an application for the arrest order, copy will normally be accepted. In case a cash deposit is to be made (as counter security, etc), the court may require the original of the power of attorney and the company registry with notarization and apostille.

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

It depends. If there is an arbitration clause or a valid exclusive jurisdiction clause in favour of a foreign court with respect to the underlying claims, the arrest in Korea would not amount to grant a substantive jurisdiction to the Korean court. If not, the fact that the ship (the debtor's assets) is located in Korea could be a basis for the Korean jurisdiction.

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

In order to release the ship (in the absence of the agreement with the arresting party or prior to the judgment), the owners are required to post the cash deposit equivalent to the claim amount (and plus the costs for the arrest in case of arrest based on the maritime lien). The Korean court would not normally accept a guarantee to be issued by a bank or an insurance company.

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

From practical point, only cash deposit would be acceptable to the Korean court.

19. Does security need to cover interest and costs?

Not necessarily but subject to the claim. If the applicant includes the interests and the costs and the court recognizes such interests and costs, the security should need to cover such interests and costs as well. In case of the arrest based on maritime lien, the costs for the arrest shall also be posted.

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

No (see 17 above).

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

Assuming the required security is posted as ordered by the court, it may take a half day or two days to obtain the cancellation order from the court based on the security provided.

22. Is there a procedure to contest the arrest?

Yes, the owner (or any other interested parties) may contest and challenge the arrest for substantive and/or procedural reasons.

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

There is no set rule. The owner may ask the court to issue the order for the arresting party to commence the proceedings on the merits, then the court will issue the order to that effect within a certain prescribed time. If the arresting party would not comply with the said order or if the prejudgment attachment lasts 3 years without commencing the action on the merits, then the court may cancel the prejudgment attachment order.

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

Yes, if there is negligence on the part of the arresting party assuming Korean law is the governing law. Under Korea law and practice (assuming Korean law is the governing law), if the arresting party lost the action on the merits, then the negligence of the arresting party is presumed and the arresting party is required to prove that there was no negligence on its part in order to avoid liability for the wrongful arrest.

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

Yes, rather broadly in case of a ship registered in the name of a so-called paper company in a flag of convenience country.

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

Yes, in case of the arrest based on maritime lien. It may take 6 to 12 months to complete the auction sale, subject to delay if there is no bidder at the minimum reserve price.

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Mr. Chung has been an arbitrator on the Korean Commercial Arbitration Board since 1994 and the mediator of Seoul Central District Court since 1994. He has served as President of Korea Maritime Law Association (2012-2014) and is serving as the President of the Korean Private International Law Association since 2015. Mr. Chung teaches maritime law at Seoul National University Law School and Korea University Law School as an adjunct professor.

Mr. Chung has authored various publications, including "Shipping & International Trade Law Korea Chapter" (Thomson Reuters). He has been consistently recognized as a "Leading" attorney by both Chambers Global and Chambers Asia-Pacific.

Mr. Chung received an LL.M. from University College London in 1987 and an LL.B. from the College of Law, Seoul National University in 1977. He also attended the Graduate School of Law, Seoul National University in 1980 and the Judicial Research and Training Institute of the Supreme Court of Korea in 1980. He is admitted to the Korea bar.

SHIP ARREST IN KUWAIT

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

The Kuwaiti Maritime Code regulates the conservatory arrest of ships. The arrest application is submitted to the Court of First Instance (Summary Judge dealing with urgent matters). The Court 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 but this procedure is usually complex and lengthy.

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

Kuwait is neither 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?

Ships could be arrested in Kuwait in the context of either a precautionary seizure procedure or an enforcement procedure commenced against her. The main difference between both procedures is that the applicant is not required to have an execution deed against the ship in order to commence precautionary arrest proceedings against the ship.

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

There are no alternatives for the arrest of ships in Kuwait as the Maritime Code that regulates the arrest of ships prevents the applicant from relying on other laws in Kuwait.

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

In order to arrest a vessel in the Kuwaiti territorial waters the creditor must have a maritime debt against the ship. Article 73 of the Kuwaiti Maritime Code defines "maritime debts" as a debt arising from the following:

- a. Damage caused by the vessel by reason of a collision or otherwise.
- b. Loss of life or personal injuries 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 charterparty or otherwise.
- e. Contracts relating to the carriage of goods under a charterparty, bill of lading, or other documents.
- f. Loss of or damage to goods or chattels being carried on board the vessel.
- g. General average.
- h. Towage or pilotage of the vessel.
- i. Supplies of products or equipment necessary for the utilization or maintenance of the vessel, in whichever place the supply is made.
- j. Construction, repair or fitting out of the vessel, and costs of it being in dock.
- k. Wages of the master, officers and crew.
- l. Sums spent by the master, shippers, charterers or agents on account of the vessel -or on account of the owner thereof.
- m. A dispute as to the ownership of the vessel.
- 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. Maritime mortgages.

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

Yes. A ship anchored within the Kuwaiti territorial waters can be arrested irrespective of the flag she is flying.

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

The ship can be arrested in the Kuwaiti territorial waters if the claimant successfully proves that he has a maritime debt against the vessel.

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

The arrest of sister ships in Kuwait is possible for any of the maritime debts listed under question 5 above with the exception of debts arising out of a dispute as to the ownership or co-ownership or possession of the vessel or mortgage on the vessel (See question 5(m), (n) and (o) above).

Arresting ships in associated ownership is also possible if the debt is related to the ship. Regarding the arrest of associated ships, there is a great degree of uncertainty as, for the arrest to be successful, we need to prove to the judge the close link between the entity owning the ship that incurred the debt and the entity owning the associated ship.

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

The Kuwait Maritime Code gives the creditor of the charterer who has control over the nautical navigation of the ship the right to arrest the ship for a debt resulting from the charterer's actions. In addition, the creditor has the right to arrest any other ship owned by the charterer.

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

No counter-security is needed to arrest a ship in Kuwait.

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 between the arrest of a vessel for a maritime claim and the arrest of vessel for a maritime lien.

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

Kuwait did not ratify any of the international conventions related to maritime liens. The Kuwaiti Maritime Code recognizes maritime liens. In fact, the Kuwaiti Maritime Trade law has listed the maritime liens in Article 47 as follows:

- a. Judicial expenses that were spent to maintain the Vessel, sell it, distribute its price, cargo and port charges as well as other charges, public taxes of the same kind, and charges of pilotage and compensations for the damage that caused to the installations of the ports, docks and navigation routes, and expenses for removing navigation obstacles caused by the Vessel as well as expenses of sentry duty and maintenance since the entry of the Vessel to the last port.
- b. Debts resulting from the employment contract of the captain, sailors and others relating to the Vessel with an employment contract.
- c. Monies due for assistance and salvage, and the share of the Vessel in general marine average.
- d. Compensation due for collisions and other navigational accidents, compensation due for bodily injuries to the passengers and crew, and compensation for loss or damage to goods and possessions.
- e. Debts arising out of contracts made by the master, and operations carried out by him outside the port of registration of the Vessel within the scope of his lawful powers for an actual requirement dictated by the maintenance of the vessel or the continuance of its voyage, whether or not the master is also the owner of the Vessel, or whether the debt is due to him, or to persons undertaking supply, or lenders, persons who have repaired the vessel, or other contractors.

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

Assuming that all forwarded documents have been translated into Arabic by a sworn translator in Kuwait, the ship can be arrested within 48 to 72 hours.

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

A POA duly notarised and legalised up to the Kuwaiti Embassy must be submitted to the competent Court of First Instance with the arrest application. In addition, we need to attach to the arrest application all the documentation supporting the claim against the ship. In this context it must be noted that the official language in Kuwait is Arabic which means that all documents in foreign language must be translated into Arabic by a sworn translator in Kuwait prior to submission.

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 documentation supporting the claim must be attached to the application and electronic filing is not available. As mentioned under question 14 above, if these documents are in foreign language they must be translated into Arabic language. Only official documents must be legalised up to the Kuwait Embassy at the place of issuance and then legalised by the Ministry of Foreign Affairs in Kuwait.

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

There is uncertainty in this area of law especially where the jurisdiction is given to a foreign court and not arbitral tribunal. Therefore, and if jurisdiction is given to an arbitral tribunal, we recommend our clients to commence arbitration within the two weeks period (as highlighted under question 23 below) and request from the court the stay of the proceedings until an arbitral award is issued. However, if jurisdiction is given to a foreign court, we may argue in court that Kuwaiti courts have jurisdiction over the substantive claim.

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

The release of the ship by the applicant is done by virtue of a simple memorandum submitted to the court in this regard. If the defendant to the application wants to release the ship, he must deposit the security determined by the judge and request him to issue an order in relation to the release of the ship. Both orders must be served upon the ship and the harbour master or the coast guard.

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

The security that needs to be placed to release the ship must take the form of a bank guarantee issued by a local first class bank covering the value against which the vessel is arrested.

19. Does security need to cover interest and costs?

The security should cover the claimed amount in the arrest application.

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

No they are not.

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

The release of the ship can be done within 48 to 72 hours.

22. Is there a procedure to contest the arrest?

The defendant to the arrest application may file a grievance before the Court of First Instance who issued the arrest order. Upon hearing the grievance, the Court may make an order revoking, confirming or modifying the arrest order and such judgment shall be enforceable through the normal channels. The judgment issued shall be appealable through normal channels.

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

According to the Kuwaiti Procedures law the applicant must, within eight days at the most from the date of the service of the arrest order, bring a claim before the court for the confirmation of his right and validity of the arrest, failing which the arrest shall be declared null and void.

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

Yes. The claim of wrongful arrest will succeed if the party claiming indemnification can prove the bad faith of the arresting party and its losses arising from the arrest.

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

Potentially yes depending on the type of company.

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

Such sale could be authorized.

In 2008 **Omar joined the Transport & Insurance department at Al Tamimi & Company and currently is the head of the department covering 9 countries.*

Ranked by both Legal 500 and Chambers and Partners, Omar's experience as a marine lawyer and advocate covers almost all aspects of the industry. He has dealt with and represented major P&I Clubs regarding claims. He has represented many clients in marine disputes through arbitration in London, Dubai, Kuwait and Jordan. He regularly advises in cargo, container, marine agency, shortages, groundings, bunker, collisions, salvage, seaworthiness and insurance claims. He has also advised on many vessel sale and purchases, which includes drafting, reviewing and advising on related legal and finance documents. He also has drafted and advised on different types of maritime documents such as recaps, charter parties, B/L, LOIs, Agency Agreements, Insurance and P&I cover. Omar's experience includes mergers and acquisitions advice and structuring and set up advice for marine companies and other entities in jurisdictions such as Cyprus, Egypt, Germany, Jordan, Malta, Panama, Sudan, UAE (including the free zones) and UK.

Omar is an author of the UAE Vessel Registration and Mortgage Section in the Kluwer International Maritime Law Handbook. He is currently heading the EMAC team to establish the first Maritime Arbitration Centre in the UAE and the region.

SHIP ARREST IN LATVIA

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

In Latvia, a claimant is entitled to arrest the vessel to secure his claim before claim on merits is brought.. Latvian Maritime Code (hereinafter – LMC) 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 regional courts of common jurisdiction. 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. When making the decision on the question of arrest of the vessel the court takes into account prima facie formal legal basis.

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 saisie 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 irrespective 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 irrespective 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 recognise 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.

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) (notarized and legalized) to local lawyers is required. Copies of attached documents are sufficient at stage of 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?

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 certified by a public notary and covered by Apostille 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. What is the procedure to release a ship from arrest?

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 30 days 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.

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

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.

19. Does security need to cover interest and costs?

In general yes, security needs to cover interest and costs if they are reasonable.

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

It is to the discretion of the court, but in principle LOUs are accepted.

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

See answer to question 17 above.

22. Is there a procedure to contest the arrest?

Legality and validity of arrest may be contested by a participant in the matter. On the basis of an application court may replace arrest with other means of security or revoke it.

23. What 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.

24. 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.

25. 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.

26. 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 CEO of law firm Marine Legal Bureau (MLB). Before MLB he spent several years as managing partner of another law firm in Riga, manager of Legal Dept. of Lloyd's agency of local correspondent for P&I Clubs in Latvia, before as manager of private Russian ship owning company.
In May 2008 Edward was key person who hosted the 5th Shiparrested.com members meeting in Riga.
He is active arbitrator of Maritime Arbitration Commission (MAC) of the ICC of Russia (Moscow), Full Member-arbitrator of the GMAA (Hamburg), arbitrator in the EMAC (Dubai) 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 in courts and in arbitrations in Latvia, Russia, Germany and UK.
Several years Edward has been selected as being among the world's pre-eminent shipping and maritime lawyers (Who's Who Legal) and was listed in the publication «Legal 500 Europe, Middle East and Africa (EMEA)».
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

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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. With the exception of cases where the claimant has a maritime lien over the ship, it is not possible to apply for the arrest of the ship unless her 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 (although chances of success are generally minimal) 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 from 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. The judge may in his discretion accept a POA that does not meet these requirements. The documents supporting the claim must be filed with the arrest application. If the documentation is in a foreign language, it is advisable to submit an Arabic translation thereof.

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 requires submission of the supporting documents in original copies. The judge however has discretion in waiving this requirement. The documents need not be notarized or apostilled (save the POA as highlighted above).

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

The procedure entails submission of an application for the lifting of the arrest along with suitable security. The security is deposited with the judge who issued the arrest order (and not with the claimant).

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

Article 873 CCP provides that the Head of the Execution Bureau decides the type and amount of such security. But usually, such security is under the form of a bank guarantee issued by a local bank or cash deposit

19. Does security need to cover interest and costs?

Security should be for an amount equal to the arrest amount. This amount usually covers the principal amount of the claim plus 10% for costs.

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

P&I LOUs are not regarded sufficient by the judge dealing with the arrest.

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

Depending on the time it gets to arrange issuance of the security (normally, local banks need 2-3 days from the date of receipt of the instructions to issue the bank guarantee). The judge would usually issue the order lifting the arrest on the day of submission of the security or the next day.

22. Is there a procedure to contest the arrest?

Yes, the arrest may be contested within no later than 5 days from date of service of the arrest order. The success of the challenge is conditional upon a number of legal requirements.

23. What 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.

24. 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 profit loss).

25. 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.

26. 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.

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SHIP ARREST IN LIBYA

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

Arresting ships in Libya is done in accordance with the Libyan Procedures Law and Libyan Marine Law articles which provide that anybody owed a debt by the ship or her owners may lodge an application to the court. In this application, the creditor should indicate the merits of the case with all supported documents attached and translated into Arabic.

A legalized power of attorney by the Libyan Embassy must be prepared by the party who is applying for an arrest court order.

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

Libya did not ratify any International Convention, and only local laws will apply to the arresting of ships.

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

The Libyan government has the authority to arrest, by an administrative order, any ship that did not settle her debts and prevent the ship from sailing until the debts have been paid.

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

No, the option will just assist these government authorities to collect what is owed without involving the courts, which may take a prolonged amount of time.

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

The ship can be arrested against any marine debt incurred for the same ship or for another ship under the same ownership.

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

The arrest procedures are applicable irrespective of the flag of the ship.

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

The arrest procedures are applicable irrespective of the Debtor's residency or nationality. However, article (3) of Libyan Procedures law which provides the following:

Libyan courts will have jurisdiction in cases against foreign citizens in the following circumstances:

1. If he is resident in Libya, or has acquired an agent who is authorized to represent him in front of the courts, or he accepts the Libyan jurisdiction.
2. If the case is concerning assets in Libya, the inheritance of a Libyan citizen, a legacy commenced in Libya, a liquidation announced in Libya, or the case arises from a contract performed on Libya or executed in Libya or stipulated to be executed in Libya or due to action happened in Libya.
3. If the case is for security procedures to be executed in Libya, or has a connection with a current case pending in Libyan courts or with things concerning the Libyan jurisdiction.
4. All cases where foreign courts have jurisdiction in cases taken against Libyan citizens, using the doctrine of the same treatment.

Due to above provision, we have found that it will be very difficult to persuade a Libyan judge to issue an arrest order for a debt arisen outside Libyan between two foreigners. Should the judge agree to issue an arrest order, he will then set a hearing to determine whether the arrest was proper and to prove the debt. The hearing would be held in accordance with Libyan law.

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

The legal procedures mentioned above will apply also to the sister-ship and a ship associated with the same ship-owners.

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

These arrest procedures only apply to the owners of the vessel as per article No. 516 of Libyan procedures law (providing that the creditor arrange the security arrest on the debtor's assets).

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

No counter security required.

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. Both are subject to the same procedures.

12. Does your country recognize maritime liens?

Libya recognizes maritime liens, as per articles 196 & 197 of the Libyan Marine Law.

13. What lapse of time is required in order to arrest a ship from 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 two days to prepare the application and the supporting documents. The judge may issue the arrest order in two days, but this can take up to seven days.

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

A legalized power of attorney by Libyan Embassy is very essential to the acceptance of the application by the court.

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 will be the power of the attorney; the claim's supporting documents translated into Arabic Language and if the supporting documents were issued outside Libya then these documents should be legalized by Libyan Embassy.

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

The Libyan courts accept jurisdiction over the substantive claim once the vessel has been arrested.

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

The release of a ship from arrest may be done by any of the following:

- An application of release of a ship from arrest, submitted by the defendant to the Head of the Court, where an amicable settlement has been reached.
- A cash deposit to the court cashier, submitted by the owners of the arrested ship.
- A bank guarantee, submitted to the Claimants or the Judge of the head court.
- A repudiation of the arrest order by court judgement.

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

- Cash payment to court cashier in the claim amount estimated by the judge in the arrest order.
- Bank guarantee or club letter of undertaking.

19. Does security need to cover interest and costs?

The security must cover the estimated debit stated by the judge when he issued the arrest order.

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

P&I LOUs are not acceptable at all, unless claimants will accept them in writing in front of the court.

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

It usually takes about one to two days to release a ship from arrest, starting from the date of submitting the application of release to the judge who issued the arrest order.

22. Is there a procedure to contest the arrest?

The owners of the arrested ship can appeal the arrest order within three days from the date of notification. The judgment of the Appeal court will be final and cannot be appealable to the High Court.

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

The Libyan law gives the claimant 8 days to notify the arrest order and send a writ of summons to the owners of arrested ship indicating the date of the court hearing.

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

The claim for wrongful arrest is allowed as a counter claim in the same case of the arrest or to commence a separate claim.

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

Courts will look to the company's constitution to see whether the shareholders will be responsible personally or whether the claimant is limited to the company's capital.

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

Owners are not able to sell the ship while it is still under arrest unless the court gives permission or the claimants reach an agreement with owners, with approval from the court.

SHIP ARREST IN LITHUANIA (QUESTIONS 1 TO 9)

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

The claimant is entitled to arrest the ship to secure his claim before claim on merits is brought. Also, the ship which is at Klaipėda state port (the only one seaport in Lithuania) can be arrested in order to enforce already adopted court judgment, if the debt or any other amounts are already adjudged from the ship owner. Applications to arrest the ship are heard by Klaipėda regional or Klaipėda district court (depends on the amount of the claim), if the case on its merits will be heard at these courts and by Vilnius district court, if the claim on its merits will be heard in a court of arbitration or in a foreign State court. The law does not determine minimum amount of claim enabling ship arrest, the court is deciding according to his own evaluation. Language of hearing is Lithuanian and all documentation must be presented to the court in Lithuanian.

There are no specialized maritime courts in Lithuania, applications are heard by the courts of common jurisdiction, however ship arrest in Lithuania is normally handled speedily - within 1-2 working days as of submitting an application to arrest the ship. Deciding whether to arrest the vessel the judge takes into account prima facie formal legal basis. As soon as the Ruling is adopted the court sends the copy of the Ruling to the Port Master directly (by fax) ensuring urgency in case the ship is ready to leave or leaving the port. Appeal procedures does not suspend enforcement of the Ruling.

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, 1952 (1952 Arrest Convention);
- The International Convention on Maritime Liens and Mortgages, Geneva 1993.

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

A ship that is not flying the flag of the State member to the 1952 Arrest Convention may be arrested for any type of claim in accordance with the Code of Civil Proceedings.

A ship may be arrested by the court bailiff in the execution process as well (decisions adopted by foreign courts or arbitration institutions shall be acknowledged by the Court of Appeal of Lithuania beforehand).

Port authorities are also entitled to detain the ship in case of unpaid port charges, fines, damages made to port infrastructure, other related claims.

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

No.

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

A ship flying the State flag of the Member State can be arrested to secure a maritime claim as specified in the 1952 Arrest Convention (Article 1(1)).

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

Yes. A ship flying the State flag of the Member State of the 1952 Convention can be arrested only for the maritime claims enumerated in the Article 1 of the Convention. Other ships can be arrested for any type of claims under provisions of the Code of Civil Proceedings.

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

Yes, subject to Art. 3 of the 1952 Arrest Convention.

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

Arrest of a sister ship is permitted, except in respect of the claims mentioned in Article 1(1), o-q of the 1952 Arrest Convention. Ships in associated ownership can be arrested as well, if the claimant succeeds to prove that they are beneficially owned by the same person.

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

When in the case of a bareboat charter 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 bareboat charterer, but no other ship in the ownership of the registered owner shall be liable to arrest in respect of such maritime claim.

These provisions 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.

****Regina Derkintyte-Kaupiene** is a partner of AVERUS since 2010 and a leading individual in shipping and transport practice in Lithuania. Regina is known as "top maritime lawyer" (The Legal 500 (2017)) for a number of years. Her core specialisations are transport and shipping, dispute resolution and arbitration.*

*Regina Derkintyte-Kaupiene is known not only as a shipping law practitioner but also as an active participant of the academic society. Regina is the co-author of the book *International Maritime Law*, highly appreciated by students and lecturers of Lithuanian universities. Having a solid academic background and extensive practice in the field, she is often invited to deliver lectures in universities and colleges; she is also a prominent speaker in various conferences and seminars.*

Regina Derkintyte-Kaupiene is also included in the list of recommended arbitrators by the most reputable arbitration institutions in Lithuania – the Vilnius Court of Commercial Arbitration – and by the Riga District Arbitration Court.

Regina holds a Master's degree in Law from Mykolas Romeris University, a Master's degree in Economics and Business Management from Vilnius Gediminas Technical University and LL.M. (with distinction) in International Maritime Law awarded by International Maritime Law Institute (Malta).

SHIP ARREST IN LITHUANIA (QUESTIONS 10 TO 26)

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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 may order the arrestor to provide counter-security within certain period of time. If this is not complied with, the arrest will be lifted.

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 from the moment the file arrives to your law firm?

Normally it takes 2-3 working days. In very urgent cases it might be possible to arrest within the same day on which we receive the instruction. 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 later. No notarisation or legalization of the legal representation agreement is required. Basic claim documentation evidencing existence of a maritime claim in favour of the arrestor 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?

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:

- A copy of legal service agreement between the lawyer and the Client;
- A copy of an extract from the Companies' Register of the Client's State, confirming that the Client exists as a legal entity;
- A 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. What is the procedure to release a ship from arrest?

The Parties should make a written request to the Court to release the ship, in case they reach an agreement. Otherwise an adequate security needs to be deposited to the Court together with request to release the ship from arrest.

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

Any type of security if the Arrestor agrees. Cash payment to the court's account or Lithuanian Bank's guarantee if there is no agreement as to type of guarantee.

19. Does security need to cover interest and costs?

Yes.

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

Not, if the arrestor does not agree with it.

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

One day if there is no dispute regarding type or amount of security.

22. Is there a procedure to contest the arrest?

Yes, but it can take few months.

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

14 days in the National Courts and 30 days in arbitration or in a foreign State Court.

24. 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 if:

- The claim in respect of which the vessel was arrested was 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.

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

There have not been relevant cases heard yet.

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

No.

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SHIP ARREST IN MALAYSIA

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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. According to Section 10 of Malaysian Arbitration (Amendment) Act 2011, a ship may be arrested as a security for arbitration proceedings or for the satisfaction of any arbitration award. This also applies in respect of an international arbitration, where the seat of arbitration is not in Malaysia.

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 there 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 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?

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 dependent 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 maritime liens consist claims for 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 from 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. What is the procedure to release a ship from arrest?

File into Court the release papers i.e. Praeceptum for Release and Release Order, and once issued, serve same on the Vessel, Marine Department and Immigration.

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

Bail Bond, Letter of Undertaking or Guarantee.

19. Does security need to cover interest and costs?

Yes.

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

Yes.

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

Within the day, depending on what time the Release Order is obtained.

22. Is there a procedure to contest the arrest?

Yes.

23. What 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.

24. 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.

25. 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.

26. 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.

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SHIP ARREST IN MALTA

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

The law on ship arrest in Malta was, until relatively 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 Conventions of 1952 and 1999. 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 35 of Council Regulation (EC) No. 1215/2012, 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 low damage to goods, including baggage, carried in a 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 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 is 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 from 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. What is the procedure to release a ship from arrest?

The procedure entails an application requesting the Court to release the ship from arrest. This may be done by the person arresting the vessel or by the shipowner. A reason has to be given for liberating the vessel from arrest, such as payment of the claim, the deposit of the claim amount at the Court registry or the setting up of adequate security.

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

The security involves either the deposit of the claim amount at the Court registry or the putting up of a Maltese bank guarantee. By agreement between the parties also a P&I Letter of Undertaking can be placed for the release.

19. Does security need to cover interest and costs?

Yes, the security needs to cover interest and costs.

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

The great majority of maritime lawyers acting on behalf of claimants advise clients to accept P & I Letters of Undertaking.

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

Under normal circumstances the release can be achieved within the course of the day.

22. Is there a procedure to contest the arrest?

Yes, there is. The shipowner can file an application for the issuance of a Counter Warrant, requesting the Court to revoke the arrest, on any of the grounds contemplated by law, such as for example if any one of the conditions required by law for the issue of the warrant of arrest is missing; if the amount claimed is not prima facie justified or is excessive; or if it is shown that in the circumstances it would be unreasonable to maintain the warrant in force or that the warrant is no longer necessary or justifiable.

23. What 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.

24. 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.

Upon the request of the arrested party the Court may also condemn the arresting party to pay those damages which the issue of the warrant may have caused him. This is intrinsically linked to the same circumstances where a penalty for wrongful arrest may be imposed by the Court.

25. 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.

26. 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 practised as an advocate at the Attorney General's Office. He is very much involved in court litigation and arbitration with regard to matters involving transport. He has also drafted the majority of laws on civil aviation during the last twenty years. 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 MAURITIUS

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

Originally ship arrest practice in Mauritius springs from its former "Code de Commerce" which itself was out sourced from the Code Napoleon. In 1985 the relevant articles of the Code de Commerce were repealed and replaced by our local Law which is subject to the "Merchant Shipping Act".

However in case of contradiction between the two pieces of legislation, the "Merchant Shipping Act" shall prevail. These two pieces of legislation regulate seafaring and maritime trade.

Following the provisions of the said enactments there are two ways of proceeding. The "Saisie – execution" and the "saisie conservatoire". Both relate naturally to an executor title and to a claim which appears justified to the Judge. Whichever procedure is used the ship arrest can be served by the Port Master when the ship calls at the Port of the Country.

These provisions of the law which are incorporated in our "Code de Commerce" were inspired by the "Décret Français du 27 Octobre 1967" and were stated to follow the main lines of the "International Maritime Law".

It is relevant to note that the fact that the State of Mauritius has or has not subscribed to any International Convention is of no importance since our local Law follow their principles.

The procedural provisions for ship arrest exist.

In case the arrest proceeds from the Court Judgment, it has to be declared executory in the territory of the State of Mauritius. This Exequatur follow its own rules. The claim regarding wages and in some other instances directly relating to the ship including bunker and provisions can give rise to a "Saisie Conservatoire" without being the result of a judgment of a Court.

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

See answer above to question 1.

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

See answer above to question 1.

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

See answer above to question 1.

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

This answer can be related to the claims for which a Maritime lien can be raised – The details can be seen under the provisions of Art 35 of the "Merchant Shipping Act".

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

Yes, a ship can be arrested, irrespective of the flag but it will be at the risk and peril of the client requesting the arrest. The claim should relate to the ship or the owner.

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

Refer to answer 6 above.

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

As regards sister ships the claim and/or judgment should relate to the owner on the ship and ships in associated ownership. It will be more difficult in the sense that this issue will require an Executory

Judgment to proceed with a "Commandment" to pay followed by a "Saisie-Execution" – Arrest Procedure.

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

I have taken some time to answer this particular question because I wanted to find out if there was any particular disposition in law and in jurisprudence. I have not been able to find any particular case about this type of situation in Mauritius. As far as I have been able to verify in the law there is no particular rule about this. My opinion is that we can arrest the vessel on debts incurred by the vessel owner himself. I am also of the opinion that the vessel cannot be arrested for debts incurred by any type of charterer.

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

Counter security is not provided for in Mauritius except for costs, and this comes into play only where the other party moves for security.

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

Yes, there is a difference in respect to arresting a ship for a maritime claim, which calls for a "saisie conservatoire" and a maritime lien, which falls under "Merchant Shipping Act".

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

Yes. Maritime liens are recognised under the laws of the state, namely the "Merchant Shipping Act".

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

It is rather a question of immediate action. The arrest should be applied for and executed before the ship leaves port. The arrest can be made only while the ship is in Port.

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

Yes, a Power of Attorney is required. But an instructions paper with proper identification of the claimant can be 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?

Certified copies can be used in the application but to substantiate the claim originals should be eventually filed in fixed hearings for physical appearances. At start the certified copies can be filed electronically.

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

Given that the arrest will only be possible following the court's order, the answer is positive.

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

Release of the ship follows the same procedure as for the arrest.

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

The release will be upon the claimant's order if the claim is satisfied or else the claimant shall fix the amount of security for release.

19. Does security need to cover interest and costs?

As a rule the security should cover the total claim including interest and costs.

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

This would be something to be agreed upon by the parties and has no force of law save between the debtor and the creditor.

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

As a rule it is one normal working day, if all conditions are ready to be executed.

22. Is there a procedure to contest the arrest?

Yes, the arrest can be contested. But in practice this is not recommended as the ship cannot move until released with all that this entails as costs.

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

There is no prescribed delay under our laws, but usually the court will act diligently.

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.

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

The ship will be sold before the Master's Bar at the Supreme Court if the judgment creditor has not been satisfied.

***Vijay Kumar Dwarka** has started his legal career since 1973, when he opened his own law chambers and has acquired extensive legal experience in a variety of sectors. He has nurtured strong professional relationships with other lawyers and solicitors around the world, hence expanding his horizons, with the ambition to offer excellent legal advice to his clients. Advises international counterparts on legal feasibility of projects within the Mauritian legal framework in the following areas: Export Processing Zone, Export Services Zone, Offshore Sector, Banking Sector, Bank of Baroda and previously for the State Bank of India (formerly IOIB), Employees Welfare Fund, Mauritius Housing Corporation, Government and Parastatal Bodies, Insurance Sector, Retail Sector, and Automotive Sector. Professionally Qualified Attorney at Law (Solicitor) of the Supreme Court of Mauritius (1973). He has been appointed Senior Attorney by the President of the Republic of Mauritius in June 2010.

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SHIP ARREST IN MEXICO

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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 there 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?

- (a) Loss or damage by the use of the ship;
- (b) Death or injury occurring, whether on land or on water, in direct relation to the use of the ship;
- (c) 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; 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; 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;
- (d) Any contract related to the use or hire of a whether vessel formalised in a charter party or otherwise;
- (e) Any contract related to the carriage of goods or passengers on the ship whether formalised in a bill of lading, passenger ticket or otherwise;
- (f) The loss or damage to the goods, including luggage, carried on board the vessel; General Average; Tugging services,
- (g) Pilotage;
- (h) Goods, materials, supplies, fuel, equipment, including containers supplied or services rendered to the ship for her use, management, conservation or maintenance;
- (i) The construction, reconstruction, repair, alteration or fitting of the vessel;
- (j) The rights and duties of ports, canals, docks, harbours and other waterways;
- (k) 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;
- (l) Disbursements incurred on account of the vessel or its owners;
- (m) 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;

- (n) 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;
- (o) Any dispute concerning the ownership or possession of the vessel;
- (p) Any dispute between co-owners of the vessel related to its use or exploitation of the vessel;
- (q) Claims secured by mortgage or pledge, and
- (r) Any dispute arising from a contract of sale of vessels.

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?

Yes, a ship can be arrested irrespective 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 it's a close list mentioned in point number 5 of this document.

12. Does your 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; Vessels credits, arising from the use of port infrastructure, maritime signalling, waterways and pilot. 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 from 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 must point out 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. What is the procedure to release a ship from arrest?

Once the Court issues the arrest order and the vessel is arrested, Owners must appear before the Court and request the Court to set the amount of the guarantee that must be posted in order to release vessel. The guarantee can be presented either in a deposit bill (cash needs to be deposited to the bank in order for the bank to issue the deposit bill) or by a bond issued by a duly authorized Mexican bonding company.

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

A bond issued by a Mexican Bonding Company, duly authorized by the Treasury Ministry or a cash deposit through a deposit bill issued by a Government Bank or real assets or a P&I LOU provided that the P&I is part of the IG Group and that the party presenting the LOU is the Owner or disponent owner of the vessel or a related entity to them.

19. Does security need to cover interest and costs?

The Judge will set the amount by his own criteria, but always to an figure enough to cover the claimed amount, plus accessories.

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

P&I LOU are accepted by Mexican Judicial system to lift arrests provided that the P&I is part of the IG Group and that the party presenting the LOU is the Owner or disponent owner of the vessel or a related entity to them.

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

Once the guarantee is posted, it will take approximately 24 working hours for the Court to accept the guarantee and order the release of the vessel.

22. Is there a procedure to contest arrest?

The arrest can be contested in the same arrest proceedings. If there are Constitutional Rights violated, an Amparo remedy can be filed.

23. What 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.

24. 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.

25. 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.

26. 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 Abogados**, 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 MONTENEGRO

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

According to Montenegrin law the arrest of ships is one of the "interim measures/temporary injunctions" that ensures future collection of due and outstanding debt which is in dispute.

The arrest of ships is governed by a special procedure, non-contentious proceedings and the order for arrest is issued under the name of "interim measure". Every arrest must be upheld by a final and conclusive judgment on the merits, and it is only on the basis of such final judgment (or award) that it is possible to start proceedings for the sale of the vessel.

Marine and Inland Navigation Act (Zakon o pomorskoj i unutrašnjoj plovidbi "Sl. list SRCG", br. 19/78, 8/79 - ispr., 19/87, 29/89 - dr. zakon, 39/89 - dr. zakon, 22/90 i 13/91 i "Sl. list RCG" 48/91 - dr. zakon, 17/92 - dr. zakon, 59/92 - uredba o usklađ. nov. kazni, 4/93 - uredba o usklađ. nov. kazni, 27/94 - dr. zakon i 2/2007 - dr. zakon i "Sl. list CG", br. 51/2008 - dr. zakon, 40/2011 - dr. zakon i 62/2013 - dr. zakon; the "**MINA**") governs the interim measures against the vessels. It is a lex specialis in regard to interim measures. However, where MMA is silent on certain issues related to ship arrest, the Enforcement and Conservatory Measures Act (Zakon o izvršenju i obezbeđenju "Službenom listu CG", br. 36/2011 od 27.7.2011.; the "**ECMA**") is applied to fill in the lacunae in the law.

Prior to instituting civil proceedings, compulsory enforcement or administrative court proceedings, the court may, for the purpose of securing the pecuniary claim at the request of the creditor, issue any measure to achieve the goal of such enforcement and in particular to prohibit the alienation or other disposal of the vessel, order the guarding of the vessel and issue the ship arrest warrant.

If the law court issues an arrest warrant prior to institution of civil proceeding, compulsory enforcement or administrative court proceedings, the creditor is under duty to provide evidence within 15 days upon the issuance of the ship arrest warrant that it had commenced civil proceedings, compulsory enforcement or administrative court proceedings.

The goal of the ship arrest is to make available to the creditor assets of the debtor for future compulsory enforcement. Arrested ships may be released if another security is given in lieu thereof. The other security may be money deposit, bank guarantee, P&I Club or other corporate letter of undertaking or other values available for enforcement/collection if accepted as such by the creditor. Monetary deposits and bank guarantees are always accepted.

In the premises, it is possible to obtain the ship arrest or obtain the release of an arrested ship pursuant to accepted international standards and laws of Montenegro.

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

International Convention for the Unification of Certain Rules Relating to the Arrest of Sea-Going Ships 1952 (Brussels Convention) is applicable in Montenegro and consequently MINA is mostly set out in line with the said Convention. Sea-going ship is defined as a vessel intended for sea-going navigation, exceeding 12 meters in length and with GT greater than 15, or authorized to carry more than 12 passengers. Montenegro has made reservation to apply domestic rules for disputes as to the title to or ownership of any ship (Article 1, paragraph (1)(o)).

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

The ship may be arrested only under the authority of the court for maritime claim with the purpose of security of the claim but other Authority can order detention of the ship such as Harbor Master Office exercising Port State Control. It is worth noting that in 2011 the Maritime Authority of Montenegro joined the Paris MoU as a cooperating member with the prospect of becoming a full member in the future. The Customs Office authorities and the Criminal Court may order temporary detention of a ship for the purpose of their proceedings and under restricted terms provided in other laws or other

international conventions applicable. It is not the arrest in the sense of the Brussels Convention and MINA.

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

The prohibition of alienation and disposal as a specific measure or alternative to ship's arrest exists in Montenegrin law as a security measure related to maritime claim with the court order to make such entry in the Ship Register in Montenegro. Hence, possible alienation of the ship by the defendant against such prohibition has no legal effect whatsoever.

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

A ship can be arrested for:

Maritime claims as provided by Article 1 of the Brussels Convention¹⁹⁵² but when Convention is not applicable for all other claims notwithstanding to the nature if there is no reciprocity between Montenegro and the state of the flag. Because of the urgent nature of the ship arrest procedure, examination of the existence of reciprocity by Montenegrin Court is rarely done, and as a consequence thereof the court usually allows arrest for such ship practically for any type of claim.

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?

The concept of sister-ship arrest applies in Montenegro in the spirit of the Brussels Convention and the same is provided for in MINA that the applicant may arrest any ship owned by the person against whom the claim is directed but no other ship than the particular ship in respect of which the claim arose may be arrested in relation to the claim regarding the ownership, mortgage, hypothec or other like charges attached to a ship.

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

There is no restriction to arrest the vessel as regards bareboat and time-chartered vessel. In this regard MINA does not depart from the Convention.

There is a certain ambiguity in regard to time-chartered vessel for the bunker supplied to the chartered vessel not paid by the charterer to the supplier. There is no sufficient case law established so far in Montenegro to give judge guidelines and the court could be strayed and led to the conclusion that such claim is against the owner of the vessel.

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

This matter is not regulated by MINA but such possibility does exist in other laws and in our experience the court has never required a counter-security as a precondition for ship's interest in order to arrest a ship or for maintenance of already ordered arrest. Further, the claimant would have to prove in any case the existence of the claim. ECMA provides for a possibility that the creditor may post counter-security for the damage that could be occasioned to the debtor by rendering and enforcing the interim measure but this is done very rarely in practice.

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

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

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

Montenegro has not ratified any convention relating to maritime liens but the 1926 Brussels Convention on Maritime Liens and Mortgages is fully incorporated in the MINA.

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

That depends on the contents of the file and supporting documents all of which must be officially translated.

If the claimants have traced the vessel movement and prepared the documents as instructed before vessel's arrival in Montenegrin waters, no more than one day is required to sort documentation and prepare the application, but the official translation of the relevant documents may turn to be time consuming. However, the applicant must put forward a claim meeting the standard of lower level of proof of its existence and be well-grounded (*fumus boni juris*) and that should be observed as the best guidelines in preparing supporting documentation.

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

Yes. No special form is required to grant a POA to our law firm which authorizes our Law Office to handle the case. The POA is required to be signed by a duly authorized company officer.

Apart from POA all documents and evidence supporting the claim against the debtor are also required by the court including agreements, vouchers, invoices and survey or inspection report by a surveyor or inspector in relation to the damage, and nature of the claim, etc. If the arrest is based on a mortgage, the mortgage document and the appropriate petition for foreclosure, it is prudent to provide the latest excerpt from the Ship's Register.

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

Application for arrest must be in original/hard copy because electronic filings with the court are not possible for the time being. It is recommended that the original of POA be submitted. However, while pending receipt of the original POA, copy of POA may be transmitted by facsimile or scanned POA via e-mail which would suffice to lodge application for arrest.

No other documents are required in original but the court may order presentation of original if in doubt or on explicit demand of the debtor.

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

That is subject to the nature of the claim and some other factors, but the court shall have jurisdiction to determine the case upon its merits in any of the cases specified in detail in the Brussels Convention 1952, under Article 7, paragraph (1).

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

It is very simple and expeditious procedure. The shipowner may deposit the amount of money or other valuables with the court as ordered by the court in which case the vessel will be set free by the judge without application of the parties in dispute by issuing release order for the ship. The release order can be served to the master through Harbor Master Office to whom the power is presented to act for and on behalf of the court and the release order may be sent by facsimile transmission in order to speed up the release of the vessel.

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

There is a peculiarity in Montenegrin law in regard of security needed for the release. The court may order the deposit only in the amount for which the applicant had made probable the main claim and according to the standard of lower level of proof of claim but without costs and interest thereon, which is very difficult to assess in the early stage of proceedings. That means the court shall not determine the nature and amount of other security met in practice in other jurisdictions but this peculiarity can be easily overcome in practice with one advantage that the claimant cannot be exposed to the risk to be sued for excessive security sought and its consequences.

It is worthwhile to note that deposit with the court as ordered by the court pursuant to provision provided in MINA is without doubt a top-quality security, but may turn out to be a heavy burden for the owner and is rarely done in practice which is reflected in the practice of Montenegrin Courts.

The court shall play an active role and determine the nature and amount of the claim only in case regarding the default in discharging the agreement between the Parties when the ship has been

arrested in respect of any maritime claim enumerated in Article 1(1)(o) and (p) allowing vessel to continue trading.

19. Does security need to cover interest and costs?

Restriction imposed on the court as described under point 18. above cannot prevent the applicant and shipowner to negotiate the acceptability or otherwise of any form of guarantee less burdensome for the debtor and if they reach an agreement the applicant must notify the judge in writing and request the judge to release the ship from arrest and that shall be accepted by the judge and considered as good security. Naturally, such security if offered and accepted shall cover the amount of claim plus interest and costs.

When the interest of Montenegrin persons is involved, they will usually accept foreign bank guarantees for the amount of claim plus cost and interest as agreed between the Parties if confirmed by Montenegrin bank because if not confirmed by the Montenegrin bank, may cause difficulties in enforcement as the Montenegrin court has no jurisdiction over the foreign bank, and recognition of a Montenegrin judgment may have to be obtained.

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

The court cannot force the applicant to accept P&I Letter of undertaking or Letter of guarantee or in combination with P&I Club's bank but irrespective of that we have always instructed our clients without exerting pressure to consider acceptability of first class P&I Clubs of the Group who have always honored their obligation and their Letter of undertaking, which is the advantage in most circumstances to release the vessel or preventing arrest and in its wording total liability is composed of such sum or sums as may be adjudged, inclusive of interest and costs.

Local insurance companies are not prone to issue back to back guarantee when a P&I guarantee had been issued by foreign P&I Club and another disadvantage is that P&I Club cannot post security for an un-insured claim. However, in some cases we have attempted to convince the P&I Club to post guarantee to the satisfaction of our clients exploiting the possibility that each Club may define circumstances when it can issue letter of undertaking for liabilities outside the scope of P&I insurance cover against counter-security from its Members.

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

The ship can be released from the arrest by order of the same judge that granted the arrest upon the occurrence of one of the causes that permit a discharge of an arrest order under Montenegrin law described hereinabove, and the release time usually takes no more than few hours on the same date of application for release subject to official hours of the court.

22. Is there a procedure to contest the arrest?

Yes. The time for appealing an order for arrest to the court of appeals is 8 days from its notification to her master, who is considered to be the legal representative of the shipowner.

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

After the arrest the claimant must start proceeding on the merits within 15 days if the Montenegrin court has jurisdiction for hearing the entire action on the merits, but if the parties have agreed to submit the dispute to the jurisdiction of particular court or arbitration tribunal other than that within whose jurisdiction the arrest was made the single judge in his discretion may grant a period of 30 up to 60 days to the claimant to start proceeding thereafter and if the action or proceedings are not brought within the time so fixed the defendant may apply for the release of the ship or of the bail or other security provided.

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

Yes, although that matter is not regulated by MINA. The claim for indemnity can be instituted pursuant to The Law on Obligations and Torts against the applicant inflicting loss who wrongfully arrested the ship. The claim for indemnity should be placed in the separate proceeding. There is not sufficient case law so far whether the complaint for damages for wrongful arrest can be placed in the same arrest proceeding as known in other jurisdictions.

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

The court will not acknowledge the piercing and lifting of the corporate veil. Such institute does exist in corporate law but is not applicable for maritime claims because pursuant to the provision of MINA the court will acknowledge the Owner/Operator as the key person who is liable for obligation arising from navigation and use of the vessel for intended purpose.

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

This matter is not regulated by MINA, 1998 pursuant to which the compulsory sale of the vessel must be performed at public auction in rather lengthy court proceeding which must be properly advertised inviting all known creditors. Therefore, the ECMA being a subsidiary source of law which provides *pendente lite* sale of other assets in certain circumstances is not applicable in the case of arrested ship or seized in execution or satisfaction of the judgment.

Due to the above said limitation a way was found by instituting the sale of the vessel, somewhat similar to the institute of "*pendente lite*" but not on the application of parties in dispute or involved either in the sole discretion of the court. For that purpose recently promulgated Law on Safety of Navigation provides that Harbor Master may apply with the court for sale of the vessel "*pendente lite*" in the court proceeding if her master and the crew abandoned the vessel without being replaced by the Owner or Operator within time left to hire additional crew as per Certificate of Minimum Safe Manning, and as such presenting actual or potential danger for safety of navigation, port facilities or environmental risk as the case may be.

As regards the question how long does it take to sell the vessel "*pendente lite*" there is not sufficient case law so far but we may say for certain that will be the shortest and most simplified and expeditious way of proceeding for enforced sale of the vessel experienced in Montenegro.

***Attorney Radomir Milošević** graduated *magna cum laude* from Belgrade University School of Law in 1977. He took his Master's degree from Belgrade University School of law in 1983. (Master thesis: *Carriage of passengers by ship*) and in 2012 earned his PhD degree (PhD thesis: *Shipbuilding contracts*). Mr. Milosevic spent a year practicing at Ingledew Botterell law firm, The North of England P&I club in England and Lloyd's insurance Market in 1989, specialization in international maritime law. He started his law practice in 1978 and has worked as an in-house attorney for several Belgrade-based shipping companies prior to launching his career as a practicing lawyer in 1991. He is managing partner at Law Office Milosevic. As a lawyer he has concentrated on international commercial matters, including shipping and insurance law, both Serbian and international.

SHIP ARREST IN MOROCCO

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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:

- No P.O.A required,
- No original documents required
- Arrest order is granted on the sole basis of an ex-parte application
- No counter security is required
- Arrest order is most of time delivered within same day or the day after the application is filed
- An alleged maritime claim is sufficient; besides, the notion of maritime claim is interpreted widely,
- When the claim is related to a vessel, she can be arrested whoever is the debtor (even it is the time charterer)
- Sister ship arrests are admitted
- Associated ship arrest are also admitted on the sole basis of some relevant clues establishing a community of interests
- It is rather difficult to challenge an arrest order because Owners should go through an adversary procedure
- Bank guarantee or cash deposit is required to get the arrest lifted
- Arrest has no impact on jurisdiction (except for the exceptions provided in Brussels convention)
- There is almost no possibility to get remedies for wrongful arrest

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 there 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 from 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. As a general rule, Casablanca court accept to consider documents even if they are drafted in English. In the meantime, it is remains preferable to provide at least a free translation of the most relevant part of same. However, other courts, such as Agadir and Tangiers, uses to demand a sworn translation of all documents drafted in a foreign language.

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

A vessel under arrest can be released in three different situations:

- If the claim in respect of which the vessel was arrested is settled: If so, it is up to arrestors to grant a "mainlevée" on the basis of which owners have to seek before the court a release order which has to be served on port authorities.
- If security is posted: If a bank guarantee is issued, arrestors have to grant in consideration of same a "mainlevée" which enable arrestors to get a release order as described above. If a cash deposit is put at the court, owners seek a release order under the procedure as described in question 18.
- If the arrest is challenged before the court: In order to be in position to get a release order on the grounds that the arrest order was not founded, owners should establish that the conditions of the arrest as set out above are not met (if for instance there is no maritime claim or that the vessel is not concerned by the claim).

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

Security can be put up in two different ways:

- Bank Guarantee
In some cases, Arrestors accept P&I club LOU to be replaced by a bank guarantee within 8 days. However, as a general rule, they are reluctant to accept so.
- Cash deposit
The procedure is as follows:
 - File an application seeking authorization to put the amount of the security at the court,
 - Get the order giving such authorization
 - Put the money at the court (either certified check or lawyer check)
 - file proceedings seeking judicial release
 - get a hearing set by the court
 - notify to Opponents lawyer the convocation to the hearing
 - after the hearing court issue a release order
 - same has then to be served on port authorities by a bailiff

19. Does security need to cover interest and costs?

Security should cover the amount granted under the arrest order, which - in principle- does not cover interest and costs.

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

Only, if accepted by arrestors which is almost never the case in Morocco.

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

If payment is carried out or security posted, the vessel can be released within one or two days. If the arrest is challenged, it would take 3 to 4 days. However, this is mainly for Casablanca. Before other jurisdictions such as Agadir and Tangiers, it takes much more time.

22. Is there a procedure to contest the arrest?

Yes, as indicated in question 17.

23. What 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.

24. 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.

25. 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...).

26. 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.

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SHIP ARREST IN THE NETHERLANDS

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

The Netherlands remain a convenient jurisdiction for ship arrests. 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. Since 2017, parties can alternatively choose to submit their arrest petition to the court of Rotterdam, even if the ship is located or expected to arrive in a port other than Rotterdam. For some shipping claims, the court of Rotterdam even has exclusive jurisdiction to rule on the case, due to the special expertise of the Rotterdam Maritime Chamber. These arrest proceedings are *ex parte*. The petition can be filed after office hours or on weekends.

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 supporting documentation (such as underlying contract, invoices, an overview of outstanding invoices, summoning letters).

The bailiff enforces the arrest by serving the court order to the master and notifying the port authority. The port authority 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 claim must be filed in main proceedings before the competent court or arbitrators, which will usually be abroad, failing which the arrest will expire and the ship will be released from arrest.

The arrest must be lifted immediately once the claim is settled or in case sufficient alternative security is provided. This is usually done by providing a bank guarantee from a first class Dutch bank or a letter of undertaking by P&I Clubs of good standing. An arrest can then 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 very short notice. A decision will follow shortly. The court decides whether the claim has sufficient merit to justify maintaining the arrest. In practice, it is an uphill battle to convince the court the claim is clearly without merit. Yet, this does not discharge the arresting party to make its claim plausible.

It should be noted, that the Court of Rotterdam is equipped with a highly specialized Maritime Chamber. This Chamber is exclusively competent to deal with most maritime cases. Due to the international character of these cases, parties even have the possibility to litigate in the English language. The abovementioned overarching competence of the Rotterdam court for ship arrests is also based on the expertise of this court in dealing with maritime cases.

Finally, a special "Netherlands Commercial Court" was created as of 1 January 2019. This Court, located in Amsterdam, can deal with complex international trade disputes in the English language, if the parties have agreed that this Court has jurisdiction to settle their dispute.

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 must 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 there 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).

A conservatory arrest is indeed possible in the Netherlands, as described under the overview above.

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 and not the Brussels Convention, the ship can be arrested for any type of claim.

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

A ship may in principle 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.

However, there are various 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 (such claims for unpaid bunkers, supplies).

Certain claims can attach to the ship 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 said, 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.

In an important decision rendered in 2014 the Supreme Court widely interpreted the sister ship / bare boat charterer - clause of Article 3(4) last paragraph Brussels Arrest Convention 1952 ("*a person other than the registered owner*") in favour of the claimant seeking security. An arrest on a sister ship based on Article 3(4) need not necessarily be on a bare boat charter.

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. However, 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 from the moment the file arrives to your law firm?

Generally between 3 and 8 hours depending on the complexity of the case. 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. What is the procedure to release a ship from arrest?

By serving a writ of summons in summary proceedings on the arresting party, the ship owner can demand immediate release of the ship from arrest. The court (where the ship is located) will set a date for a hearing on very short notice. The more urgent, the quicker the hearing. At the hearing both parties' lawyers will plead the case orally. A decision will be issued within a few days, if not already immediately after the hearing (although that is rare). The court will lift or maintain the arrest by court order. The ship is then virtually released. To effectuate the court order, the arrestor's lawyer is supposed to instruct the bailiff to call the harbour authorities that the ship is free to go.

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

The type of security to be provided by the ship owner to the arresting party in release from arrest is up to the discretionary powers of the court. But in practice this varies from a (first class Dutch) bank guarantee, a deposit on an escrow account or a letter of undertaking given by a reputable and financially strong P&I Club ("Club letter"). Standard forms are in use on the basis of which a bank guarantee or Club letter is given.

19. Does security need to cover interest and costs?

Yes, the arresting party may add 30% (the "raise") over the capital claim (which claim is not exceeding an amount of €300,000) for covering (future) interest and (procedural) costs. To claims exceeding €300,000 applies a gliding scale, i.e. the higher the amount the more limited the raise for covering interest and costs (still 20% for claims up to €1 mil).

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

Although case law is divided, technically, a court may reject a request for lifting an arrest despite of a P&I LOU put on the table by the ship owner if the arresting party refuses to accept the P&I LOU and demands a bank guarantee instead. However, in practice P&I LOUs are very often accepted by the arresting party in release from arrest, which means the court usually need not to decide whether P&I LOUs are considered sufficient alternative security. P&I LOUs are only acceptable when provided by a reputable and financially strong P&I Club.

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

If the court order lifting the arrest is in place or the parties have made an agreement (settlement or alternative security), the arrest can be lifted within 5 minutes. There is no need for the court's intervention, the lawyer acting for the arresting party simply calls the bailiff who enforced the arrest. The bailiff subsequently calls the harbour authorities that the ship is free to leave again.

22. Is there a procedure to contest the arrest?

The arrest can be contested/challenged in summary proceedings as described in question 17. Usually, the ship owner's lawyer holds the arresting party liable for wrongful arrest and demands immediate release and if refused the ship owner can turn to the court with the request to issue a court order to lift the arrest.

23. What 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.

24. 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.

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

Dutch law is rather strict in the definition of "ownership" and in acknowledging company structures. As a result, Dutch courts are not easily inclined to "pierce the corporate veil", i.e. treat companies as one in the sense that claims on the one can be recovered from the other company. Hence, courts do not quickly allow a ship arrest for a claim against a third party although having close links to the ship owner. If the corporate structure is used to actively mislead creditors in order to avoid payment however, the courts could under exceptional circumstances be inclined to rule differently. The corporate veil may also be pierced if (foreign) law applicable to the question of law provides grounds for piercing the corporate veil or for "identifying" two or more companies as one and the same company.

26. 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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SHIP ARREST IN NEW ZEALAND

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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 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 continuing a 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 but a hearing is usually required and the applicant must 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 to 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 irrespective of her flag?

Yes.

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

For some claims, yes, except for 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:

- (a) possession or ownership;
- (b) claims between co-owners;
- (c) claims in respect of a mortgage; and
- (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 from the moment the file arrives to your law firm?

Provided that all of the necessary information (including translations if required) is available, the proceeding could be prepared and the application for arrest made on the same day. 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 this 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 or where there is another more appropriate forum (and security has been provided).

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

A party interested in a vessel under arrest can request the release of the vessel by filing in the court a standard form setting out the grounds on which the release is sought. The registrar must ascertain whether there is a caveat against release in force before releasing the vessel and, if there is, the party seeking release must give notice to the caveator requiring that the caveat be withdrawn. The vessel will not be released until the caveat has been removed. The registrar may issue a release either upon an order of the court or with the consent of all the other parties to the action. The registrar must issue a release if the party who sought the arrest files a notice withdrawing the warrant of arrest before an appearance is entered in the action concerned.

Before the vessel is released, the party who sought the arrest must either pay the costs due in connection with the custody of the vessel while under arrest or undertake to pay those costs.

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

A vessel may be released from arrest if the amount claimed in the relevant notice of proceeding together with costs of issue and execution of the warrant of arrest is paid into court or if security for those amounts is given to the satisfaction of the registrar. On the application of any party, the court can determine the amount and form of the security required.

19. Does security need to cover interest and costs?

A plaintiff is normally entitled to security on the basis of its reasonably best arguable case, together with interest and costs.

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

International Group P&I Club letters of undertaking have been established as an acceptable form of security in New Zealand. Other forms of security may also be accepted on proof of sufficient means.

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

Once the request for release has been filed and security to the satisfaction of the registrar, or as determined by the court, has been paid, the vessel will normally be released immediately. If the parties are unable to agree on the amount of security, there may be some delay for an application to determine the amount and form of security to be heard.

22. Is there a procedure to contest the release?

There is no specific procedure set out in the Admiralty Act or the High Court Rules to contest a release. Any party may make an application to the court to determine the amount and form of security if they are not satisfied with the amount agreed or set by the registrar but the application will need to be made before the registrar has issued the release. Accordingly, a party that is interested in a vessel under arrest is likely to want to file a caveat against release, intervene in the proceeding and file their own in rem claim against the vessel to ensure that notice is given to it when a request for release is made and that it is able to seek to be heard in relation to that request.

23. What 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 claim must be filed with 10 working days. The Courts will apply relevant limitation provisions to any claims.

24. 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.

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

Only in special circumstances where a failure to do so would cause substantial injustice.

26. 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 on-going costs of arrest are likely to exhaust the security in the ship.

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SHIP ARREST IN NIGERIA

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

Where owners have placed acceptable security for the release of a ship, the court may order release of the ship upon request made by the owners for release of the ship. In some cases, the arrestor could request for release of the ship, where owners have placed acceptable security for the release. In some cases, the court may order release of a ship under arrest, if owners successfully challenge an order of arrest.

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

Security such as bank guarantees, P and I Club LOUs and insurance bonds are acceptable to be placed for the release of ships.

19. Does security need to cover interest and costs?

Yes, security must cover the claim, interest and costs.

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

Yes, P&I LOUs are accepted as sufficient to lift the arrest.

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

A ship can be released within 24 hours of filing an acceptable security.

22. Is there a procedure to contest the arrest?

Yes, there is a procedure to contest the arrest.

23. What 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.

24. 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 with:

- 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.

25. 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.

26. 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.

****ÁELEX** 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.

ÁELEX 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

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

Arresting a ship in Norway can be arranged quickly and at a reasonable cost. Norwegian courts do not require the claimant to provide any documents in original, and legal counsel does not need to present a POA from the claimant. Further, Norwegian courts rarely request translation of documents written in English or any of the Scandinavian languages.

In order to arrest a vessel under Norwegian jurisdiction, the claimant must submit an arrest application to a District Court with jurisdiction, i.e., the vessel's current port or the vessel's port of call. If the defendant is Norwegian, the claimant may also submit its arrest application to the District Court of the defendant's office or residence.

In order to arrest a vessel, several conditions for arrest must be proven upon a balance of probability. Most importantly, the claimant has to prove that it has a maritime claim against the shipowner as debtor. Norwegian law does not acknowledge actions against the vessel "in rem", and the arrest will not succeed unless the shipowner is also the debtor. Another peculiarity of Norwegian arrest law is that the claimant has to prove upon a balance of probability that it has a "reason for arrest". Pursuant to the Norwegian Dispute Act the court may only award arrest if the behavior of the debtor gives reason to fear that the enforcement of a claim would otherwise be made impossible or substantially more difficult, or if enforcement has to take place outside Norway. Consequently, the court has discretionary power to deny an arrest petition if there is no "reason for arrest". The courts will usually consider the arrest petition on the basis the claimant's writ of claims without a defence reply or a hearing, as time will often be of major importance. If the application succeeds, the courts will notify the local enforcement authorities, which will secure that the ship does not leave the harbor, and that the arrest is reported to the ship register. The shipowner may subsequently request a hearing to dispute the claim or the "reason for arrest", and in case of wrongful arrest, claim damages from the other party.

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

Norway is a party to the 1952 Arrest Convention, which is incorporated into Norwegian law through the Norwegian Maritime Code and the Norwegian Dispute Act. Norway has reserved its rights in accordance with Art 10 (b). Norway is signatory to, but has not yet ratified the 1999 Arrest Convention. We do not expect Norway to ratify the 1999 Arrest Convention in the near future.

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

There is really no alternative to the normal procedures for arrest of ships. However, Norwegian flagged vessels may be subject to so-called "register arrest", where the arrest is registered as an encumbrance in the ship register, but without physically seizing the ship. Although normally not as effective as a physical arrest, this might be an option e.g. if the claim is not a maritime claim, as this will provide some security against the owner's legal dispositions of the vessel.

Further, it might reduce the claimant's exposure to liability for wrongful arrest as the vessel will still be able to sail.

Finally, the claimant may file for arrest of bunkers or cargo if it does not have a maritime claim against the owner and therefore is unable to arrest the ship as such. This may have effect until the bunkers or cargo is loaded off the ship.

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

With the exception of freezing orders related to bankruptcy proceedings, no. However, a vessel may serve as security for a claim in other ways than arrest. One possibility is by way of liens or mortgages, which may also give the creditor the right to enforcement. Such security can be based on contract or

by statute, or more commonly when considered as an alternative to arrest, by order of the enforcement courts.

The general right of detention/retention may also give security for a claimant in physical possession of the vessel, e.g. the yard's right to detain the vessel in its docks until its claims have been paid in full.

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

According to the Maritime Code section 92, a ship can only be arrested if the claim is a maritime claim. The definition of "maritime claim" in the Norwegian Maritime Code section 92 includes all maritime claims listed in the 1952 Arrest convention article 1(1), with the addition of claims for compensation after wreck removal.

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

Yes. Norwegian courts will also recognize maritime liens established in accordance with the law of the flag.

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

No. Norwegian law does not acknowledge action "in rem", and as a general rule the owner of the ship has to be the debtor of the maritime claim (with the exception for certain maritime liens).

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

As a general rule, the maritime claim must be related to the ship. Nevertheless, and as allowed for under the Arrest Convention, the Norwegian Maritime Code section 93 allows for sister ship arrest as long as the vessels have the same legal entity as direct owner. It is not possible to arrest ships with associated ownership, e.g. two ship owning companies with the same holding company.

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

In principle, this does not affect the possibility of taking arrest. As mentioned above, an arrest will only be granted if the debtor is also the owner of the ship. The charterer therefore has to respect an arrest award related to claims against the shipowner. The claimant, on the other hand, may not file for arrest on basis of a claim against the charterer, unless the ship owner is deemed jointly liable. Bunker invoices issued "to the charterer and/or vessel and/or owner" (or similar wording) will normally not be regarded as a claim against the shipowner in this respect.

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

Section 33-3 of the Norwegian Dispute Act empowers the courts with discretion to grant arrest subject to the claimant depositing counter-security. The security is fixed at the courts discretion based on the potential liability in case of a wrongful arrest.

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

No. Section 92 (2)(q) of the Norwegian Maritime Code exempts maritime liens from the definition of a maritime claim, and theoretically it is not possible to arrest a ship on basis of maritime liens. Nevertheless, a claim secured by a maritime lien will normally be within the definition of a maritime claim and thus serve as basis of an arrest on that basis.

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

Yes, maritime liens are recognized under Norwegian law. The provisions on maritime liens are found in the Maritime Code section 51, and are similar to those found in the 1967 Maritime Lien Convention although Norway is not a signatory.

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

Advokatfirma Ræder will be able to arrange for arrest of a vessel in any Norwegian port within 24 hours after receiving necessary documentation by e-mail.

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

Norwegian courts will not require claimant's legal counsel to present a POA. We normally advise claimants to submit copy of written evidence, e.g. copy of invoice, claims letter etc. This increases the chance of a successful arrest, as in most cases the claimant must prove the substantive claim on a balance of probabilities. Evidence in languages other than English, Norwegian, Swedish or Danish, may have to be translated.

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

Norwegian courts do not require any documents to be submitted in original, notarised or legalized. The arrest petition, however, has to be signed by the claimant and delivered to court by hand or regular mail. Claimant's legal counsel may file the arrest petition including evidence electronically to the court online for the court's immediate attention.

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

Yes, unless the parties have entered into a legal and valid agreement on venue or arbitration, the arrest court will accept jurisdiction over the substantive claim.

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

There are several procedures to release a ship from arrest. Firstly, a release may be requested against payment or security for the claim being basis for the arrest award. Secondly, release may be sought by disputing the arrest award by requesting a subsequent hearing on either the substantive claim, or the claimant's "reason for arrest", or both. It normally takes some time to obtain a release on basis of disputing the arrest award, unless the shipowner is able to provide evidence of an obviously wrongful arrest. Thirdly, the arrest will lapse one month after the claimant has obtained an award on the substantive claim, unless the claimant has taken legal steps in order to enforce the judgment. If not released yet, the arrest will lapse once the claimant has been awarded an enforcement lien for its substantive claim.

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

Norwegian courts only accept cash deposit and unconditional bank guarantees issued by a Norwegian financial institution.

19. Does security need to cover interest and costs?

The security has to cover the full amount of the claim including interest and costs, provided that interest and costs are included in the claim.

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

Norwegian courts do not accept LOUs as security for lifting an arrest. Claimants, however, may accept LOUs from reputable P&I clubs as sufficient security to agree to lift the arrest.

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

The vessel will be released immediately upon the lapse or lifting of the arrest. The time it takes from an arrest award to actual release depends on which alternative release procedure is applied. Normally the ship should be allowed to sail within hours following evidence of security. In case the ship owner decides to contest the arrest, it may take weeks and even months.

22. Is there a procedure to contest the arrest?

Yes, the defendant may request a hearing in which he may contest the claim or the claimant's "reason for arrest".

23. What 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. If no such time-limit has been fixed by the court, the period will be one year from the issue of the arrest order. If proceedings are not instituted within the time-limit, the arrest order will be quashed. The court may, at its own discretion, extend the one-year time limit upon request by the claimant.

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

Yes. Pursuant to section 32-11 of the Norwegian Dispute Act, the claimant may be held strictly liable for all of the defendant's economic loss if the claim did not exist at the time of arrest. The same applies if the claimant by negligence or intent has given wrongful or misleading information regarding the "reason for arrest".

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

As a general rule, the shareholders of a company with limited liability will not be personally liable for the obligations of the company. Pursuant to the Norwegian Limited Liability Companies Acts section 17-1, however, the company's Directors, general manager and shareholders may be held liable in damages in case of own or contributory negligence or willful misconduct. In addition, and although there is no legal precedence yet, the Norwegian Supreme court has in previous cases stated that piercing and lifting the corporate veil cannot be ruled out "in exceptional circumstances".

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

When a ship has been arrested, the owner does no longer have legal rights to dispose of the ship. On the other hand, an arrest does not give the claimant the legal rights to dispose of the ship or seek enforcement in and to the ship. Consequently, enforcement is subject to a final award on the merits of the substantive claim and thereafter proper enforcement proceedings. However, the courts can agree to a sale "*pendente lite*" if the arrest holder requests it, and it is necessary to avoid substantial decrease in the value of the ship.

***Kyrre W. Kielland** has, *inter alia*, extensive experience with financing and other transactions within shipping, aviation and real estate. He regularly provides advice within contract law, maritime law and insurance law (including liability insurance).

Prior to joining Ræder as partner in 2014, Mr. Kielland worked as senior associate (No: *senioradvokat*) with Kluge Advokatfirma. By his secondment with Eksportkreditt Norge AS in 2012/2013, he gained precious experience with export financing. Mr. Kielland wrote his master thesis as research assistant with the University of Oslo, Department of Private Law, where he graduated as Master in Law in 2008.

Mr. Kielland has contributed to several Norwegian and international publications, and is regularly appointed external examiner for master students at the University of Oslo.

SHIP ARREST IN OMAN

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

The Omani Maritime Code regulates the conservatory arrest of ships. The arrest application must be submitted to the Court of First Instance. The Court 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 one of the maritime debts listed in the Omani Maritime Code (please see below question No. 5). The arrest order may be challenged but this procedure is usually complex and lengthy and the quickest way to lift the arrest is to put-up a security (please see below question No. 18).

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

Oman is neither a party to the International Convention on the Arrest of Seagoing Ships of 1952 nor to the International Convention on 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 Oman in the context of either a precautionary seizure procedure or an enforcement procedure commenced against her. The main difference between both procedures is that the applicant is not required to have an execution deed against the ship in order to commence precautionary arrest proceedings against the ship.

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

There are no alternatives for the arrest of ships in Oman as the Maritime Code that regulates the arrest of ships prevents the applicant from relying on other laws in Oman.

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

In order to arrest a vessel in the Omani territorial waters, the creditor must have a "maritime debt" against the ship. Article 188 of the Omani Maritime Code defines maritime debts as follows:

1. Damages caused by the vessel due to collision or other reason.
2. Losses of lives or physical injuries caused by the vessel or which has originated from utilization.
3. Aid and rescue.
4. Contracts for utilizing or chartering the vessel under a charter party or other contract.
5. Contracts for the carriage of goods under a charter party, bill of lading or other.
6. Complete loss of or damage of goods and luggage carried by the ship.
7. General average.
8. Towage of ship.
9. Pilotage of ships.
10. Supply of equipment and tools which are necessary for the ship's utilization or maintenance.
11. Building, repairing and equipping of the vessel as well as the ship as well as the expenses incurred thereon while in docks.
12. Wages of masters, officers and sea men and others who work on the ship under articles of agreement.
13. Sums spent by the master, shippers, charterer or agents for the ship's account.
14. Dispute over the ownership of a vessel or dispute over single ownership.
15. The rights over the profits resulting from her utilization.
16. Marine mortgage, especially every mortgage the origin of which enables the application of limitation of liability of the owner or her manager.

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

Yes. A ship anchored within the Omani territorial waters can be arrested irrespective of the flag she is flying.

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

Pursuant to Article 189 of the Omani Maritime Code, any debtor whose debt is qualified as a maritime debt may arrest the ship anchored in Omani territorial waters.

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

The arrest of sister ships in Oman is possible as long as the sister ship was owned by the debtor at the time the debt was incurred. However, if the debt resulted from a dispute over the ownership of the ship, the rights over the profits resulting from her utilisation and maritime mortgage (see above bullets No. 14, 15 and 16 listed under question No. 5).

Regarding the arrest of associated ships, there is a great degree of uncertainty as, for the arrest to be successful, we need to prove to the judge the close link between the entity owning the ship that incurred the debt and the entity owning the associated ship.

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

The Omani Maritime Code gives the creditor of the charterer who was given control over the nautical navigation of the ship the right to arrest the ship for a debt resulting from the charterer's actions. In addition, the creditor has the right to arrest any other ship owned by the charterer.

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

No counter-security is required in Oman.

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 between the arrest of a ship for a maritime claim and the arrest of ship for a maritime lien.

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

Maritime liens are enumerated in Article 156 of the Omani Maritime Code. This Article reads:

"Lien right shall be considered so if it includes the vessel, the freight of a voyage during which the lien has originated, the accessories and the freight due on the day of the commencement of the voyage according to the following:

1. The legal expenses which were spent for keeping, sale and distribution of the price of the vessel, loading, lighthouses port and other fees as well as taxes of the same type, pilotage fees, indemnities for the damages sustained by port installations, decks and guarding and maintenance charges from the time of the vessel's entry into the last port.
2. The debts arising out of the terms of agreement of the master, seamen and others who work on the vessel under a contract.
3. The salvage monies payable for the aid and rescue as well as the vessel's share in the general average.
4. The indemnities payable for collisions, other navigational accidents, physical injuries to passengers, sea-men and others who work on the vessel under a contract and complete loss or damage of goods and luggage.
5. The debts arising out of the contracts concluded by the master and the operations he carries out, within the scope of his legal powers, outside the vessel's port of registration for an actual need which is required for the vessel's maintenance or continuing with the voyage, whether the master is the owner of the vessel or otherwise and whether the debt is payable to him, suppliers, lenders, persons who repaired the vessel or other contracted parties."

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

Assuming that all forwarded documents have been translated into Arabic by a sworn translator in Oman, the ship can be arrested within 48 to 72 hours.

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

A POA duly notarised and legalised up to the Omani Embassy must be submitted to the competent Court with the arrest application. In addition, we need to attach to the arrest application all the documentation supporting the claim against the ship. In this context it must be noted that the official language in Oman is Arabic which means that all documents in foreign language must be translated into Arabic by a sworn translator in Oman prior to submission.

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 documentation supporting the claim must be attached to the application and electronic filing is not available. As mentioned under question 14 above, if these documents are in foreign language they must be translated into Arabic language. Only official documents must be legalised up to the Omani Embassy at the place of issuance and then legalised by the Ministry of Foreign Affairs in Oman.

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

The Omani courts will not accept jurisdiction over the substantive claim once the vessel has been arrested if the parties have agreed to give jurisdiction to a foreign court.

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

The release of the ship by the applicant is done by virtue of a simple memorandum submitted to the court in this regard. The decision issued must be served upon the ship and the harbour master or the coast guard. If the defendant to the application wants to release the ship then he must deposit the security requested by the judge and request from the judge the release of the vessel.

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

The security that needs to be placed to release the ship is either a bank guarantee issued by a local bank or cash deposited in the court.

19. Does security need to cover interest and costs?

The security needs to be equal to the amount included in the arrest order which will be assessed by the judge.

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

P&I LOUs are unacceptable by Omani Courts.

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

The release of the ship can be done within 48 to 72 hours.

22. Is there a procedure to contest the arrest?

The defendant to the arrest application may file a grievance before the Court who issued the arrest order. Upon hearing the grievance, the Court may make an order lifting the arrest order and such judgment shall be enforceable through the normal channels. The grievance shall be submitted within seven days from the date of issue of the arrest order.

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

After the execution of the arrest, a period of 10 days is granted in order for the claimant to take legal action on the merits.

24. 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 may succeed if the party claiming indemnification can prove the bad faith of the arresting party and its losses arising from the arrest.

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

This concept is not recognised in Oman.

26. 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.

In 2008 **Omar joined the Transport & Insurance department at Al Tamimi & Company and currently is the head of the department covering 9 countries.*

Ranked by both Legal 500 and Chambers and Partners, Omar's experience as a marine lawyer and advocate covers almost all aspects of the industry. He has dealt with and represented major P&I Clubs regarding claims. He has represented many clients in marine disputes through arbitration in London, Dubai, Kuwait and Jordan. He regularly advises in cargo, container, marine agency, shortages, groundings, bunker, collisions, salvage, seaworthiness and insurance claims. He has also advised on many vessel sale and purchases, which includes drafting, reviewing and advising on related legal and finance documents. He also has drafted and advised on different types of maritime documents such as recaps, charter parties, B/L, LOIs, Agency Agreements, Insurance and P&I cover. Omar's experience includes mergers and acquisitions advice and structuring and set up advice for marine companies and other entities in jurisdictions such as Cyprus, Egypt, Germany, Jordan, Malta, Panama, Sudan, UAE (including the free zones) and UK.

Omar is an author of the UAE Vessel Registration and Mortgage Section in the Kluwer International Maritime Law Handbook. He is currently heading the EMAC team to establish the first Maritime Arbitration Centre in the UAE and the region.

SHIP ARREST IN PANAMA (QUESTIONS 1 TO 9)

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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, more cargo and port activities are the result of the enlargement inaugurated in 2016. In reference to maritime jurisdiction, until March, 1982, a United States Federal District Court for the Canal Zone handled maritime claims at the Panama Canal. Since then, as a result of the Panama Canal Treaties Torrijos-Carter, Panama took over maritime jurisdiction in all canal waters and the Maritime Court of Panama was created by Law 8 of 1982. The Maritime Court of Panama 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, being fluent in English among other requirements; 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, speedy 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 Panamanian 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 if requested. This is commonly referred to as *forum arresti*. Any vessel present in Panama is subject to be arrested either under an *in rem* theory or an *in personam* action against owners and charterers.

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 underlying 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. In the area of conflicts of law 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. Third, a Maritime Court may exercise its jurisdiction to enforce maritime liens or encumbrances via an *in rem* action. Another option which has become very popular is the "flag arrest", which is an injunction preventing the vessel from being sold, deleted, mortgaged, transferred to another registry, in other words maintain the status quo until the court decides otherwise. Under 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, the court decision as to bond is totally based on the available evidence of the claim.

4. Are there 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 irrespective 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 irrespective 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 sister ships or associated ownership vessels, Panama will recognize it. In cases where Panama Law is applicable sister ship 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.

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.

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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 26)

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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 from 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 Hague Convention applies, Apostilled, or in lieu thereof by the Consul of a country deem 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 (i.e. *sana crítica*).

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

The law provides that the plaintiff may unilaterally do so. Also by posting of security and filing a request. This could be made unilateral by the defendant/owner of the asset or a third party, or jointly by plaintiff and defendant/owner of the asset. Failure of the plaintiff to consign relevant maintenance amounts, after five days from a request, also allows the Marshall to proceed with the release.

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

The law provides the following alternatives

1. Cash or Certificate of Judicial Deposit at the National Bank of Panama
2. Letter of Guarantee, Certified or Cashier's Cheque from a local bank holding a general license.
3. Surety from an insurance company licensed in Panama.
4. Other which the parties may agree.

19. Does security need to cover interest and costs?

Response. Yes, these would be assessed by the Judge upon fixing the amount of release bond. However the parties may agree in terms of amount, thus also excluding interest or costs.

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

These are, but would need the acquiescence of the plaintiff.

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

Usually within the day of filing of the request (including if the necessary release bond is duly consigned with the Court)

22. Is there a procedure to contest the arrest?

Yes, this involves a motion duly supported for wrongful arrest, when there is a mistake in the asset to be attached or ownership thereof, the absence or inexistence of an alleged maritime lien causing the arrest or against an agreement not to arrest.

23. What 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.

24. 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.

I have applied the rules of wrongful arrest to have successfully obtained the release of an injunction over the vessel, known as "flag arrest", and such mechanism is now being used by other colleagues.

25. 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.

26. 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.

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SHIP ARREST IN PERU

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

a. Introduction:

Peru is a country lacking specific maritime laws. Ergo, when it comes to trying cases of this nature, one must rely on international treaties, doctrine and local laws currently in place. Moreover, the term *arresting a ship* is inapplicable in this country regardless the objective being achieved. Peru has a handful of maritime attorneys who can be referred to as such only by the length of time they have been exercising in this specialty. Given the intricacies that practicing law in a country that lacks formal local regulation entirely can represent a challenge to say the least. The concept of *arresting* a ship in Peru is non-existent per se, it must be done through a preliminary injunction that if requested *out of process* may be obtained in a few days' time, but achieving this monumental task on its own can prove to be a costly, tedious and complex temporary solution. The other option to requesting an injunction is to do so within the judiciary proceeding, but in Peru, if the courts are not on strike, holidays or month-long vacation, then this may take several months to achieve. In summary, placing a do not move order on a ship is a viable option, but documents need to be in place that can readily be legalized at the Peruvian Consulate in the plaintiff's jurisdiction or by apostille and immediately couriered to Peruvian counsel for official translation whilst the claim is being drawn up.

b. Legal proceedings in the Peruvian judicial system are classified into two large groups: "Contested" and "Uncontested". In this regard, maritime claims are processed within the so-called contentious (contested) proceedings, which, in turn, are sub-classified into: cognizance proceedings; summary proceedings; expeditious proceedings; and claimed proceedings based on amount.

The typical procedure characterizing maritime claims in these kinds of legal proceedings is the following: claim (lawsuit); preliminary pleas and points of defense; responding to preliminary pleas; evidentiary hearing and controversial issues, allegations, and judgment.

The time-scale can range from three to five years in the High Court, mainly due to legal backlog.

The legal basis governing the various judicial proceedings and their respective time-scales are stipulated in the Peruvian Civil Procedural Code (from Articles 475 to 607).

c. The Peruvian arbitration system has been strengthened due to the crisis that is afflicting the traditional justice system. It is widely used in deciding maritime claims, provided that a valid arbitration clause is in place. The time-scale for the final resolution is about eight months. The legal basis governing both the proceeding and time-scale in the arbitration is stipulated in Executive Decree No. 1071 – Law Governing the Arbitration, in force and included in the Peruvian legal system since September 1st, 2008. However, in the case of institutional arbitration proceedings, such as the Lima Chamber of Commerce (CCL) or the American Chamber of Commerce of Peru (AMCHAM), they are regulated by their respective regulations of arbitration and additionally by the above-referenced Arbitration Law and the Civil Procedural Code, in that order of preference.

d. Conciliation is a prior step that claimants must follow to be able to initiate legal action. However, reaching a mutually agreeable solution in this procedure, in maritime matters, is rare.

With regards to the time-scale applied to maritime claims in the conciliation proceedings, it is necessary to specify that the proceeding can last up to one month.

e. The legal basis governing both the proceeding and time-scale in the conciliation is stipulated in Law No. 26872 – Law of Conciliation, in force in Peru since November 13th, 1997 and Supreme Executive Decree No. 004-2005-JUS-Regulations of the Conciliation Law.

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?

The precautionary measure of placing a lien on the ship is a solid option that goes hand in hand with filing a formal claim before the pertinent authorities. This however leaves a great deal up for interpretation, as it requires counsel to approach the court presiding over the case for an ex parte meeting with the judge to explain the case. However, this is an option that is widely used and mostly accepted in the event the defendant has incurred debts with companies or government agencies located within the Peruvian territory. I would add that limiting this task to debts incurred in Peru only would be erroneous as we have been able to detain and hold vessels for debts with foreign entities in Peruvian waters just as well.

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

Only precautionary measure.

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

- a. Debts,
- b. Criminal activities,
- c. International arrest warrants,
- d. Suspicion of illegal trafficking or
- e. Human trade, etc.

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

Yes, in accordance with the Convention of 1999.

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

Yes, if it can be demonstrated that there is just cause and a pre-existing debt that is currently part of an active proceeding in Peru.

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

Although not customary, a sister ship or any other property for that matter can be arrested if the property can be demonstrated to be that of the debtor.

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. Either ship can be detained and held under a Do Not Sail order if a court order so mandates it.

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

Yes, based on Articles 608, 610 and 613 of the Peruvian Procedural Civil Code, counterclaims are mandatory and represent a percentage of the outstanding amount allegedly owed.

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

The judicial proceedings will be the same for both.

12. Does your 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 from the moment the file arrives to your law firm?

Company documents that attest to the debt (invoices, Charterparty, amounts, wire transfers, etc) can be legalized at the Peruvian Consulate or they can be Apostilled, either way, they then need to be officially translated into Spanish in Peru. There must also be a Power of Attorney (POA) enacted in our favor, which must be done at the Consulate. Please note that any documents procured at a Peruvian Consulate, upon arrival in Peru must be further legalized before the Peruvian Ministry of Foreign Affairs in Lima thus adding to the time. These must then be registered locally at the Lima Public Records. As a result of all these steps, clients must start this process as soon as possible in order to have them completed in time. All but the POA can be obtained in 72 hours and even less depending on the circumstances and while pending a litigious process.

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 detention. These documents are be BL, Invoices, Charter party, etc. Power of Attorney will be provided to client on the day they contact and retain our services but they will process it internally.

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 ever needed, that is why the court requests legalizations by way of Peruvian Consulate or Apostille services to ensure the copies adhere to the originals. These documents are needed in order for the court to issue a final ruling but given the time constraints, we file claims with copies while the client is legalizing copies of the originals.

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

Yes, as long as all documentation support the claim then the court will issue a Do Not Sail order awaiting the start of the case or further indication from outside courts.

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

In order for the Sail block to be lifted, the court that issued the block in the first place has to be the one that lifts it. This can only take place once the reason that initiated the block in the first place has been satisfied, i.e. an outstanding debt has been paid, ship has been turned over to its rightful owners, etc.

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

In principle, the arrested vessel may be released on the offering of a bank guarantee in the amount for which the arrest was issued in the first place.

Otherwise, a release can also occur when all debts and commitments between the defendant and the plaintiffs have been satisfied accordingly

19. Does security need to cover interest and costs?

If that makes up part of the agreement then yes. Other times the debtor agrees only to a written agreement but this is entirely between the parties, all the courts need to know is if the plaintiff is desisting in his endeavors at recovering a debt.

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

No, since Peru has no specific maritime law it needs to only go by that which is stated in the Peruvian Civil Code and international treaties.

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

The court order indicating the release of the vessel can be issued in two to five days, however, this order needs to go through various channels which may add additional time to complete the process.

22. Is there a procedure to contest the arrest?

The defendant, in responding to the initial claim can assert a lack of validity to the invoices, the BL, and even question the Charterparty itself in order to cast a shadow of doubt to the claim. We have seen many courts prefer to discard an initial claim in fear of starting an international debate while others actually go through the due diligence process in order to determine who has a better right.

23. What 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, which can take place in two forms: *out of process* or within the process. In the foremost the claimant must initiate legal actions by filing the claim immediately after said arrest has been granted, while in the latter the lien is granted as a result of the legal proceedings initiated by the plaintiff.

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

The claimant is asked to deposit a counterclaim with the court to assure damages in the event of a wrongful arrest. However, if the defendant can through the judicial proceedings demonstrate that it was in fact a wrongful claim then the affected party can file for additional damages and loss of income against the claimant.

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

Corporate veils can only be lifted through judicial orders, which must be ratified by a local judge in the event the order is foreign.

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

Yes it is possible but under two conditions: only through a court order from a local judge and only if the buyer is fully aware that the ship being sold is currently undergoing a legal proceeding.

***Dr. Sandro O. Monteblanco** is an attorney who operates out of Lima, New York and Madrid. Dr. Monteblanco was brought up in the United States and spent his formative years between Oregon and New York. Later in life he moved to Europe where he graduated Magna Cum Laude from Chelsea University in the UK with an advanced degree in International Business Administration. Dr. Monteblanco later returned to Peru where he worked as a foreign business consultant assisting foreign franchises set up operations in Peru as well as throughout South and Central America. While successful at this venture, Dr. Monteblanco decided to bridge the gap between designing the business plan and executing it by attending law school and focusing his studies on corporate law and international trade. Nowadays, Dr. Monteblanco is member of various international Bars and the Managing Partner of a very successful law practice headquartered in Lima with offices in New York and Madrid that specialize in Maritime, Mining, Corporate and International Law as well as other specialties handled by the growing number of associates; he however, still handles maritime cases personally.

SHIP ARREST IN POLAND

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

Under Polish law, to arrest a vessel you will need a **court order**. Such order is granted by a court in accordance with provisions of the Polish Civil Procedure Code (PCPC) regarding securing claims (art. 730-757 of the PCPC). These provisions do not apply only to vessels but also to any other types of assets.

Under the art. 730 (1) of the PCPC the security order will be granted to a creditor:

- whose claim is probable (at this stage of proceedings the court will examine just prima facie probability of the claim) and,
- who has legal interest in the arrest.

Legal interest means the situation in which: (1) lack of security will make it impossible to satisfy creditor's claim or (2) satisfaction of this claim will be connected with serious difficulties

The example argumentation in this respect is that the vessel is the only asset of a debtor known to a creditor, a debtor has its vessel registered in the FOC jurisdiction and can transfer its ownership very quickly, debtor's company is registered in the tax haven, debtor has acknowledged the claim, time bars for claims are short etc.

A vessel is arrested by a bailiff who prior to seizure of a vessel should inform maritime authorities and the Polish Border Guard about the arrest so that the vessel cannot flee.

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) applies to arrest in Poland. The Brussels Convention is an 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 a 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. This is used sometimes if you need to gain some extra time.

4. Are there 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 on the basis of provisions of the PCPC.

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, very rare situation.

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

The 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 from 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 supporting the claim and its probability (invoices, contracts, bunker delivery orders etc.). Certified translations of all these documents 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 Polish attorney-at-law (legal adviser or advocate). Additional legalisation, notarisation or apostille may (but does 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. What is the procedure to release a ship from arrest?

The ship may be released in following cases:

- when the arrest is successfully contested (see question 22).
- when the cash security is given by a debtor (see questions 18 & 22).
- when the arrest collapses (see question 23 & 24),
- when the creditor agrees for the release (see question 20).

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

The fastest way to release the vessel is to **pay full amount determined in an arrest order into deposit bank account of a court which granted an arrest order**. In such case, **arrest will collapse automatically**. Main disadvantage of this procedure is that this money cannot be withdrawn from the deposit account until the proceedings are finished in final and legally binding way (see also point 24).

However, debtor may at any time try to negotiate a change of type of security. See also question 22 in fine.

19. Does security need to cover interest and costs?

Under Polish law, it is possible to secure future costs of proceedings and interest but it is not

obligatory - only creditor decides whether to do so or not. So, if an arrest order includes costs of proceedings and interest, these costs will also be secured.

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

Under Polish law, a vessel will be released automatically by virtue of law ONLY if full amount determined in the arrest order is **paid into deposit bank account of a court which granted an arrest order** (see point 18).

Vessel can also be released at creditor's motion if creditor accepts bank guarantee, insurance guarantee, P&I LOU etc. as a sufficient security of its claim instead of court deposit. Anyway, this is always only creditor's decision.

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

Depends on the case - usually from two days to one week.

22. Is there a procedure to contest the arrest?

Under Polish law, it is possible to lodge a **complaint against an unjust arrest**. It should be done within 7 days as from a date of arrest of the vessel. This procedure is quite time - consuming and may take **up to four months**. However, if debtor has time (for example if a vessel is arrested in a shipyard), lodging such complaint should be given careful consideration.

ATTENTION: If you pay full amount determined in an arrest order into deposit bank account of a court which granted an arrest order (see points 18 & 20 above), your complaint will be dismissed (payment of full amount determined in an arrest order into deposit bank account of a court automatically releases the vessel and where there is no arrest anymore, there are no grounds to lodge a complaint). However, if debtor is trying to release vessel on the basis of other type of security - i.e. bank guarantee, insurance guarantee or P&I LOU, lodging of such complaint is should be given careful consideration.

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

Up to 14 (fourteen) days. Otherwise, arrest will collapse (see also art. 3.3 of the Brussels Convention).

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

Yes. Debtor can lodge a complaint against the security order and if the court allows the complaint, a 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.

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

No.

26. 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 (provisions regarding forced sale of the real estate will apply in this case) and takes too much time.

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SHIP ARREST IN PORTUGAL (QUESTIONS 1 TO 9)

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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 through 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 emphasize 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 and the petitioner may be held liable for the unjustified arrest.

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 391 and 394 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 there 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 emphasize 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 243 the underlying 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 irrespective of her flag?

Yes. Since the Portuguese and International Law do not forbid the arrest of a vessel concerning its flag, through a reverse interpretation we can conclude that a ship can be arrested irrespective of its flag.

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

Yes, it is possible in some situations to arrest a ship irrespective 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*

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Ship Arrest and in general Maritime Law is a very active area of work in which she has a great deal of experience.

SHIP ARREST IN PORTUGAL (QUESTIONS 10 TO 26)

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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 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 recognise 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 from the moment the file 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 the Court to the Harbour Master office of the port where the vessel is staying. The hearing of the witnesses appointed, if necessary, 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 notarisation 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 alternatively 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 no. 1 of the 1952 Brussels Arrest Convention.

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

The arrestee will have to discuss settlement with the arrestor or alternatively put up security, directly within the court or in the hands of the arrestor. The ship will be released as soon as requested by the arrestor or when the judge considers the security provided is adequate.

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

Any kind of security will be accepted provided it receives the agreement of the arrestor. If security is placed directly with the court only cash deposit or bank guarantee will be acceptable.

19. Does security need to cover interest and costs?

Not necessarily, security will have to be sufficient to replace the amount of the claim guaranteed by the ship as established on the arrest decision.

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

P&I LOUs are only accepted if they receive the agreement of the arrestor. The judge alone will not consider P&I LOU as adequate security.

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

As soon as payment is made, or the security provided is considered adequate, the release request is sent to the court by the arrestor ; the release order will follow immediately after. However, the release request will have to be submitted within the courts' working hours (week-ends and holidays are excluded).

22. Is there a procedure to contest the arrest?

The arrestee may oppose to the arrest decision within 10 days from service of the arrest documents or alternatively appeal from the arrest decision. In case of opposition, the arrestee may submit documents and list witnesses to be heard by the court. A new arrest decision will be given after the judge has considered the arguments of the arrestee. The arrest may thereafter be lifted, maintained or the amount granted reduced.

23. What 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 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.

24. 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.

25. 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.

26. 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.

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SHIP ARREST IN QATAR

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

The Qatar Maritime Code regulates the conservatory arrest of ships. The arrest application is submitted to the Court of First Instance (Summary Judge dealing with urgent matters). The Court 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 but this procedure is usually complex and lengthy.

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

Qatar is neither a party to the International Convention on the Arrest of Seagoing Ships of 1952 nor to the International Convention on 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 Qatar in the context of either a precautionary seizure procedure or an enforcement procedure commenced against her. The main difference between both procedures is that the applicant is not required to have an execution deed against the ship in order to commence precautionary arrest proceedings against the ship.

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

There are no alternatives for the arrest of ships in Qatar as the Maritime Code that regulates the arrest of ships prevents the applicant from relying on other laws in Qatar.

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

In order to arrest a vessel in the Qatari territorial waters the creditor must have a maritime debt against the ship. Article 42 of the Qatari Maritime Code defines "maritime debts" as follows:

- a. Damage caused by the vessel by reason of a collision or otherwise.
- b. Loss of life or personal injuries 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 being carried on board the vessel.
- g. General average.
- h. Towage or pilotage of the vessel.
- i. Supplies of products or equipment necessary for the utilization or maintenance of the vessel, in whichever place the supply is made.
- j. Construction, repair or fitting out of the vessel, and costs of it being in dock.
- k. Wages of the master, officers and crew.
- l. Sums spent by the master, shippers, charterers or agents on account of the vessel -or on account of the owner thereof.
- m. A dispute as to the ownership of the vessel.
- 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.

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

Yes. A ship anchored within the Qatari territorial waters can be arrested irrespective of the flag she is flying.

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

The ship can be arrested in the Qatari territorial waters if the claimant successfully proves that he has a maritime debt against the vessel.

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

The arrest of sister ships in Qatar is possible for any of the maritime debts listed under question 5 above with the exception of debts arising out of a dispute as to the ownership or co-ownership or possession of the vessel (See question 5(m) and (n) above). Regarding the arrest of associated ships, there is a great degree of uncertainty as, for the arrest to be successful, we need to prove to the judge the close link between the entity owning the ship that incurred the debt and the entity owning the associated ship.

9. What is the position as regards Bareboat and Time-Chartered vessels?

The Qatar Maritime Code gives the creditor of the charterer who has control over the nautical navigation of the ship the right to arrest the ship for a debt resulting from the charterer's actions. In addition, the creditor has the right to arrest any other ship owned by the charterer.

10. Do your Courts require counter-security in order to arrest a ship?

No counter-security is required in Qatar.

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 between the arrest of a ship for a maritime claim and the arrest of ship for a maritime lien.

12. Does your country recognise maritime liens? Under which International Convention, if any?

The Qatar Maritime Code recognizes maritime liens. In fact, the Qatar Maritime Code has listed the maritime liens in Article 33 as follows:

1. Judicial expenses that were spent to maintain the Vessel, sell it, distribute its price, cargo and port charges as well as other charges, public taxes of the same kind, and charges of pilotage and compensations for the damage that caused to the installations of the ports, docks and navigation routes, and expenses for removing navigation obstacles caused by the Vessel as well as expenses of sentry duty and maintenance since the entry of the Vessel to the last port.
2. Debts resulting from the employment contract of the captain, sailors and others relating to the Vessel with an employment contract.
3. Monies due for assistance and salvage, and the share of the Vessel in general marine average.
4. Compensation due for collisions and other navigational accidents, compensation due for bodily injuries to the passengers and crew, and compensation for loss or damage to goods and possessions.
5. Debts arising out of contracts made by the master, and operations carried out by him outside the port of registration of the Vessel within the scope of his lawful powers for an actual requirement dictated by the maintenance of the vessel or the continuance of its voyage, whether or not the master is also the owner of the Vessel, or whether the debt is due to him, or to persons undertaking supply, or lenders, persons who have repaired the vessel, or other contractors. Qatar did not accede any of the International Conventions relating to Maritime Liens.

13. What lapse of time is required in order to arrest a ship from the moment the file arrives to your law firm?

Assuming that all forwarded documents have been translated into Arabic by a sworn translator in Qatar, the ship can be arrested within 48 to 72 hours.

14. Do you need to provide a POA or any other documents of the claim to the Court?

A POA duly notarised and legalised up to the Qatari Embassy must be submitted to the competent Court of First Instance with the arrest application. In addition, we need to attach to the arrest

application all the documentation supporting the claim against the ship. In this context it must be noted that the official language in Qatar is Arabic which means that all documents in foreign language must be translated into Arabic by a sworn translator in Qatar prior to submission.

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 documentation supporting the claim must be attached to the application and electronic filing is not available. As mentioned under question 14 above, if these documents are in foreign language they must be translated into Arabic language. Only official documents must be legalised up to the Qatar Embassy at the place of issuance and then legalised by the Ministry of Foreign Affairs in Qatar.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

There is uncertainty in this area of law especially where the jurisdiction is given to a foreign court and not arbitral tribunal. Therefore, and if jurisdiction is given to an arbitral tribunal, we recommend our clients to commence arbitration within the two weeks period (as highlighted under question 23 below) and request from the court the stay of the proceedings until an arbitral award is issued. However, if jurisdiction is given to a foreign court, we may argue in court that Qatari courts have jurisdiction over the substantive claim.

17. What is the procedure to release a ship from arrest?

The release of the ship by the applicant is done by virtue of a simple memorandum submitted to the court in this regard. The decision issued must be served upon the ship and the harbour master or the coast guard. If the defendant to the application wants to release the ship then he must deposit the security requested by the judge and request from the judge the release of the vessel.

18. What type of security needs to be placed for the release?

The security that needs to be placed to release the ship must take the form either of a bank guarantee issued by a local bank or cash deposited in the court.

19. Does security need to cover interest and costs?

The judge will decide on the amount of the security that must be deposited by the defendant to the arrest application.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

No P&I LOUs are unacceptable.

21. How long does it take to release the ship?

The release of the ship can be done within 48 to 72 hours.

22. Is there a procedure to contest the arrest?

The defendant to the arrest application may file a grievance before the Court of First Instance who issued the arrest order. Upon hearing the grievance, the Court may make an order lifting the arrest order and such judgment shall be enforceable through the normal channels. The grievance shall be submitted within seven days from the date of issue of the arrest order.

23. What 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 substantive proceedings within two weeks starting from the service of the arrest order on the ship.

24. 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 may succeed if the party claiming indemnification can prove the bad faith of the arresting party and its losses arising from the arrest.

25. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

In principle, the concept of piercing and lifting the corporate veil is not recognised in Qatar. The Qatari courts might consider piercing and lifting the corporate veil where conclusive proof is submitted to the court in relation to the fictitious character of the company owning the ship.

26. 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.

In 2008 **Omar joined the Transport & Insurance department at Al Tamimi & Company and currently is the head of the department covering 9 countries.*

Ranked by both Legal 500 and Chambers and Partners, Omar's experience as a marine lawyer and advocate covers almost all aspects of the industry. He has dealt with and represented major P&I Clubs regarding claims. He has represented many clients in marine disputes through arbitration in London, Dubai, Kuwait and Jordan. He regularly advises in cargo, container, marine agency, shortages, groundings, bunker, collisions, salvage, seaworthiness and insurance claims. He has also advised on many vessel sale and purchases, which includes drafting, reviewing and advising on related legal and finance documents. He also has drafted and advised on different types of maritime documents such as recaps, charter parties, B/L, LOIs, Agency Agreements, Insurance and P&I cover. Omar's experience includes mergers and acquisitions advice and structuring and set up advice for marine companies and other entities in jurisdictions such as Cyprus, Egypt, Germany, Jordan, Malta, Panama, Sudan, UAE (including the free zones) and UK.

Omar is an author of the UAE Vessel Registration and Mortgage Section in the Kluwer International Maritime Law Handbook. He is currently heading the EMAC team to establish the first Maritime Arbitration Centre in the UAE and the region.

SHIP ARREST IN ROMANIA

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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 5%). 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.

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?

No.

4. Are there 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 irrespective 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 irrespective 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 5 %). 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. According to recent jurisprudence from the Romanian Courts involving a ship arrest in Galati, the Court has set the amount of the counter-security at 1.5% from the claimed value.

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. Romania is not a party to the 1993 Maritime Liens and Mortgages Convention.

13. What lapse of time is required in order to arrest a ship from 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 an Engagement Letter, 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 Engagement Letter signed by client , the law firm will provide to the Court a power of attorney in the standard format prescribed by the 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, or Notary certified copies 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. What is the procedure to release a ship from arrest?

As long as the debt has been paid or a Letter of Undertaking has been provided in order to release the ship, the debtor will request the Court to release the vessel from arrest. The Court will release the vessel from arrest on urgent basis.

18. What type of security needs to be placed for the release?

In accordance with Civil Procedural Code provisions, the security needs to be provided in cash at the disposal of the Court. Only in case the creditor agrees, the debtor may provide a bank Letter of undertaking or a P&I Letter of Undertaking at the disposal of the Court.

19. Does security need to cover interest and costs?

Yes.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

The P&I LOUs may be accepted by the Court for lifting the arrest only in case the creditor agrees to accept such undertakings.

21. How long does it take to release the ship?

1-2 days, usually.

22. Is there a procedure to contest the arrest?

The arrest order issued by the Court may be appealed to the Court of Appeal.

23. What 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 is 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.

24. Do the Courts of your country acknowledge wrongful arrest?

Yes. In practice, it is very difficult to prove such a claim.

25. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

No.

26. Is it possible to have a ship sold pendente lite; if so how long does it take?

No.

****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. Adrian 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.*

Lawyer within the Constanta Bar Association since 1996. He also regularly acts as an arbitrator within the Romanian International Commercial Arbitration Court. He is an authorised mediator and insolvency practitioner. He speaks English and Romanian.

****Augustin Zabrautanu** is a graduate of Bucharest University. He 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 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 in 2005, Augustin Zabrautanu 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. Augustin speaks English and Romanian.

SHIP ARREST IN RUSSIA (QUESTIONS 1 TO 9)

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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, Murmansk.

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 offense.

4. Are there 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 irrespective of her flag?

You can arrest a ship irrespective of her flag.

7. Can you arrest a ship irrespective 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.

For more than 15 years, **Remedy Law Firm has helped 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 Head of Marine Practice.*

SHIP ARREST IN RUSSIA (QUESTIONS 10 TO 26)

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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. Therefore, the applicants should normally be prepared to provide counter-security in advance (together with application) in order to increase the chances of success of arrest application. 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. Therefore, there is no practical difference in arrest procedures whether the maritime claim is secured by a lien or not.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes it does - by the Federal law dated 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 from the moment the file arrives to your law firm?

In practice, and in an optimistic scenario, 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 sped up by 2 days if the court is requested to include in the arrest ruling the order to the harbour-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 notarisation 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.e.:
 - 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. What is the procedure to release a ship from arrest?

Release from arrest is allowed only in case if sufficient security is provided (or the maritime claim in question is satisfied for good) and is effected on the basis of a ruling of a tribunal which ordered the arrest. In case if the bailiffs have been involved in the arrest, they also need to be notified of the tribunal's ruling and must terminate their execution proceedings.

18. What type of security needs to be placed for the release?

Type and value of security may be determined by the agreement of the parties concerned. In case if the parties fail to reach such agreement, these issues may be determined by the tribunal which handles arrest proceedings. In the latter case, value of security may not exceed the value of the ship arrested but if the value of a ship is higher than the extent of the underlying claim, security in amount of the claim (including also the reasonable costs and interest) will in most cases be sufficient. Acceptable form is either to be agreed on by the parties or by the competent tribunal and may be provided in the form of deposit on the account of the court, pledge of other property or guarantee/surety from the third party (banks, insurers including P&I clubs).

19. Does security need to cover interest and costs?

Yes, security, unless it would exceed the value of the ship, would need to cover also interest and costs accrued by the respective time (i.e. date of application for release).

20. Are P&I LOUs accepted as sufficient to lift arrest?

P&I LOUs are starting to be accepted as forms of security.

21. How long does it take to release the ship?

Release of a ship would, in practice, require at least two-three days: the courts are obliged to consider pleas for termination of security measures not later than the next day after filing of such pleas (provided that the defendant also submitted proof of providing the counter-security) and in case if arrest has been effected by the bailiffs, the latter would need to be notified and take respective action as well.

22. Is there a procedure to contest the arrest?

Arrest (as any other security measure imposed by the tribunal), in addition to being lifted in case of provision of security, may be contested by filing a respective plea to the tribunal in case if the arrest is unfounded (for example, when the vessel does not have the relation to the debtor which allows it to be arrested).

23. What 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, then 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.

24. 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.

25. 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.

26. 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***

SHIP ARREST IN SAUDI ARABIA

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1. Please give an overview of ship arrest practice in your country.

KSA laws and regulations do not regulate ship arrest in specific. Therefore, the general legal principles of precautionary attachment procedure stipulated for in the KSA Enforcement Regulations will apply to the arrest of ships in KSA. According to these Regulations, a creditor will have the right to attach the assets of his debtor if he succeeds in proving that he has a credible claim against the defendant and has a legitimate indication that the defendant might dissipate his assets. The arrest application is normally submitted to the Court of First Instance. The court will consider the application on a prima facie basis and the arrest order will be issued in chambers on an ex-parte basis.

2. Which International Convention applies to arrest of ships in your country?

KSA is neither a party to the International Convention on the Arrest of Seagoing Ships of 1952 nor to the International Convention on the International Convention on the Arrest of Ships of 1999.

3. Is there any other way to arrest a ship in your jurisdiction?

Ships may be arrested in KSA in reliance to the Enforcement Regulations which contain general provisions in relation to conservatory attachment of assets (please see above question no. 1).

4. Are there alternatives e.g. saisie conservatoire or freezing order?

No. The saisie conservatoire procedure will apply to the arrest of ships in KSA.

5. For which types of claims can you arrest a ship?

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.

6. Can you arrest a ship irrespective of her flag?

Yes. A ship anchored within the territorial waters of KSA can be arrested irrespective of the flag she is flying.

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 that the claim is proven, on the face of things, to be serious and grounded. However, in certain circumstances especially where the claim is secured by a maritime lien, it could be argued in court that the creditor has a recourse against the ship regardless of the owner's identity.

8. What is the position as regards sister ships and ships in associated ownership?

According to KSA regulations, there is no legal provision which gives the creditor the right to arrest a ship unless its owner is responsible for the maritime debt. The arrest of a sister ship might be possible (without being guaranteed) providing that they are both owned by the same party who is a debtor of the arresting party. The arrest of associated ships is not possible in KSA.

9. What is the position as regards Bareboat and Time-Chartered vessels?

The arrest of a ship for a charterer's might be possible if it is proved that the creditor has a maritime lien (see question no. 7).

10. Do your Courts require counter-security in order to arrest a ship?

Yes.

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 between the arrest of a ship for any debt and the arrest of ship for a maritime lien.

12. Does your country recognise maritime liens? Under which International Convention, if any?

KSA did not accede to any of the International Conventions relating to Maritime Liens. The Commercial Court Regulations which regulates maritime transport in KSA and article 154 of the Regulations enumerates the following maritime lines:

- a) The costs of a court action and other costs involved in the sale of the ship and the distribution of the sale proceeds.
- b) The pilotage fees, tonnage dues and any other general charges made by ports, harbours and docks, also all compensation payable for damage caused to the technical installations of ports, harbours and docks.
- c) The costs of guarding and maintaining the security of the ship from the time that the ship enters port preceding its sale until such time as the sale is concluded.
- d) The cost of rental for the warehouse in which the tools and equipment of the ship are deposited.
- e) The maintenance costs of the ship and its machinery and other equipment during its last voyage and from the time it enters and moors in port.
- f) The wages of the master and crew who were employed on the vessel for its last voyage.
- g) Money borrowed by the master during the vessel's last voyage and the price of the goods sold out of the cargo for the vessel's necessities.
- h) The balance remaining as a debt to the vendor of the ship before it left for the voyage, also loans, and the wages of employees engaged on the construction of the ship, sums paid out for the necessities and repair of the ship before sailing, and , in general, all monetary amounts expended on the ship before departure.
- i) Maritime loans taken out on the vessel and its appurtenances before sailing for the purpose of provisioning the ship and purchasing necessary stress as well as preparing it for the voyage.
- j) The insurance premiums for the ship and its appurtenances during the last voyage.
- k) The ship's share in general average loss which includes compensation to be paid to the shippers as a result of the loss and damage of goods and items shipped, also the loss and damage of cargo on account of some default on the part of the master and crew.

13. What lapse of time is required in order to arrest a ship from the moment the file arrives to your law firm?

Assuming that all forwarded documents have been translated into Arabic by a sworn translator in KSA, the ship can be arrested within 48 to 72 hours.

14. Do you need to provide a POA or any other documents of the claim to the Court?

A POA duly notarised and legalised up to the KSA Embassy must be submitted to the competent Court of First Instance with the arrest application. In addition, we need to attach to the arrest application all the documentation supporting the claim against the ship. In this context it must be noted that the official language in KSA is Arabic which means that all documents in foreign language must be translated into Arabic by a sworn translator in KSA prior to submission.

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 arrest application must be submitted manually to the competent Court of First Instance as electronic filing is not available. The documentation supporting the claim must be attached to the application and if this documentation is in foreign language it must to be translated into Arabic language. Only official documents must be legalised up to the KSA Embassy at the place of issuance and then legalised by the Ministry of Foreign Affairs in KSA.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

No they will not.

17. What is the procedure to release a ship from arrest?

The release of the ship by the applicant is done by virtue of a simple memorandum submitted to the court in this regard. If the defendant to the application wants to release the ship, he must deposit the security determined by the judge and request him to issue an order in relation to the release of the ship. Both orders must be served upon the ship and the harbour master or the coast guard.

18. What type of security needs to be placed for the release?

The only type of security acceptable by the court is bank guarantee issued by a local bank.

19. Does security need to cover interest and costs?

The judge will determine the amount of the security that must be deposited by the defendant to the arrest application in order to release the ship. This issue is left to the discretion of the judge.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

P&I LOUs are unacceptable by KSA Courts.

21. How long does it take to release the ship?

The release of the ship can be done within 48 to 72 hours.

22. Is there a procedure to contest the arrest?

The defendant to the arrest application may file an appeal before the Court of Appeal. Upon hearing the appeal, the Court may make an order lifting the arrest order and such judgment shall be enforceable through the normal channels.

23. What period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The applicant must, within ten days starting from the issue of the arrest order, file substantive proceedings before the competent court to sustain the arrest order, failing which the arrest order will be void ab initio.

24. Do the Courts of your country acknowledge wrongful arrest?

Under the general principles of civil law, a claim for wrongful arrest may succeed if the party claiming indemnification can prove the bad faith of the arresting party and its losses arising from the arrest.

25. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

This concept is not recognised in KSA.

26. Is it possible to have a ship sold pendente lite; if so how long does it take?

In principle, it is not possible unless we succeed in proving to the Court that the ship is under the risk of a quick deterioration and in a situation that endangers third parties.

In 2008 **Omar joined the Transport & Insurance department at Al Tamimi & Company and currently is the head of the department covering 9 countries.*

Ranked by both Legal 500 and Chambers and Partners, Omar's experience as a marine lawyer and advocate covers almost all aspects of the industry. He has dealt with and represented major P&I Clubs regarding claims. He has represented many clients in marine disputes through arbitration in London, Dubai, Kuwait and Jordan. He regularly advises in cargo, container, marine agency, shortages, groundings, bunker, collisions, salvage, seaworthiness and insurance claims. He has also advised on many vessel sale and purchases, which includes drafting, reviewing and advising on related legal and finance documents. He also has drafted and advised on different types of maritime documents such as recaps, charter parties, B/L, LOIs, Agency Agreements, Insurance and P&I cover. Omar's experience includes mergers and acquisitions advice and structuring and set up advice for marine companies and other entities in jurisdictions such as Cyprus, Egypt, Germany, Jordan, Malta, Panama, Sudan, UAE (including the free zones) and UK.

Omar is an author of the UAE Vessel Registration and Mortgage Section in the Kluwer International Maritime Law Handbook. He is currently heading the EMAC team to establish the first Maritime Arbitration Centre in the UAE and the region.

SHIP ARREST IN SCOTLAND

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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 in security of a claim it must be the very ship with which the dispute is concerned and the defender must either own at least one share in the ship or be the bareboat charterer. Alternatively, a ship can be arrested where the defender owns all the shares even if it is not 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 collision, salvage or for crew wages. 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 entrance requirements set out at number 1 above apply, 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 in a remote jurisdiction.

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 ship being arrested are owned by the Defender in the court action. Common ownership is however now relatively unusual.

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.

10. Do your Courts require counter-security in order to arrest a ship?

In Scotland, no counter-security is required except in an extreme case.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Yes. Where Scots law identifies a claim as a maritime lien a court action can be raised "in rem" i.e. directly against the ship itself. Maritime liens apply to 4 different categories of claim - collision damage, salvage, seamen's wages, and master's wages and disbursements. Other claims where it is possible to arrest are claims "in personam" and are taken against the vessel's owner or the bareboat charterer.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes. The 4 maritime liens are collision damage, salvage, seamen's wages, and master's wages and disbursements. These liens apply at common law.

13. What lapse of time is required in order to arrest a ship from the moment the file arrives to your law firm?

If the party seeking to arrest is able to provide all the necessary paperwork right at the start, it can be possible to get the case into court within a few hours. If the court is then willing to grant the necessary warrant, the arrest can be put in place as soon as the process servers can get to the vessel.

14. Do you need to provide a POA or any other documents of the claim to the Court?

It is not necessary to provide a Power of Attorney. The judge will however want to see prima facie evidence of ownership (for example the Transcript of Registry) and paperwork backing up the basis 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?

It is not possible to file documentation electronically. With a view to persuading the judge to allow arrest, we will need to show a copy of the Transcript of Registry or, if applicable, a copy of the bareboat charter. If the arrest is disputed and the case goes to Proof (Trial) the court would expect to see principal documentation or certified copies.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

It is possible to arrest "to found jurisdiction" even if the only link between the case and the Scottish courts is the fact that the vessel has been arrested in a Scottish port. Generally, the court will accept jurisdiction but there are exceptions for example if there is a substantive dispute *forum non conveniens* can apply. Also, if the basis of the dispute is a contract which provides exclusive jurisdiction elsewhere the arrest remains valid even although the substantive dispute is litigated elsewhere.

17. What is the procedure to release a ship from arrest?

An arrestment can be released in one of two ways. If the arrestment is disputed and the judge decides to release it then the court order is sufficient to release it. Secondly, if there is agreement between the parties either to release the arrestment unconditionally or because for example a bank/P&I Club guarantee has been put in place it is sufficient for the arresting party to advise the harbour master that the vessel is no longer under arrest.

18. What type of security needs to be placed for the release?

Security is ordinarily by way of a guarantee/letter of undertaking from one of the P&I Clubs or a UK bank.

19. Does security need to cover interest and costs?

Security does require to cover interest and costs. If there is a dispute between the parties the judge will set the level of security required.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

Yes, P&I Club letters of undertaking are accepted as sufficient to lift the arrest – except in exceptional circumstances.

21. How long does it take to release the ship?

If agreement is reached between the parties the arrest can be immediate. If matters are in dispute the lawyers for the vessel can get the case into court within a few days (sometimes within a few hours) and argue that the ship should be released.

22. Is there a procedure to contest the arrest?

When an arrestment is put in place the court will fix a hearing for a few court days later and the arrestment will only last until then unless the judge is persuaded at the hearing that the arrest should continue. A lawyer on behalf of the ship can make representations at that hearing.

23. What period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

A defender has 21 days from service of the court papers to enter appearance (42 days if outwith Europe) and either another 7 or 14 days after (depending on which court the case is in) to lodge a written defence. The case will then proceed through the court system but it may be many months before an evidential hearing takes place, if needed.

24. Do the Courts of your country acknowledge wrongful arrest?

Yes. Wrongful arrest resulting in damages applies if it transpires the proceedings are incompetent or there has been a procedural irregularity by the arresting party.

25. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Yes, it is possible to lift the corporate veil in appropriate circumstances.

26. Is it possible to have a ship sold pendent lite; if so how long does it take?

No, this is not possible in Scotland.

****Bruce Craig** is a Partner in the International Law Firm Pinsent Masons. He is based in Aberdeen and acts throughout Scotland and abroad. He deals primarily with marine claims and litigation including ship arrest. He is highly experienced in offshore and shipboard accident and casualty investigation. He regularly acts for shipowners, charterers, offshore drilling contractors, P&I Clubs and marine insurers. He regularly presents in the UK and abroad at conferences on Charterparties.*

SHIP ARREST IN SENEGAL

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1. Please give an overview of ship arrest practice in your country.

With a maritime claim, the Judge can allow you to arrest a ship, referring to the 1952 Brussel Convention, related to ship arrests. Most of the time, a security must be provided in order to obtain the release of the vessel. Sometimes, a Judge has to intervene, especially when there is an alleged case of a wrongful arrest.

Within a month, after enforcement of the arrest order, the claimant must go to Court and apply for a Judgement on the merits.

2. Which International Convention applies to arrest of ships in your country?

The Applicable International Convention for the unification of certain rules applying to the arrest of sea-going ships, is the one adopted in Brussels, on 10 May 1952.

3. Is there any other way to arrest a ship in your jurisdiction?

"Saisie conservatoire" is the most common way to arrest a ship. But, sometimes, the Administration is entitled to notify the vessel a prohibition to sail, which is another form of an arrest order.

When you also have a final Judgement, you do not need an order from a Judge. You can directly arrest the ship, when of course, there is a link between your claim and the vessel.

4. Are there alternatives e.g. saisie conservatoire or freezing order?

See response given in Number 3.

5. For which types of claims can you arrest a ship?

Under Brussels Convention, 1952, it must be a maritime claim.

6. Can you arrest a ship irrespective of her flag?

Yes, the flag does not matter.

7. Can you arrest a ship irrespective of the debtor?

If you have a maritime claim, you can arrest the ship in relation with such a claim.

8. What is the position as regards sister ships and ships in associated ownership?

You must have a maritime claim, and be able to show evidence between the ship related to your claim and the sister ship, and that both belong to the same owner.

9. What is the position as regards Bareboat and Time-Chartered vessels?

What was said in number 8 is the most significant point when it comes to Time-Chartered vessels. To arrest the ship, we do not look over the C/P, but just the Bill of Lading.

10. Do your Courts require counter-security in order to arrest a ship?

A counter-security is not required before an arrest.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

What is required to arrest the ship is a maritime claim. The maritime lien matters when you have many different claimants or when there is a change in the ownership of the vessel.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Our applicable maritime rules are mostly national, because our country is not a part of any international Conventions on Maritime liens.

13. What lapse of time is required in order to arrest a ship from the moment the file arrives to your law firm?

Between two to three days.

14. Do you need to provide a POA, or any other documents of the claim to the Court?

A POA is not needed. Relevant documents related to the claim including invoices, bills of lading, sometimes preliminary surveys and others must be transmitted, even electronically. Documents must be translated in French.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

See response given under Number 14.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

In most cases, yes.

17. What is the procedure to release a ship from arrest?

Arrest can be released without an order from the Judge, when parties agreed on the type of security to be provided.

When such agreement does not exist, a party can refer to a Judge, to obtain the release of the ship.

18. What type of security needs to be placed for the release?

Usually claimants require a Bank guarantee, but sometimes, Letters of Understanding can also be issued, if parties agree on it.

19. Does security need to cover interest and costs?

Yes, claimants include costs and interest in the amount of the security to be given by owners or P. and I. Clubs.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

See responses given under 17 and 18.

21. How long does it take to release the ship?

When the parties agree on it, the release can be done the same day. It is the same, when the release is ordered by a Judge.

22. Is there a procedure to contest the arrest?

Yes, of course owners or Clubs can contest the arrest, by submitting a request to the Judge who ordered the arrest. In such case, the Judge organizes a contradictory hearing, before giving his decision.

23. What 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 order.

24. Do the Courts of your country acknowledge wrongful arrest?

Yes, as already mentioned in Question Number One.

25. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

From our experience, that question would be easier to address during proceedings on the merits, not at the stage of arrests.

26. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

We cannot respond to this question by a simple "Yes" or "No". It will also take too long if we want to be both specific and exhaustive.

To summarize, two major issues should be considered. First, is the claimant willing to sell the ship involved on the pending lawsuit? If parties to the lawsuit amicably agree to the selling, such agreement could be binding to Court, and the pending lawsuit will not prevent the sale from happening.

Second situation to consider, the claimant willing to sell is not involved in pending lawsuit. The question would be: on which basis? If he had obtained an enforceable judgment before the starting of judicial sale proceedings, his action could prevail.

SHIP ARREST IN SERBIA

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1. Please give an overview of ship arrest practice in your country.

Please note that Serbia is a land-locked country and that navigation is performed only in international rivers - inland waterways.

According to Serbian law the arrest of ships is one of the "interim measures/temporary injunctions" that ensures future collection of due and outstanding debt which is in dispute.

The arrest of ships is governed by a special procedure, non-contentious proceedings and the order for arrest is issued under the name of "interim measure". Every arrest must be upheld by a final and conclusive judgment on the merits, and it is only on the basis of such final judgment (or award) that it is possible to start proceedings for the sale of the vessel.

Merchant Marine Act (*Zakon o trgovačkom brodarstvu "Sl. glasnik RS", br. 96/2015 i 113/2017 - dr. zakon*; the "**MMA**") governs the interim measures against the vessels. It is a lex specialis in regard to interim measures. However, where MMA is silent on certain issues related to ship arrest, the Enforcement and Conservatory Measures Act (*Zakon o izvršenju i obezbeđenju "Sl. glasnik RS", br. 106/2015, 106/2016 - autentično tumačenje i 113/2017 - autentično tumačenje*, the "**ECMA**") is applied to fill in the lacunae in the law.

Prior to instituting civil proceedings, compulsory enforcement or administrative court proceedings, the court may, for the purpose of securing the pecuniary claim at the request of the creditor, issue any measure to achieve the goal of such enforcement and in particular to prohibit the alienation or other disposal of the vessel, order the guarding of the vessel and issue the ship arrest warrant.

If the law court issues an arrest warrant prior to institution of civil proceeding, compulsory enforcement or administrative court proceedings, the creditor is under duty to provide evidence within 15 days upon the issuance of the ship arrest warrant that it had commenced civil proceedings, compulsory enforcement or administrative court proceedings.

The goal of the ship arrest is to make available to the creditor assets of the debtor for future compulsory enforcement. Arrested ships may be released if another security is given in lieu thereof. The other security may be money deposit, bank guarantee, P&I Club or other corporate letter of undertaking or other values available for enforcement/collection if accepted as such by the creditor. Monetary deposits and bank guarantees are always accepted.

In the premises, it is possible to obtain the ship arrest or obtain the release of an arrested ship pursuant to accepted international standards and laws of Serbia.

2. Which International Convention applies to arrest of ships in your country?

International Convention for the Unification of Certain Rules Relating to the Arrest of Sea-Going Ships 1952 (Brussels Convention) is applicable in Serbia and consequently the Marine and Inland Navigation Act (MINA, 1998) is mostly set out in line with the said Convention. Serbia has made reservation to apply domestic rules for disputes as to the title to or ownership of any ship (Article 1, paragraph (1) (o)). Sea-going ship is defined as a vessel intended for sea-going navigation, exceeding 12 meters in length and with GT greater than 15, or authorized to carry more than 12 passengers.

3. Is there any other way to arrest a ship in your jurisdiction?

The ship may be arrested only under the authority of the law court for claim with the purpose of security of the claim but other authority can order detention of the ship such as Harbor Master Office exercising Port State Control. The Customs Office authorities and the Criminal Court may order temporary detention of a ship for the purpose of their proceedings and under restricted terms provided in other laws or other international conventions applicable. It is not the arrest in the sense of the Brussels Convention and MMA.

4. Are there alternatives e.g. saisie conservatoire or freezing order?

The prohibition of alienation and disposal as a specific measure or alternative to ship's arrest exists in Serbian law as a security measure related to claim with the court order to make such entry in the Ship Register in Serbia. Hence, possible alienation of the ship by the defendant against such prohibition has no legal effect whatsoever.

5. For which types of claims can you arrest a ship?

A ship can be arrested for:

Claims as provided by Article 1 of the Brussels Convention 1952 but when Convention is not applicable for all other claims notwithstanding to the nature if there is no reciprocity between Serbia and the state of the flag. Because of the urgent nature of the ship arrest procedure, examination of the existence of reciprocity by Serbian Court is rarely done, and as a consequence thereof the court usually allows arrest for such ship practically for any type of claim.

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?

The concept of sister-ship arrest applies in Serbia in the spirit of the Brussels Convention and the same is provided for in MMA which substituted the abrogated Maritime and Inland Navigation Act (MINA) that the applicant may arrest any ship owned by the person against whom the claim is directed but no other ship than the particular ship in respect of which the claim arose may be arrested in relation to the claim regarding the ownership, mortgage, hypothecs or other like charges attached to a ship.

9. What is the position as regards Bareboat and Time-Chartered vessels?

There is no restriction to arrest the vessel as regards bareboat and time-chartered vessel. In this regard MMA does not depart from the Convention.

There is a certain ambiguity in regard to time-chartered vessel for the bunker supplied to the chartered vessel not paid by the charterer to the supplier. There is no sufficient case law established so far in Serbia to give judge guidelines and the court could be strayed and led to the conclusion that such claim is against the owner of the vessel.

10. Do your Courts require counter-security in order to arrest a ship?

This matter is not regulated by MMA but such possibility does exist in other laws and in our experience the court has never required a counter-security as a precondition for ship's interest in order to arrest a ship or for maintenance of already ordered arrest. Further, the claimant would have to prove in any case the existence of the claim. ECMA provides for a possibility that the creditor may post counter-security for the damage that could be occasioned to the debtor by rendering and enforcing the interim measure, but as said, this is done very rarely in practice.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

No, there is no difference from the procedural point of view.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Serbia has ratified International Convention on Maritime Liens and Mortgages of 06 May 1993 relating to maritime liens.

13. What lapse of time is required in order to arrest a ship from the moment the file arrives to your law firm?

That depends on the contents of the file and supporting documents all of which must be officially translated.

If the claimants have traced the vessel movement and prepared the documents as instructed before vessel's arrival in Serbian territorial waters, at least two days is required to sort documentation and prepare the application, but the official translation of the relevant documents may turn to be time consuming. However, the applicant must put forward a claim meeting the standard of lower level of proof of its existence and be well-grounded (*fumus boni juris*) and that should be observed as the best guidelines in preparing supporting documentation.

14. Do you need to provide a POA or any other documents of the claim to the Court?

Yes. No special form is required to grant a POA to our law firm which authorizes our Law Office to handle the case. The POA is required to be signed by a duly authorized company officer.

Apart from POA all documents and evidence supporting the claim against the debtor are also required by the Court including agreements, vouchers, invoices and survey or inspection report by a surveyor or inspector in relation to the damage, and nature of the claim, etc. If the arrest is based on a mortgage, the mortgage document and the appropriate petition for foreclosure, it is prudent to provide the latest excerpt from the Ship's Register.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Application for arrest must be in original/hard copy because electronic filings with the Court are not possible for the time being. It is recommended that the original of POA be submitted and while pending receipt of the original the POA may be transmitted by facsimile or scanned POA via e-mail will suffice to lodge application for arrest.

No other documents are required in original but the court may order presentation of original if in doubt or on explicit demand of the debtor.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

That is subject to the nature of the claim and some other factors, but the court shall have jurisdiction to determine the case upon its merits in any of the cases specified in detail in the Brussels Convention, under Article 7, paragraph (1). Serbian courts apply *forum rei sitae* and will have jurisdiction on the merits in practically every case unless some other jurisdiction has been validly agreed upon.

17. What is the procedure to release a ship from arrest?

It is very simple and expeditious procedure. The shipowner may deposit the amount of money or other valuables with the court as ordered by the court in which case the vessel will be set free by the judge without application of the parties in dispute by issuing release order for the ship. The release order can be served to the master through Harbor Master Office to whom the power is presented to act for and on behalf of the court and the release order may be sent by facsimile transmission in order to speed up the release of the vessel.

18. What type of security needs to be placed for the release?

There is a peculiarity in Serbian law in regard of security needed for the release. The court may order the deposit only in the amount for which the applicant had made probable the main claim and according to the standard of lower level of proof of claim but without costs and interest thereon, which is very difficult to assess in the early stage of proceedings. That means the court shall not determine the nature and amount of other security met in practice in other jurisdictions but this peculiarity can be easily overcome in practice with one advantage that the claimant cannot be exposed to the risk to be sued for excessive security sought and its consequences

It is worthwhile to note that deposit with the court as ordered by the court pursuant to provision provided in MMA is without doubt a top-quality security, but may turn out to be a heavy burden for the owner and is rarely done in practice which is reflected in the practice of Serbian Courts.

The court shall play an active role and determine the nature and amount of the claim only in case regarding the default in discharging the agreement between the Parties when the ship has been arrested in respect of any claim enumerated in Article 1(1)(o) and (p) allowing vessel to continue trading.

19. Does security need to cover interest and costs?

Restriction imposed on the court as described under point 18 above cannot prevent the applicant and shipowner to negotiate the acceptability or otherwise of any form of guarantee less burdensome for the debtor and if they reach an agreement the applicant must notify the judge in writing and request the judge to release the ship from arrest and that shall be accepted by the judge and considered as good security. Naturally, such security if offered and accepted shall cover the amount of claim plus interest and costs.

When the interest of Serbian persons is involved, they will usually accept foreign bank guarantees for the amount of claim plus cost and interest as agreed between the Parties if confirmed by Serbian bank because if not confirmed by the Serbian bank, may cause difficulties in enforcement as the Serbian court has no jurisdiction over the foreign bank, and recognition of a Serbian judgment may have to be obtained.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

The court cannot force the applicant to accept P&I Letter of undertaking or Letter of guarantee or in combination with P&I Club's bank but irrespective of that we have always instructed our clients without exerting pressure to consider acceptability of first class P&I Clubs of the Group who have always honored their obligation and their Letter of undertaking, which is the advantage in most circumstances to release the vessel or preventing arrest and in its wording total liability is composed of such sum or sums as may be adjudged, inclusive of interest and costs.

Local insurance companies are not prone to issue back to back guarantee when a P&I guarantee had been issued by foreign P&I Club and another disadvantage is that P&I Club cannot post security for an un-insured claim.

21. How long does it take to release the ship?

The ship can be released from the arrest by order of the same judge that granted the arrest upon the occurrence of one of the causes that permit a discharge of an arrest order under Serbian law described herein above, and the release time usually takes no more than few hours on the same date of application for release subject to official hours of the court.

22. Is there a procedure to contest the arrest?

Yes. The time for appealing an order for arrest to the Court of Appeal is 8 days from its notification to her master, who is considered to be the legal representative of the shipowner.

23. What period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

After the arrest the claimant must start proceeding on the merits within 15 days if the Serbian Court has jurisdiction for hearing the entire action on the merits, but if the parties have agreed to submit the dispute to the jurisdiction of particular court or arbitration tribunal other than that within whose jurisdiction the arrest was made the single judge in his discretion may grant a period of 30 up to 60 days to the claimant to start proceeding thereafter and if the action or proceedings are not brought within the time so fixed the defendant may apply for the release of the ship or of the bail or other security provided.

24. Do the Courts of your country acknowledge wrongful arrest?

Yes, although that matter is not regulated with MMA. The claim for indemnity can be instituted pursuant to The Law on Obligations and Torts against the applicant inflicting loss who wrongfully arrested the ship. The claim for indemnity should be placed in the separate proceeding. There is not sufficient case law so far whether the complaint for damages for wrongful arrest can be placed in the same arrest proceeding as known in other jurisdictions.

Also, the claim for indemnity may be filed pursuant to ECMA, which provides that the debtor is entitled to compensation of damage inflicted upon him by ungrounded interim measure or measure that had not been “justified” by the creditor.

25. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

The Court will not acknowledge the piercing and lifting of the corporate veil. Such institute does exist in corporate law but is not applicable for maritime claims because pursuant to the provision of MMA, the court will acknowledge the owner/operator/charterer/manager as the key person who is liable for obligation arising from navigation and use of the vessel for intended purpose.

26. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

This matter (sale *pendente lite*) is not regulated by MMA pursuant to which the compulsory sale of the vessel must be performed at public auction in rather lengthy court proceeding which must be properly advertised and inviting all known creditors. Therefore, ECMA being a subsidiary source of law which provides *pendente lite* sale of other assets in certain circumstances is not applicable in the case of arrested ship or seized in execution or satisfaction of the judgment.

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SHIP ARREST IN SINGAPORE

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1. Please give an overview of ship arrest practice in your country.

Ship arrests are frequently carried out in Singapore due to various factors, including Singapore's being one of the world's busiest ports, being a key bunkering port, and having an efficient Court system with specialist Admiralty judges to promptly handle arrest matters and the adjudication of substantive maritime disputes.

As a key maritime port, Singapore has a few specialised maritime law firms, including JTJB, that handle arrest cases on a regular basis, and that are 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 there 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, may impose more difficult threshold hurdles and be time consuming. It is 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. Senior Courts Act.

6. Can you arrest a ship irrespective of her flag?

Yes.

7. Can you arrest a ship irrespective of the debtor?

Yes, but for certain claims the debtor will need to satisfy the ownership requirements set out in the HCAJA.

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 Plaintiff 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 is requested at the outset of the arrest, and from time to time, when the Sheriff deems necessary. The initial deposit to be placed with the Sheriff is SGD 10,000. 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 from 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. One of the documents required to be filed with the Court is an affidavit supporting the application for the warrant of arrest and the affidavit will exhibit the documents and correspondence supporting the application. All such documents should be translated in English. 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. 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 Plaintiff must retain the originals of the documents, and to make these 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 the 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 local/foreign arbitration.

17. What is the procedure to release a ship from arrest?

An application will have to be put into court for the release of the ship, and certain documents (as set out in Order 70 of the Singapore Rules of Court) will have to be filed. The arresting Plaintiff's counsel will also have to attend in court to have the application heard. Once the court approves the release, notification of the release and copies of the release papers may be given to the ship's agents and/or counsel for the arrested party. There is no need to serve the release papers on the vessel.

18. What type of security needs to be placed for the release?

Usually, a first class guarantee from a Singapore bank, a bail bond, payment into court, or a letter of undertaking from a reputable and internationally recognised P&I club / H&M underwriter will be sufficient.

19. Does security need to cover interest and costs?

It can, even though it does not have to. Security is usually sought for the arresting Plaintiff's reasonably arguable best case, together with interest and costs.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

Yes if the P&I club is a reputable and internationally recognised one.

21. How long does it take to release the ship?

Assuming there are no complications, this may be done within half a working day from security being provided.

22. Is there a procedure to contest the arrest?

Yes. A Defendant who wishes to challenge the arrest may enter appearance and put in an application to court to set aside the writ and/or service of the writ.

23. What 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 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.

24. 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.

25. 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, this is 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.

26. 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. Any sale by private treaty will have to be sanctioned by the Court.

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SHIP ARREST IN SLOVENIA

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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 there 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?

For the parties (i.e. ships flying a flag of contracting state) of the 1952 arrest convention the types 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 of 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 no difference.

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 from 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. What is the procedure to release a ship from arrest?

There is no special procedure. When debtor presents an adequate security the temporary injunction is removed and the arrested ship is immediately released.

18. What type of security needs to be placed for the release?

Debtor has to provide an adequate security. If there is agreement between creditor and debtor on type of security the court will accept it. Usually if debtor would present the bank guaranty of reputable bank the court of law would accept it as suitable security. There is on going debate on this topic.

19. Does security need to cover interest and costs?

Yes.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

Yes, if debtor and creditor agree with that kind of security.

21. How long does it take to release the ship?

The proceedings are fast as the decision is issued within duty judge of the court of law that has exclusive jurisdiction in maritime cases.

22. Is there a procedure to contest the arrest?

Debtor has a right to file objection against the temporary injunction by which a ship is arrested. Once the court receives the debtor's objection against the decision of arrest it shall without delay convene a hearing. At this hearing the court weigh the facts and evidence upon which the temporary injunction for arrest was issued.

23. What 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.

24. 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).

25. 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.

26. 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.

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SHIP ARREST IN SOUTH AFRICA

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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 1952 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 there 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 irrespective 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 irrespective 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 from 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. What is the procedure to release a ship from arrest?

Once a ship has been arrested by service through the Court Sheriff of an arrest order or warrant, served on the ship and the harbour master, it can only be released again by service by the Sheriff of a warrant of release issued by the High Court (Admiralty) Registrar, again service being effected on the ship and the harbour master.

The party who arrested the ship must apply to the Registrar for the issue of the warrant of release, either because the claim has been settled, or because security for payment of the claim has been provided, or because the claimant abandons the arrest for any reason.

If the arrest is challenged and the Court upholds the challenge and sets aside the arrest, the release will be ordered by the court and that order will be served on the ship and harbour master.

If agreement on the form of security or the amount thereof cannot be agreed by negotiation between the parties, then again application can be made to the Registrar or the Court for a ruling on what amount or form would be acceptable and if it is provided in that amount and form, either to the claimants lawyers or to the Registrar, the Registrar will issue a release warrant without the arresting party's express agreement.

18. What type of security needs to be placed for the release?

Security has to be provided by cash paid into court (which is unusual), a Bank Guarantee from a South African bank, an Insurance Company or an acceptable P&I Club, Letter of Undertaking. In the case of an arrest in rem, the amount is either for the amount of the claim plus interest and costs, or for the value of the ship or other asset arrested, whichever is the lesser. With an attachment to found jurisdiction in personam however, the full value of the claim has to be secured, whatever the value of the asset attached.

19. Does security need to cover interest and costs?

Yes. For purposes of calculating the amount to be secured in respect of the interest portion, apart from interest already accrued, customarily interest for three or four further years is calculated and provided for, on the basis that this is how long it could take for the action on the merits to be disposed of, if the action is being pursued here. The amount to be allowed for possible costs is a matter for negotiation, or the Registrar can be requested to set a figure.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

Yes, if the P&I Club providing the LOU is a member of the International Group. For non-IG Club's or insurers, it is a matter for negotiation, or an application to court could be required, with the Club or other P&I insurer's financial statements being required to be disclosed to persuade the Court that they will be able to pay any judgment rendered in due course.

21. How long does it take to release the ship?

If the ship is in port and security is provided in normal working hours when the Court Registrar's office is open to arrange the issue of the Release Warrant, the release can be effected within an hour or two. Over weekends, or after normal office hours, it can take longer and if the Sheriff has to then proceed off shore to the anchorage by launch to serve the Release Warrant on the ship, that will obviously delay matters still further.

22. Is there a procedure to contest the arrest?

Yes. Generally the ship owner who wishes to contest the right of the claimant to have arrested the ship on some technical basis (such as that the cited defendant does not own the ship, or that the ship is not an "associated ship" as defined in the Act) will have to make application to court to set aside the arrest, filing affidavits to support the argument that the ship should not be susceptible to the arrest. The court will however not entertain such an application to set aside simply because the owner disputes that the underlying debt is due on the merits and as long as a prima facie case was made out for the claim at the stage of arrest, the owner needs to provide security to release the ship and then defend the merits of the substantive action (or arbitration).

23. What 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.

24. 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".

25. 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.

26. 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

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1. Please give an overview of ship arrest practice in your country.

Arresting a ship in Spain is very common as it provides a very fast and effective tool to enforce claims against ship owners and other operators. The implementation of specialized mercantile Courts in Spain has improved the swiftness of the procedure and reaction of the Court where an *ex parte* arrest application is presented, becoming one of the fastest jurisdictions to carry out an arrest. If a team of skilled and well learned lawyers is employed, 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. After the entry into force of the 2014 Navigation Act, the application of the arrest can be presented before the ship arrives to the port, which has increased the chances to enforce an arrest even over the weekend as all the necessary arrangements can be ready before the ship enters the port. Moreover, ships can be arrested under the 1999 Convention up to the date a judgment or an arbitration award is issued or obtained.

2. Which International Convention applies to arrest of ships in your country?

On the 25 of September 2014 a new Navigation Act has entered in force into Spain, changing some aspects of the law related to arrest of ships. Nevertheless the 1999 Geneva Arrest Convention remains the main law that applies when arresting a ship in Spain.

3. Is there any other way to arrest a ship in your jurisdiction?

Ships flying a 1999 Arrest Convention State flag can be arrested in Spain for the claims listed in the 1999 Arrest Convention only. Ships flying the Spanish flag can be arrested for any other claim in addition to those set out within Art. 1 of the 1999 Arrest Convention provided the creditor has its usual residence in Spain, its principal place of business in Spain, or has obtained the credit via subrogation, or assignment. Ships not flying a flag of a 1999 Convention signatory State, the great majority, can be arrested in Spain for maritime claims as well as for any other claims.

4. Are there 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 depends on the flag of the ship, see response to question number 3 above.

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 irrespective of her flag?

In Spain, the 1999 Arrest Convention applies irrespective of the ship's flag but the list of claims is restricted where the ship flies a 1999 Arrest Convention flag. Otherwise the ship can be arrested for any claim.

7. Can you arrest a ship irrespective 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 the new article 149 of the Spanish Navigation Act which states "Responsibility of the armatour: The armatour is responsible before third parties for the acts and omissions of the Masters, the crew, and the obligations assumed by the Master in accordance to Art. 185".

Moreover, the new article 316 of the Spanish Navigation Act further states: "In its relationships with third parties the Manager shall manifest his condition as agent, identifying the armatour and his domicile in the contracts. Should the manager fail to do so, he shall be liable with the armatour of the obligations assume on behalf of him."

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, for such cases see the 1999 Convention text.

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 has been accepted whereby Courts admitted as sufficient counter-security an amount of circa 10% of the claimed amount. However, the 2014 Spanish Shipping Act sets out that security shall be fixed in a minimum of 15% of the amount of the alleged maritime claim.

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?

The International Convention on Maritime Liens and Mortgages 1993 applies in Spain, setting out the regime of maritime liens applicable in Spain. Other liens recognized under Spanish or foreign laws will rank after the list provided by this international Convention.

13. What lapse of time is required in order to arrest a ship from the moment the file arrives to your law firm?

Provided all the necessary arrangements are made, namely a copy of the POA is advanced by fax, and supporting documents are likewise delivered, the arrest by a skillful and learned team of lawyers 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 issued before a Notary, and ideally apostilled, is indeed needed. A faxed copy may suffice, but originals duly legalized shall be ready for submission in case the Court or the opponents request their production. Moreover, while the documentary evidence of the claim is not necessary in the arrest application, a mere allegation suffices, 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's agreement to fix a low amount of counter-security.

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 recent 1065/2015 Royal Decree has implemented an electronic service of communications before the Court. So originals are no longer initially required by the Court.

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.(...). In accordance to article 479 of the 2014 Spanish Shipping Act the Court, for those cases where Spain is not competent will fixed a time period from 30 to 90 days for the claimants to commence proceedings on the merits.

17. What is the procedure to release a ship from arrest?

It is necessary to appear before the Court and place the security requested by the arrest order. In the

alternative, the arrest can be challenged, following the presentation of the challenge writ, the Court will fix a hearing to hear both parties, and this will be followed by a new judgment on the arrest.

18. What type of security needs to be placed for the release?

A Bank guarantee or cash is most common.

19. Does security need to cover interest and costs?

It depends on what the Court has ruled in the arrest order.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

If the claimant agrees, yes. If no agreement is reached, the position has been that they are not.

21. How long does it take to release the ship?

The time to appear before the Court (few hours), normally with the Master of the ship, and put the security.

22. Is there a procedure to contest the arrest?

Yes, within a period of 20 days from service of the arrest order the arrest can be challenged.

23. What 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 between 30 to 90 days for presentation of the action on the merits if in the case the Spanish Courts are competent.

24. 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.

25. 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.

26. 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 at the end of the enforcement of an action, hence at the end of the proceedings. However, a recent practice has been observed where the ship has been auctioned at the request of the Port Authority. This has resulted after an administrative procedure was initiated by the Port Authority for the abandonment of the ship. Port Authorities are pressed in the Spanish ports to impede that a non operational ship occupies space in the port area. In these cases the proceeds of the public sale will be distributed in accordance to the ranking and amounts of the credits.

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SHIP ARREST IN SRI LANKA

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1. Please give an overview of ship arrest practice in your country.

In terms of the Admiralty Jurisdiction Act No. 40 of 1983, A ship can be arrested in terms of 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.

An application to arrest a ship is made ex-parte by filing an affidavit by the plaintiff, setting out the 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.

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 also in the committee which drafted the "INTERNATIONAL CONVENTION ON ARREST OF SHIPS, 1999.

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 are not applicable under the Sri Lankan law.

5. For which types of claims can you arrest a ship?

Section 2(1)(e) to (q) of the Admiralty Jurisdiction Act No. 40 of 1983 sets out the following types of claims under for which a ship can be arrested.

Section 2(1) states that :

- (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 ;
- (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.

7. Can you arrest a ship irrespective of the debtor?

Yes. 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 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.

Maritime liens however 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 recognise maritime liens? Under which International Convention, if any?

Yes. Sri Lanka is a signatory to the International Convention on Maritime Liens and Mortgages, 1993. 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:

"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.”

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 from the moment the file arrives to your law firm?

An application to court can be made 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 notarisation and/or apostille, and when are they needed?

Under Sri Lankan Law, 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. What is the procedure to release a ship from arrest?

See Section 37(1) Admiralty rules

18. What type of security needs to be placed for the release?

Normally a Bank Guarantee issued by a first class Bank subject to the jurisdiction of Sri Lanka.

19. Does security need to cover interest and costs?

Yes.

20. Are P& I LOU accepted as sufficient to lift the arrest?

No.

21. How long does it take to arrest the ship?

It all depends on when security for claim is made.

22. Is there a procedure to contest the arrest?

Yes.

23. What 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.

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?

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.

26. Is it possible to have a ship sold pendente lite; if so how long does it take?

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".

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SHIP ARREST IN SUDAN

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1. Please give an overview of ship arrest practice in your country.

A plaintiff seeking arrest of a ship has to raise a suit before Port Sudan civil court specifying the statement of claim. An arrest order shall be issued by Port Sudan civil court showing the plaintiff, name of the vessel, owners, and the amount claimed. It also states that release of the ship shall be made, provided however, that a duly cheque having the amount claimed is presented, or a valid bank guarantee or London P& I Club LOU is provided to the court to ensure that the plaintiffs rights are guaranteed. The purpose of the action in rem against the ship is to persuade the concerned party to appear and provide security.

2. Which International Convention applies to arrest of ships in your country?

Sudan is not party to the Convention Relating to Arrest of Seagoing Ships Brussel 1952 though it has made accessible in a great number of countries the provisional remedy of arrest or attachment of a vessel in order to reassure maritime lien-ors an proficient means of enforcement of their claims. However, Sudan is a party to the 1999 Convention on Arrest of Ships. It is a party to the International Convention on Maritime Liens 1993 Geneva. It regulates the circumstances under which ships may be arrested or released from arrest. Again, it addresses liability for wrongful arrest, and clearly addresses the jurisdiction on the merits of a claim. The said convention has entered into force on 14th September 2011.

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?

No.

5. For which types of claims can you arrest a ship?

A ship may be arrested for any of the maritime claims as prescribed under Article 45(2) Chapter 9 of Sea Transport Act 2010 as a pre-judgment in order to provide the plaintiff the right to arrest a ship for a maritime claim for the purpose of providing the requisite security for the alleged claim.

6. Can you arrest a ship irrespective of her flag?

Yes, however, warships and non-commercial state owned ships shall not be arrested on the ground of sovereign immunity justifications.

7. Can you arrest a ship irrespective of the debtor?

Yes, except a vessel owned by a state for sovereign immunity considerations.

8. What is the position as regards sister ships and ships in associated ownership?

Sister ships are two ships owned by the same person whether an individual or corporate entity. In such a case, it is legally permissible to undertake the called for arrest.

9. What is the position as regards Bareboat and Time-Chartered vessels?

It is not possible to arrest a vessel that is under a time charterer. A time charterer is not liable for any alleged claim, however, bareboat charterer (or demise charterer) are deemed to be proprietors that is to say owners of the vessel for the reason of enforcing an arrest in rem.

10. Do your Courts require counter-security in order to arrest a ship?

Yes. In practice, it is highly practical to request such a counter-security to ensure that the claim is genuine

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is no difference as regards the used procedure for arresting a ship in respect of maritime claim and a maritime lien.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, Sudan is party to the International Convention on Maritime Liens and Mortgages 1993 Geneva.

13. What lapse of time is required in order to arrest a ship from the moment the file arrives to your law firm?

In the event all the necessary documents are available, an arrest can be done in the same day an application is submitted before the competent court and all the requirements are satisfied including payment of prescribed court dues.

14. Do you need to provide a POA or any other documents of the claim to the Court?

A POA or any other document is not 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?

Documents in support of the alleged claim must be submitted before the court so as to provide cogent grounds for issuing the arrest order.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes.

17. What is the procedure to release a ship from arrest?

An application to the court accompanied by the requisite defense in the form of security to quash the court order on the basis of which the ship arrest has been made.

18. What type of security needs to be placed for the release?

An arrest order shall be issued by the competent civil court showing the plaintiffs, name of the vessel, owner, and the amount claimed. It also states that release of the ship shall be made, provided however, that a duly cheque is presented, or a valid bank guarantee or London P & Club LOU is provided to the court to ensure that plaintiffs rights are guaranteed.

19. Does security need to cover interest and costs?

The security shall embrace all costs, however, interest shall not be covered on the ground that interest is riba (usury) which is forbidden under the Islamic financial doctrine.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

Yes. Security shall be asked for losses actually ensued and not merely anticipatory. The LOU should include indication to predetermined amount, all-encompassing of costs. Also, the LOU language must specify that the trigger for reimbursement under LOU is ready when the member's legal liability has been recognized. The wording must as well cap payment either in conformity with an agreement made by the parties or subsequent to a definitive final decision by an arbitral tribunal or the courts. The function of the local correspondent can be helpful, as the club will often rely intensely upon him for advice as regards the provision of security. In Republic of Sudan jurisdiction, a correspondent's LOU, counter secured by the club, is the only type of security other than a bank guarantee that will be satisfactory to the claimant

21. How long does it take to release the ship?

The time span required to release a ship depends on the financial standing of the ship owner as regards the owner's ability to furnish the requisite security to release the ship and hence pursue other legal methods to resolve any disputes as regard claims.

22. Is there a procedure to contest the arrest?

The prevailing Court's Civil Procedure must be employed to contest the arrest on the merits.

23. What period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The claimants may take legal proceedings and furnish their claims at any time they deem fit, insofar, as the alleged claims are legal and based on a cogent factual background.

24. Do the Courts of your country acknowledge wrongful arrest?

Yes, if the statement of claim is not supported by factual and legal background, that is to say fictitious claims.

25. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Yes.

26. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

In the event an arrested ship entails cost of preserving arrest that exceeds the value of the amount claimed to the effect of lessening or highly reducing the value of the claimant security, then there are plausible legal grounds for sale *pendente lite*. A mortgagee arrests a ship; however, the cost of continuing the arrest awaiting judgment shall go above the value of the amount declared to the effect of diminishing the value of the claimant security. If such an event takes place there is an appropriate legal ground for a petition to court for sale *pendente lite*. This right may occur where the owners defend the mortgagee's claim but fall short to offer a substitute security such as a bank guarantee. The mortgagee is obliged to ascertain that the ship is a wasting asset suffering costs and that postponement of the sale of the ship while the case is being heard will weaken the mortgagee's capability to recoup the amount of the claim from the sale of the ship. The span required to consummate the process may not be possible to estimate with accuracy as it depends on the merits of each case. However, in our jurisdiction it is likely to be a bit long.

***Dr. Adam & Associates**, Commercial Law Group, is a full service business and commercial law firm situated in the city of Khartoum. The firm offers a full range of legal services to meet the diverse and rapidly evolving needs of our clients of national and international standing. We provide quality services to a diverse clientele in commercial law, maritime law, production and distribution services worldwide in a cost effective and timely manner. We are well conversant of financial devices and guarantees employed in international finance, international trade, construction and engineering contracts.

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SHIP ARREST IN TAIWAN

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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 28th November, 2018 (the "CPC"), the Compulsory Execution/Enforcement Act, promulgated on 19th January, 1940, effective from 21st January, 1940, and last amended on 13th June, 2018 (the "CEA"), and the Maritime Act, promulgated on 30th December, 1929, effective from 1st January, 1931, and last amended on 8th July, 2009 (the "MC"). 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 Civil 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, CEA and/or MC as mentioned under Question 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 there 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.

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 irrespective of her flag?

Yes.

7. Can you arrest a ship irrespective 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 from 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 therefore 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. What is the procedure to release a ship from arrest?

In the case of an arrest based upon the final and irrevocable Court Judgment, Arbitration Award, or Civil Ruling granting the foreclosure of ship mortgage, the debtor, registered shipowner, or the interested part may apply, relying upon CEA, etc., to the Court for releasing the arrested ship against the lodgment of security in the amount of the alleged claim amount as well as the execution fees as court costs; or an equivalency of the ship's value; or an appropriate assets. As to the provisional seizure/attachment or disposal proceedings, the Court, when granting a Civil Ruling to provisionally seize/attach or dispose the ship in question, mentioned under Question 1, would normally allow the debtor/opponent or registered shipowner to revoke the provisional seizure/attachment or disposal proceedings, resulting in the release of arrested ship, against the lodgment of security, the amount of which is normally tantamount to the creditor's alleged claimed amount or more.

18. What type of security needs to be placed for the release?

The security could be in form of : (1) cash; (2) the interest bearing term deposit/certificate issued by a local bank, (3) an appropriate assets; or (4) a letter of guaranty issued by local underwriter/insurer, or local bank running insurance business, which should explicitly undertake, inter alia, that the issuer shall be responsible for recouping the alleged debt and/or compensating the creditor for a certain sum in the event that the debtor, or registered shipowner does not fulfil its obligation. Items (2) to (4) shall be subject to Court's discretionary approval.

19. Does security need to cover interest and costs?

The security needs to cover the alleged claim amount and the court costs, or execution fees.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

P&I LOUs would not be accepted, unless it is a local underwriter/insurer.

21. How long does it take to release the ship?

It would take around ten (10) business working days, should no complications arise.

22. Is there a procedure to contest the arrest?

There are several approaches to contest the arrest under CEL and CPC.

23. What 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.

24. Do the Courts of your country acknowledge wrongful arrest?

Yes, but the substantiation of damages and/or loss shall be subject to another lawsuit.

25. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

Very rarely.

26. Is it possible to have a ship sold pendente lite; if so how long does it take?

It is almost impossible.

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SHIP ARREST IN THAILAND

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1. Please give an overview of ship arrest practice in your country.

The arrest of ship is a well-known practice worldwide, especially in the country performing the marine trading. In the past, Thailand do not enforce the specific provisions regarding the arrest of ship. Until the late 1991, Thai law has enacted the arrest of ship Act B.E.2534 (1991) with the purpose to arrest the ship for security when there is a dispute in associated with the ship and the usage of ship. Moreover, Thailand is neither become the member in the treaty nor ratify the International Convention relating to the arrest of seagoing ships, Brussels, May, 10, 1952. However, the arrest of ship Act B.E. 2534 (1991) has the similar model as to the arrest of seagoing ships, Brussels, May, 10, 1952.

2. Which International Convention applies to arrest of ships in your country?

Thailand is not a party of the International Convention regarding the arrest of ships.

3. Is there any other way to arrest a ship in your jurisdiction?

According to Thai law, there are two Acts which are related to the arrest of ship; (1) Arrest of Ship Act B.E.2534 (1991), and (2) Navigation in the Thai Waters Act B.E.2456 (1913.)

4. Are there alternatives e.g. saisie conservatoire or freezing order?

The temporary protection shall be requested from the Court of Thailand to seize or freeze of asset but such alternatives shall not be the security for debt repayment.

5. For which types of claims can you arrest a ship?

The creditor may claim for arrest of ship by the following matters:

- 1.Any damages arising from the ship whether by ship collision or other event;
- 2.Death or injury caused by the ship or related to the operation of any ship;
- 3.Marine salvage;
- 4.Charter agreement whether by the Charter-party agreement or other agreement;
- 5.Shipment agreement whether by Charter agreement or other agreement;
- 6.Loss or damages causing to the product including luggages carried by the ship;
- 7.General damages;
- 8.Loan agreement for carry on the business of ship by ship security(Bottomry);
- 9.Towage;
- 10.Pilotage;
- 11.Supply any goods or materials for ship operation or maintenance;
- 12.Shipbuilding, ship repairing;
- 13.Wages of naval officer, ship officer, ship equipment installation, or Dock charges and dues;
- 14.Disbursement which naval officer, consigner, charterer or the representative of the shipowner has caused in the name of the ship or the shipowner;
- 15.Disputes as to the title or ownership of any ship;
- 16.Disputes between the co-owners as to the possession, usage earning from the ship;
or
- 17.Mortgage or hypothecation of any ship.

6. Can you arrest a ship irrespective of her flag?

According to Thai law, any ship shall be arrested regardless of the flag.

7. Can you arrest a ship irrespective of the debtor?

The arrest of ship shall be performed as long as the type of claim falls under the matters in question no.5.

8. What is the position as regards sister ships and ships in associated ownership?

If the ownership of the sister ships and the ships in associated are of the same and the damages arises from the ships in associated, the sister ships and the ships in associated can be arrested in the same ground to provide the full debt repayment to the debtor except for these following disputes: 1. Disputes of rights or ownership of the ships; 2. Disputes between the co-owners regarding the right to possession; and 3. Mortgage of ships.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Both Bareboat and Time-Chartered vessels give the possession of ship to the charterer if the cause of claim arises whether from the ship or the business of the ship in particular and the debtor has the right to possession over the ship in the event of the claim of ship arise and the Court order the arrest of ship, the creditor may request the arrest of ship from the Court.

10. Do your Courts require counter-security in order to arrest a ship?

The counter-security shall be in the discretion of the Court. But in practice, the Court shall require the counter-security.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Maritime claim provides the right to arrest of ship but maritime lien provides the right to receive the debt repayment prior to other creditors and shall not limited to the preferential creditors.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Thai law recognizes Ship Mortgage and Marine Preferential Right Act B.E.2537 (1994.)

13. What lapse of time is required in order to arrest a ship from the moment the file arrives to your law firm?

The arrest of ship shall be executed within 3-5 days if the documentary evidence is complete and the witness has to attend to the Court. The Court may consider the inquiry forthwith which is similar to the emergency inquiry.

14. Do you need to provide a POA or any other documents of the claim to the Court?

Under Thai law, the following documents must be provided; (1) Motion to request the court to arrest of ship, (2) Deed of lawyer appointment, (3) Power of attorney (in case the creditor appoint someone or lawyer to be the attorney-in-fact), (4) Document regarding to status of the ship, (5) Document regarding to the status of the debtor and creditor, (6) Document regarding to the debts.

15. What original documents are required, what documents can be filed electronically, what documents require notarisation and/or apostille, and when are they needed?

Under Thai law, the Thai Court do not accept the document filing electronically except the monor document or petition e.g. petition to copy the court order. Moreover, the original Power Of Attorney shall be required but the copies of other original documents may be filed except when the challenge is made by another party.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

The Thai Court do not accept the jurisdiction over the substantive claim. The creditor shall have the domicile in Thailand to file the case to the Court. If Thai Court do not have the jurisdiction over the case, the Court may dismiss the case and also dismiss the security deposit.

17. What is the procedure to release a ship from arrest?

The arrest of ship shall be released by the following procedure:

- (1) When the debtor has provided the deposit not less than the amount prescribed in the arrest of ship order and the debtor accept the claim, the arrest of ship shall be terminated and the Court shall release the arrested ship immediately; or
- (2) When the debtor has the domicile in Thailand and the debtor has provided the deposit not less than the amount prescribed in the arrest of ship order and the debtor does not accept the claim, the arrest of ship shall be terminated and the Court shall release the arrested ship immediately; or
- (3) The offshore debtor or the third party may request the Court to release the arrest of ship by submission of petition to the Court and provide the security in the amount as prescribed by the Court order of the arrest of ship for the security of debt repayment to the creditor. If the Court found reasonable, the arrest of ship shall be released.

18. What type of security needs to be placed for the release?

Generally, the Thai Court accepts cash, government bond, and bank account shall be provided for security to release the arrest of ship. Other types of security may be provided by the discretion of the Court.

19. Does security need to cover interest and costs?

The discretion shall be determined by the Court.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

P&I and LOUs are not accepted to lift the arrest. The security deposit shall be provided exclusively.

21. How long does it take to release the ship?

The procedure on no. (1) and (2) under answer to question 17 shall be taken approximately 3-5 days from the period of the Court ruled the order until the release of ship. The procedure on no. (3) under answer to question 17 shall be taken approximately 1-3 months from the period of submitting the petition to the Court until the release of ship.

22. Is there a procedure to contest the arrest?

As according to the arrest of ship Act B.E. 2534 (1991), the last paragraph of section 8 states that the order of the arrest of ship shall be final. Therefore, the arrest of ship shall not be contested nor appeal the order.

23. What period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The claim shall be made within 30 days from the date that the enforcement officer post the arrest of ship as according to section 12(2) of arrest of ship Act B.E.2534 (1991.)

24. Do the Courts of your country acknowledge wrongful arrest?

The Thai Courts accept the wrongful arrest of ship, but the claim for damages to wrongful arrest of ship; shall be filed in separate case.

25. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

The Thai Courts do not acknowledge the piercing and lifting of the corporate veil.

26. Is it possible to have a ship sold pendente lite; if so how long does it take?

It has not possible to a ship sold pendente lite. Under Thai Law, the ship can only be sold by the public auction in the process of legal execution as long as the Court has rendered the judgment for Plaintiff to win the case.

***Naiyachon** has been appointed as Managing Director and Head of JTJB Bangkok Office since August 2015. He was previously experienced in a leading International law firm, specializing in Commercial Dispute, Transportation & Maritime, Trade Competition, Labor Dispute, and Insolvency and Restructuring including Real Estate & Construction. While his practice has been focused on litigation in the past 15 years, he has a rich practice experience in handling both contentious and non-contentious matters.

Naiyachon is experienced in maritime and transportation dispute both in Thai Court and International Arbitration, his areas of work include Shipping & Maritime Disputes on Charterparty, Bunker Dispute, Cargo Dispute, Arrest of Vessel and Multimodal Transportation as well as project transactional work such as registration of vessels, Flag of Ship, Structuring of Logistic Provider and Freight Forwarder Company.

Naiyachon's litigation work has generally been in the area of Business and Commercial Dispute, Construction Dispute, Labour Dispute, and Bankruptcy as well as Intellectual Property dispute.

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Naiyachon has been ranked in Asialaw Leading Lawyers 2018 as a Market-Leading Lawyer for Dispute Resolution, Litigation, Shipping & Maritime, Aviation and Intellectual Property practice areas. He was also nominated for the Dispute Star of the year 2018. Furthermore, Naiyachon is listing the Thailand Top 100 Lawyers published by Asia Business Law Journal.

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Naiyachon obtained LL.B. and LL.M. (International Trade Law) from Thammasat University and he also obtained Barrister-at-Law from Thai Bar Association and Certificate of Specialized Environmental Lawyer from Lawyer Council of Thailand.

SHIP ARREST IN TRINIDAD & TOBAGO

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1. Please give an overview of ship arrest practice in your country.

Admiralty proceedings in Trinidad and Tobago are governed essentially by Part 74 of the Civil Proceeding Rules ("CPR"). Part 74.2 of the CPR covers the following claims, questions and proceedings, namely—

- a) any claim to the possession or ownership of a ship or to the ownership of any share therein, including power to settle any account outstanding and unsettled between the parties in relation to the ship, and to direct that the ship, or any share thereof, must be sold, and to make such other order as the court thinks fit;
- 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 received by a ship;
- e) any claim for damage done 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 in consequence of the wrongful act, neglect or fault of— (i) the owners, charterers or persons in possession or control of a ship; or (ii) the master or crew of a ship, or 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 a ship, in the loading, carriage or disembarkation of persons on, in or from the ship;
- g) all proceedings to enforce a claim for damage, loss of life or personal injury arising out of
 - i. a collision between ships;
 - ii. the carrying out of or omission to carry out a manoeuvre in the case of one or more of two or more ships; or
 - iii. non-compliance, on the part of one or more of two or more ships, with the collision regulations;
- h) any claim for loss or damage to goods carried in a ship;
- i) 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;
- j) any claim— (i) under the International Convention on Salvage 1989; (ii) under any contract for or in relation to salvage services; or (iii) in the nature of salvage not falling within (i) or ii) above, or any corresponding claim in connection with an aircraft;
- k) any claim in the nature of towage in respect of a ship or an aircraft;
- l) any claim in the nature of pilotage in respect of a ship or an aircraft;
- m) any claim in respect of goods or materials supplied to a ship for her operation or maintenance;
- n) any claim in respect of the construction, repair or equipment of a ship or dock charges or dues;
- o) subject to the limitations imposed by section 136 of the Act, any claim by a master or member of the crew of a ship for wages (including any sum allotted out of wages or adjudged by a superintendent to be due by way of wages);
- p) any claim by a master, shipper, charterer or agent in respect of disbursements made on account of a ship;

- q) any claim arising out of an act which is or is claimed to be a general average act;
- r) any claim arising out of bottomry;
- s) 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;
- t) any application to the court under the Act; and
- u) every limitation claim, in relation to— (i) all ships or aircraft whether Trinidadian or not and whether registered or not and wherever the residence or domicile of their owners may be; (ii) all claims, whether arising (including, in the case of cargo or wreck salvage, claims in respect of cargo or wreck found on land); and (iii) (so far as they relate to mortgages or charges) all mortgages or charges, whether registered or not and whether legal or equitable including mortgages and charges created under foreign law.

2. Which International Convention applies to arrest of ships in your country?

The United Nations Convention on the Law of the Sea ("UNCLOS"). The **Archipelagic Waters and Exclusive Economic Zone Act Chapter 51:06** of the Laws of Trinidad and Tobago was enacted partly to make provision for matters connected therewith in accordance with UNCLOS. The International Convention on Salvage 1989 also applies.

3. Is there any other way to arrest a ship in your jurisdiction?

Yes, Part 74 of the CPR governs the arrest of ships in Admiralty proceedings in rem in Trinidad and Tobago. Furthermore, a ship may be detained under the **Quarantine (Maritime) Regulations Chapter 28:05** of the Laws of Trinidad and Tobago in order to prevent the spread of infection. In addition, **S.317** of the **Shipping Act, Chapter 50:10** grants the Registrar or inspector the power to cause an unseaworthy Trinidad and Tobago ship or foreign ship to be detained until it is fit to proceed to sea.

4. Are there alternatives e.g. saisie conservatoire or freezing order?

The above may be available although not strictly as alternatives to arrest. The seizure of a ship or detention of its cargo may be effected through the arrest process or through the processes in 3 above.

5. For which types of claims can you arrest a ship?

In the case of any such claim or question as is mentioned in rule 74.2(a), (b), (c) or (s) a claim in rem may be brought against the ship or property in connection with which the claim or question arises. In any case in which there is a maritime lien or other charge on any ship, aircraft or other property for the amount claimed, a claim in rem may be brought against that ship, aircraft or property.

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 the jurisdiction of Trinidad and Tobago territorial waters, or the contiguous zone in the event that the vessel is seeking the flee. Ships of all States enjoy the right of innocent passage in the archipelagic waters of Trinidad and Tobago. Under **S. 12. (1) Archipelagic Waters and Exclusive Economic Zone Act Chapter 51:06**, passage of a ship is innocent so long as it is not prejudicial to the peace, good order or security of Trinidad and Tobago and is in conformity with the provisions of the Convention and such other relevant rules of international law. The President may however, by Proclamation suspend, temporarily, in specified areas of the archipelagic waters, the innocent passage of foreign ships, where such suspension is essential for the protection of its security. Under **S.28**, certain entities are empowered to stop and board, inspect, seize and detain a foreign fishing craft, seize any fish and equipment found on board the foreign fishing craft, and arrest the master and crew of any foreign fishing craft, in the exclusive economic zone, the territorial sea and the archipelagic waters, and may also institute such criminal proceedings against them, as may be necessary to ensure compliance with the Act and the Regulations.

7. Can you arrest a ship irrespectively of the debtor?

No, a claimant may only issue an arrest warrant in Admiralty proceedings in rem against: a) the ship in connection with the claim; or b) any other ship, if at the time when the claim is made, the Relevant Person is the beneficial owner of all the shares in it.

8. What is the position as regards sister ships and ships in associated ownership?

Sister ships can be arrested. In the case where the claim arises in connection with a ship and the relevant person was when the cause of the action arose, the owner or charterer or in possession or in control of the ship, a claim in rem may be brought against that ship if at the time the claim the relevant person is the beneficial owner of the ship in respect of all the shares in it or any other ship, of which at the time the claim was made, the relevant person was the beneficial owner in respect of all the shares in it.

9. What is the position as regards Bareboat and Time-Chartered vessels?

There is no specific provision regarding these vessels. However, under **Shipping Act, Chapter 50:10** "Ship" is defined as a vessel used in navigation not propelled by oars. As such, these vessels fall within the definition of ship and so may be arrested pursuant to the provisions of Part 74 of the CPR.

10. Do your Courts require counter-security in order to arrest a ship?

There is no provision requiring counter-security. However, pursuant to Rule 74.12 (3) of the CPR the warrant may not be executed the arresting party's attorney at law provides a personal undertaking to the Court to be responsible for the Admiralty Marshal's expenses in respect of the arrest including the care/custody of the property under arrest. In practice, such attorney usually requires this undertaking to be backed by a suitable deposit into the Firm's client account and to have such deposit increased in the event that the expenses increase. Costs of arrest can quickly build up and be subject to unexpected contingencies.

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

No, there is no difference in the process for arrest.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, Trinidad and Tobago recognizes maritime liens under **Part 5** of the **Shipping Act Chapter 50:10** of the Laws of Trinidad and Tobago. They are as follows: (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 pilotage dues and any outstanding fees payable under this Act in respect of the ship; (c) claims against the owner 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; (d) claims against the owner, based on tort 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; claims for salvage, wreck removal and contribution in general average.

13. What lapse of time is required in order to arrest a ship from the moment the file arrives to your law firm?

It should be possible to effect the arrest of a vessel within 48 to 72 hours of obtaining instructions and filing the application, provided that the relevant information and documents to support the application to the High Court for the warrant of arrest are available and an appropriate undertaking in writing to match the attorney's personal undertaking to pay the fees and expenses of the Marshal of the Court. The arrest of a ship is not of itself inordinately time consuming, although it is somewhat technical. However, the procedure subsequent to an arrest can be quite time consuming and complex.

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.

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. Trinidad and Tobago courts will accept jurisdiction over the substantive claim once a vessel has been arrested within our territorial waters.

17. What is the procedure to release a ship from arrest?

Except where property arrested in pursuance of a warrant of arrest is sold under an order of the court, such property may only be released under the authority of a release by filing the appropriate practice form. A release may not be issued with respect to property as to which a caveat against release is in force, unless, either (a) at the time of the issue of the release the property is under arrest in one or more other proceedings; or (b) the court so orders.

Before property under arrest is released in compliance with a release issued under this rule, the party at whose instance it was issued must, in accordance with the directions of the marshal either pay the fees of the marshal already incurred and lodge in the marshal's office an undertaking to pay on demand the other fees and expenses in connection with the arrest of the property and the care and custody of it while under arrest and of its release; or lodge in the marshal's office an undertaking to pay on demand all such fees and expenses, whether incurred or to be incurred. The court, on the application of any party who objects to directions given to him by the marshal under the preceding paragraph may vary or revoke the directions.

18. What type of security needs to be placed for the release?

Security such as bank guarantees, P and I Club LOUs and insurance bonds are acceptable to be placed for the release of ships.

19. Does security need to cover interest and costs?

Yes, security must cover the claim, interest and costs.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

Yes, P&I LOUs are accepted as sufficient to lift the arrest. The court is entitled to be satisfied as to the adequacy and reliability of the security proposed.

21. How long does it take to release the ship?

A ship can be released within 24 hours of filing an acceptable security

22. Is there a procedure to contest the arrest?

Yes, there is a procedure to contest the arrest as is set out in CPR 74.10.

Generally, a person who wishes to prevent the arrest of a ship must file a request in the prescribed form containing an undertaking a) to acknowledge issue or service of the claim form in any claim that may be made against the property described in the request; and b) within 3 days of receipt of notice that such a claim has been made, give bail in that claim in a sum not exceeding an amount specified in the request or to pay the amount so specified into court. This request must be signed by the person seeking to prevent the arrest or his attorney-at-law. When the request is filed, the Registrar must enter a caveat against the issue of a warrant to arrest the property described in the request in the caveat book. Every caveat entered in the caveat book is valid for 12 months beginning with the date of its entry but the person at whose instance a caveat was entered may withdraw it by filing a request in the appropriate practice form.

23. What 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* application for a warrant of arrest is accompanied by the claim form, statement of case and supporting documents. There is accordingly no waiting period between the arrest taking place and the commencement of the substantive action. The precise timelines are difficult to pin down and will vary depending on the course of the matter. A Claimant may apply for judgment in default and an order for sale where a defendant to a claim in rem fails to acknowledge service of the claim within the time limited for doing so, then, on the expiration of 14 days after service, of the claim and upon filing an affidavit proving due service of the claim, an affidavit verifying the facts on which the proceedings is based and, if a statement of case was not served with the claim form, a copy of the statement of case. If the court is satisfied that the applicant's claim is well founded it may give judgment for the claim and may at the same time order the property against which the claim or, as the case may be, counterclaim is brought to be appraised and sold and the proceeds to be paid into court or may make such other order as it thinks just.

24. Do the Courts of your country acknowledge wrongful arrest?

Yes. A party claiming that a vessel has been wrongfully arrested can sue the arresting party for damages under this tort. However the threshold for recovering damages under this head is quite high - A claimant for damages for wrongful arrest of a ship must prove that the arrest was malicious or the result of gross negligence.

25. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

The Trinidad and Tobago courts recognize and exercise the powers to pierce or lift the corporate veil.

26. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

Yes. 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. The time frame from application to order may be relatively short, that is attained within two weeks, (if uncontested) however, the time frame for actual sale can be much longer and depends on whether the application is contested, the state of the vessel and the availability of a reasonable market.

***Mr. Gregory Pantin** is a Partner at Hamel-Smith & Co. Law Firm with more than 17 years practice as an Attorney-at-Law. His core practice is in the area of litigation. He handles a variety of commercial disputes particularly matters involving issues in Admiralty, Construction and Development, Corporate Law & Governance, Employment and Industrial Relations and the Environment. In addition to his core areas of practice, Gregory is also trained in mediation as well as arbitration through the Chartered Institute of Arbitrators.

Gregory practices as an Advocate before the High Court, Court of Appeal, and specialist courts such as the Industrial Court, Environmental Commission, Trinidad and Tobago Securities and Exchange Commission, the Caribbean Court of Justice (Original Jurisdiction) and arbitral panels. According to Chambers Global 2012-2019: The World's Leading Lawyers for Business, Gregory is featured with a No. 3 Ranking among the corporate/commercial lawyers in Trinidad and Tobago, with commentaries acknowledging his recognition in the market for his 'excellent' commercial work and strength of his pre-emptive approach by always thinking through all scenarios and strategies and achieving the best result for his Clients accordingly.

****Ms. Cherie Gopie** is Partner at Hamel-Smith & Co. Law Firm with more than 13 years practice as an Attorney at Law. She has graduated from the University of the West Indies (LL.M. 2016), specialisation in Corporate and Commercial Law. At Hamel-Smith & Co., Cherie has appeared in and works closely instructing Counsel in the High Court, the Court of Appeal, and other specialist courts of Trinidad and Tobago. Cherie focuses on all areas of dispute resolution and advises the firm's clients on, among other areas, Admiralty Law, General Commercial Litigation, Medical Negligence Law, Personal Injury, Debt Collection, Insurance and Re-Insurance.

SHIP ARREST IN TUNISIA

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1. Please give an overview of ship arrest practice in your country.

Tunisia with eight commercial ports opened to international traffic remains one of the best countries in the world for ship arrests with simple and fast procedure.

2. Which International Convention applies to arrest of ships in your country?

Tunisia not ratify any International Convention, and only local laws will apply to the arresting of ships, but the legislator of Tunisian Maritime Law was influenced 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?

- Arrest in accordance with an on-going or a final foreign arbitration award;
- Arrest within the frame of enforcement of a foreign Court decision;
- Arrest in accordance with a settlement agreement;
- Arrest in accordance with a contract;
- Arrest under procedures of execution.
- Arrest under a criminal matter or a civil debt against the ship owners.

4. Are there alternatives e.g. saisie conservatoire or freezing order?

These measures are similar to saisie conservatoire or freezing order (immobilisation du navire).

5. For which types of claims can you arrest a ship?

Tunisian Maritime Commercial Law defines "maritime claims" for the purposes of Tunisian law (créances maritimes). Claims falling within the definition of Maritime Claims include claims for:

- Bunkers, Goods, materials, provisions, equipment (including containers) supplied or services rendered to the ship for its operation, management, preservation or maintenance;
- Loss or damage caused by the operation of the ship;
- Any agreement relating to the use or hire of the ship, whether contained in a charter party or otherwise;
- Any agreement relating to the carriage of goods or passengers on board the ship, whether contained in a charter party or otherwise;
- Loss of or damage to or in connection with goods (including luggage) carried on board the ship;
- General average; Towage; Pilotage;
- Construction, reconstruction, repair, converting or equipping of the ship;
- Port, canal, dock, harbour and other waterway dues and charges;
- 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;
- Loss of life or personal injury occurring, whether on land or on water, in direct connection with the operation of the ship;
- Disbursements incurred on behalf of the ship or its owners;
- Insurance premiums (including mutual insurance calls) in respect of the ship, payable by or on behalf of the shipowner or demise charterer;
- Any commissions, brokerages or agency fees payable in respect of the ship by or on behalf of the shipowner or demise charterer;
- Any dispute as to ownership or possession of the ship; any dispute between co-owners of the ship as to the employment or earnings of the ship;
- Any dispute between co-owners of the ship as to the employment or earnings of the ship;
- A mortgage or a "hypothèque" or a charge of the same nature on the ship;
- Any dispute arising out of a contract for the sale of the ship.

- Salvage operations or any salvage agreement;
- 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;
- 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. Can you arrest a ship irrespective 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 irrespective 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). The ship can be arrested even if the ship owner's is not the debtor of the maritime claim. In order to have his ship released from arrest, the ship owner's have to pay the claim or to give a Bank guarantee issued by a Tunisian bank or else a cash deposit at the General Treasury Department of Tunisia. The ship owner's 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 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?

Tunisian Maritime Law allows the arrest of sister ship and ship associated.

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 Maritime law in practice does not impose on the claimant the deposit of a counter-security to cover costs, charges, damages, fees or other expenses but Any attempt to use a provision of Tunisian law in an abusive manner is a wrong actionable in tort as a fundamental principle of Tunisian law. In particular, pursuant to this fundamental principle, a plaintiff will have an action for abuse of the arrest provisions contained in Articles 100 to 105 of the Maritime Commercial Law (a claim broadly equivalent to a wrongful arrest claim under a common law legal system) if it can show that the party who arrested a vessel knew or should have known that it had no right of arrest at the time the application for the arrest and the Court's order granting the arrest were made. Accordingly, the Plaintiffs' claim is actionable as a tort in Tunisia.

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, both are subject to the same procedures.

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.

13. What lapse of time is required in order to arrest a ship from 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.

14. Do you need to provide a POA or any other documents of the claim to the Court?

No power of Attorney is requested, no original documents required, no counter security.

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 claim's supporting documents or the documents proving the matter are required, documents filed electronically are accepted. All documents must be presented to the judge with a sworn translation into Arabic language.

17. What is the procedure to release a ship from arrest?

A release can usually be obtained promptly provided the requirements for release are satisfied it may be done by any of the following:

- An emergency action to release the ship from arrest, submitted by the defendant to the Court.
- Amicably settlement agreement between applicant and defendant to release the ship.
- A Tunisian bank guarantee
- A cash deposit in the General Treasure Department of Tunisia.
- A repudiation of the arrest order by court decision.

18. What type of security needs to be placed for the release?

A bank guarantee issued by a Tunisian bank or else a cash deposit at the General Treasure Department of Tunisia. LoU Club are not accepted by Tunisian court.

19. Does security need to cover interest and costs?

In some cases, but it always depends on the judge's ordinance.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

No, Club LOUs are not accepted in Tunisia.

21. How long does it take to release the ship?

Between 4 and 10 hours.

22. Is there a procedure to contest the arrest?

An emergency action called "référé" to be presented within 8 days from the date of notification of the arrest.

23. What period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The order authorizing the arrest shall indicate the deadline to start an action on merits, and it may not exceed one month within which the claimant will have to commence his action on the merits before the competent court. If the action is not made within this deadline, the conservatory arrest shall become null and void.

24. 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 and 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.

25. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

The vessel in relation of which maritime claim arose or any other vessel in the same ownership can be arrested.

26. Is it possible to have a ship sold pendente lite; if so how long does it take?

Under Tunisian Law when the arrestor gets an enforceable title like a final arbitration award or a final court decision the procedure of sale of the vessel is made through public auction and it generally takes three to six months. The court's decision to sell the vessel is not susceptible of any appeal but can be either invalidated if the procedures were not respected. Such action must be brought 10 days at least before the auction or claimed by third parties who are entitled to do so at any time of the process.

****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)

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1. Please give an overview of ship arrest practice in your country.

As a part of preparations for EU membership, Turkey has been in the process of amending and promulgating 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 there 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 could 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 of 1999 and restricts the arrest of ships for maritime claims enumerated in the New TCC.

6. Can you arrest a ship irrespective of her flag?

A ship can be arrested in Turkey irrespective of her flag.

7. Can you arrest a ship irrespective 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.

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SHIP ARREST IN TURKEY (QUESTIONS 10 TO 26)

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10. Do your Courts require counter-security in order to arrest a ship?

Under Article 1363 of the new Turkish Commercial Code (TCC), the applicants are required to deposit lump sum SDR (Special Drawing Rights) 10,000.00 counter security irrespective of the claim amount. The counter-security can be by way of cash deposit or Turkish Bank Guarantee. 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. The respondent (Owners) may apply to the court requesting the counter-security to be increased. If the court accepts such application 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.

Arrest applications for crew wages are exempted from providing counter-security. No objection 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, 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"

13. What lapse of time is required in order to arrest a ship from the moment the file arrives to your law firm?

The court will attend the arrest application as a matter of priority. Once the application is filed and it is confirmed by the Harbour Master that the vessel is within the jurisdiction, it is possible to obtain the arrest order 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. The POA has to be notarised and apostilled (or attested by the Turkish Consulate). In practice, the courts generally find it sufficient that the executed POA is

sent electronically in the first instance. The original POA has to be provided at a later stage. The documents in support of the claim also have to be provided with proper translations.

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 with translations are required prior to filing the application.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Under Article 1359 of TCC, the 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. What is the procedure to release a ship from arrest?

A ship can be released from arrest either;

17.1. By provision of security,

17.2. Or if the objection against the arrest order is accepted and the arrest order is set aside by the Court

17.3. Or if a final Judgement dismissing the maritime claim is rendered.

The court should send a written notice to the Enforcement Office which has executed the arrest order that the arrest has been lifted and that Enforcement Office should send orders to the relevant authorities such as the Harbor Master, Coast Guard and the Customs Authorities. Upon receipt of the release order such authorities have to complete the formalities for releasing the ship promptly.

18. What type of security needs to be placed for the release?

The Owners should provide sufficient security covering the claim, interest and costs thereof for the release. In practice, the security is provided in the form of Turkish Bank Guarantee. However, other forms of security by means of cash deposit, mortgage on real estate may also be accepted. The parties are also free to agree for the production of a P&I Letter of Undertaking as security. Otherwise, the court will decide the form of the security which will be either a Turkish Bank Guarantee or Cash Deposit. Beyond the Owner, the time charterer, manager or the mortgagee is also allowed to provide security for releasing the vessel. If so, the court will ensure that the final title issued against the person liable is also enforceable against the security provided. If the maritime claim exceeds the value of the ship, security covering the value of the ship will be sufficient for the release.

19. Does security need to cover interest and costs?

Yes. The security must cover interest and costs.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

P&I LOUs can only be accepted as sufficient to lift the arrest if the parties agree. Otherwise, the court will not accept a P&I LOU for lifting the arrest.

21. How long does it take to release the ship?

If acceptable security is provided or the arrest order is set aside by the court upon an objection against the arrest order or by a final judgement dismissing the maritime claim, the ship can be released within a couple of hours.

22. Is there a procedure to contest the arrest?

The Owners may challenge the arrest order immediately upon execution of the arrest and in any event within 7 days after learning the arrest order. This period commences on the date when the objecting party receives the information about the arrest. The time will in any event start from the day of

execution of the arrest. The Owner and all other parties like mortgagee, charterer may also file objections against the arrest order. If the claimant has filed its substantive claims, before the competent court, objections have to be filed before such court; otherwise the objection has to be filed before the court which has granted the arrest order. The objection has to be filed in writing and can be against the jurisdiction as to place, the security and the cause of the arrest. The objecting parties must enclose all evidence they rely on for their objections. The court must open a hearing and invite the arresting and the objecting parties. The court generally makes its decision during such hearing. The court is limited with the reasons set out by the objecting party. Based on the validity of the objections, the court may uphold, set aside or modify the arrest order.

23. What 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.

24. 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)

25. 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.

26. 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:

The value of the ship reduces substantially and cost of maintaining the ship is excessive, the ship or her cargo causes danger for the safeties of human being, properties and environment. The decision for the sale pendente lite can only be taken by the Enforcement Court upon application of either the Enforcement Office, Harbour Master Claimants or the Owners. There is no certainty regarding the time for this issue; however it may take a couple of months.

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SHIP ARREST IN UKRAINE (QUESTIONS 1 TO 9)

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1. Please give an overview of ship arrest practice in your country.

Initial ship arrest in Ukraine is fast, simple and inexpensive. In order to start the arrest procedure one needs to file the application on arrest as preliminary measures to the local commercial court under the Ukrainian commercial procedural code. Usual term of considering the application is 2 working days, weekend excluded. Ordinary base of the demand is maritime claim. Normal period of the arrest: 30 days, until the claim on the merits will be filed to the relevant court/arbitration (from time to time it is better to file the claim on the merits to the same court in Ukraine in spite of Arbitration clause).

The practice of ship arrest is rather wide, more than 20 arrests per year, especially in the ports of Big Odessa (Odessa, Chernomorsk, and Yuzhny).

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 a-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 there 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 herein above 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 irrespective of her flag?

It is possible to arrest a ship irrespective of her flag in Ukraine.

7. Can you arrest a ship irrespective 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, by the person other than the owner.

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

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"Interlegal", celebrating 23 years of practice, is a top listed Ukrainian law firm focused on Transport, Shipping and Trade. The company employs over 50 lawyers headquartered in Odessa, Ukraine with its offices in Turkey, Georgia, Romania, Bulgaria, Moldova.

SHIP ARREST IN UKRAINE (10 TO 26)

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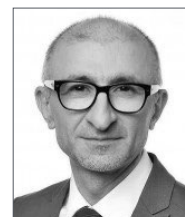
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10. Do your Courts require counter-security in order to arrest a ship?

In the civil proceedings the court is obliged to apply the counter-security if (i) the claimant is nonresident and does not have property, located on the territory of Ukraine in an amount sufficient to compensate for the defendant's possible damages that may be caused by arrest of a ship in the event of refusal of the claim; (ii) the court was provided with evidence that the claimant's financial status or his actions to dispose of the property or other actions may complicate or make it impossible to execute the court's decision to pay damages to the defendant, which may be caused by arrest of a ship in the event of refusal of the claim.

In all other cases, counter-security may be applied either at the request of the defendant or on the court's own initiative. The claimant shall pay counter-security within 10 days from the date of court order in respect of counter-security, otherwise the arrest of a ship will be cancelled. However, the better evidences are arranged and presented with the claim to the court the more chances to avoid the application 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 from 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 (however the advocate shall keep the Legal Agreement between the advocate and the Client in original) . 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. Electronic evidence shall be submitted in the original or in an electronic copy certified by electronic digital signature or in hard copy, certified, as well as written evidence.

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, including electronically by using own electronic digital signature.

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) claims to a nonresident defendant in Ukraine may be filed at the place of his property location;
- (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.
- (g) claims arising out of damage, caused in Ukraine.

17. What is the procedure to release a ship from arrest?

There are two options:

- a court, which arrested a ship may lift the arrest itself;
- a court of appeals may dismiss an order of arrest that was issued by a court of first instance.

18. What type of security needs to be placed for the release?

Best security that would be accepted by Ukrainian courts is a bank guarantee issued by a Ukrainian bank. It is also possible to propose to a court a deposit arranged with a Ukrainian bank or real estate property that is situated on the territory of Ukraine.

19. Does security need to cover interest and costs?

Ukrainian courts require that a security covers all amount demanded by claimant in his statement of claim submitted to the court.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

No, Ukrainian courts do not accept LOU of P&I Clubs.

21. How long does it take to release the ship?

In case of option (i) mentioned in para 17 above: 2 days, if bank guarantee or a deposit has been provided to the court, and 5 days in all other cases. In case of option (ii) mentioned in para 17 above: 40-60 days.

22. Is there a procedure to contest the arrest?

Yes, you may write a reasoned petition to judge who arrested a vessel, or you may appeal his decision to court of appeals within 10 days.

23. What period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

The claimants must commence the legal actions on the merits in any jurisdiction (as well as arbitration) within 30 days from the day of the arrest of a ship by court and provide the court with appropriate evidence of such actions during this period; otherwise the arrest will be canceled.

24. 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 claimant's lawsuit on the merits was left without consideration (except for certain cases established by law).

(b) The proceeding in respect of claimant's lawsuit on the merits was closed (except for certain cases established by law).

(c) The claimant fails fully or partially in his legal actions on the merits.

In case a wrongful arrest is acknowledged defendant or another person whose rights or legally protected interests were violated by such arrest of the ship may claim to an initiator of arrest to cover all losses and damages incurred.

25. 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.

26. 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 National Bar Association and International Bar Association. 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 Sant-Petersburg, Russia.*

SHIP ARREST IN UNITED ARAB EMIRATES (QUESTIONS 1 TO 9)

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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). 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 Laws No. 30 of 2005, 10 of 2014 and Federal Law No. 18 of 2018 ("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 claim 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 there 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 demise charterer, the Plaintiff may arrest either the vessel in respect of which the claim arose or any other vessel owned by the demise charterer. 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.

***Bashir Ahmed** joined Afridi & Angell in 1988. He advises clients on cross-border, maritime, general corporate and commercial, private equity, and banking matters. His maritime practice involves advising ship owners and P&I Clubs, dry docks and a number of ship repair companies on shipbuilding contracts, arrest of vessels, cargo claims, as well as advising on disputes. He represents a number of banks on ship financing transactions.

Bashir has considerable experience advising international and domestic banks on a wide range of matters including loan and credit facilities, syndications and regulatory matters and has advised on a number of mining and refinery projects as well as infrastructure projects. He was seconded to the regional office of an international bank for a period of 18 months, and acted as counsel for the Middle East and South Asia operations.

***Chatura Randeniya** joined Afridi & Angell in 2008. His practice consists primarily of dispute resolution, ranging from pre-litigation strategy to representation in substantive litigation and arbitration. He advises and represents clients in arbitration, and has represented clients in DIAC, ADCCAC, and ICC arbitrations. He also works with local advocates on matters before the UAE Federal Courts, including the Federal Supreme Court in matters of national security, as well as the Courts of Dubai and Ras Al Khaimah.

Mr Randeniya advises on maritime and shipping disputes, real estate and construction disputes, and disputes relating to commercial transactions. He has advised ship owners, P&I clubs, and drydocks on a wide range of disputes including arrest of vessels and cargo claims. Prior to joining Afridi & Angell, Mr. Randeniya was in the private bar of Sri Lanka practicing in the Law Chambers of Dr Harsha Cabral, President's Counsel. He was also a visiting lecturer in law at the faculties of Law and Management at the University of Colombo.

SHIP ARREST IN UNITED ARAB EMIRATES (QUESTIONS 10 TO 26)

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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 relying on article 252 of UAE Federal Law No. 11 of 1992 (the Civil Procedures Law) on the general rules of sequestrations which are applicable to all arrests, including ships arrests.

The UAE Courts 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 Federal Courts (Fujairah, Sharjah, Khor Fakkan, Kalba, Abu Dhabi, Ajman, and Umm Al Quwain) and Ras Al Khaimah have been more and more consistent in requesting for counter-security, while Dubai Courts seem less eager for such guarantee, however there is no possibility to anticipate the quantum of such counter security required. In our experience though we have seen the Courts asking for counter-security in between AED 50,000 and AED 300,000 depending on the value of the claim amount.

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).

Article 84 of the Maritime Code lists instead the priority debts against a vessel.

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" (and priority debts on the vessels as explained above article 84 of the Maritime Code) which are somehow analogous to maritime liens.

13. What lapse of time is required in order to arrest a ship from 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. If all these documents are available in hand, an arrest order can be granted in one day.

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. A copy of the POA and other documents will suffice for obtaining the arrest, however if the POA comes from abroad or is a special POA, it is needed in original in order to finalise the attestation in the UAE before it can be presented to the Courts..

The UAE are in fact not a party to the 1961 Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents (the Apostille Convention), 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 and counter-security (if applicable).

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 provision for filing electronically in advance of the arrest application only with the Dubai Courts, while in all other courts the documents have to be physically presented to the court.

Further, apart from the POA (for which see answer 14 above), 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 (8) days of an arrest order having been served, failing which the arrest will lapse.

The substantive claim should be file before the court having jurisdiction on the merits, and arresting the vessel in UAE per se is not bringing jurisdiction of the UAE Courts on the substantive claim to the UAE.

Jurisdiction of the UAE Courts 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. What is the procedure to release a ship from arrest?

Article 118(2) of the Maritime Code stipulates that the Court shall cancel the arrest upon the presentation of a guarantee or other security sufficient to satisfy the debt. Please note in this respect that the provision of security under UAE law does not amount to an admission of liability nor does it deny the shipowner his right to limit liability.

If security cannot be provided then the shipowner's only other recourse will be to successfully resist the claim and obtain release of the ship but this will obviously result in a longer period of non-use of the arrested ship. It should be noted that the ship will not automatically be released, regardless of provision of security, if the arrest relates to a dispute regarding the ownership of a ship or the possession, use or rights to profits arising from it. In such an instance, the Court has the discretion to order that, upon provision of security, a third party management company takes control of the ship so that the owner can make commercial use of the ship but she will legally remain under arrest and under the control of a neutral third party.

Once the Court has issued its order to release the vessel (which is normally in the form of a letter), copies must be made and served as soon as possible on the concerned authorities, which normally are the Harbour Master, the Coast Guard and the relevant maritime authority.

18. What type of security needs to be placed for the release?

There are three types of security which are commonly accepted by the Courts for a maritime debt, namely cash or a managers cheque deposited into Court or a bank guarantee from a UAE domiciled bank. A party may also offer alternative assets as security in lieu of the vessel.

Although the Maritime Code states that security for a maritime debt will be "reasonable", the Courts in practice only accept security equivalent to the full value of the claim, which is not always a reasonably calculated claim.

19. Does security need to cover interest and costs?

No.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

Although the wording of Article 118(2) is broad, a Club letter of undertaking (Club LOU) is not recognized in the UAE despite Club LOUs being considered good security in many jurisdictions. This position (similarly to a bank guarantee which needs to be issued by a bank domiciled in the UAE) is based on the fact that the P&I Clubs are not domiciled in the UAE, and therefore Courts are reluctant to accept security which has no value beyond the reputation of a P&I Club domiciled in a foreign jurisdiction. It is however obviously possible for the parties to agree on acceptance of a Club LOU, in which case the Courts will not be involved and the Claimants will need to approach the Court to withdraw the arrest upon receipt of the LOU.

21. How long does it take to release the ship?

It is usual for the ship to be released the same day or the next working day from issuance of the Court's order, although much does depend on the timing of receipt of the release order. In our experience we have seen delay where the release order has been granted in the afternoon or too close to the weekend.

22. Is there a procedure to contest the arrest?

Once the party whose vessel has been arrested has been informed and notified of the arrest they will be able to register a grievance/objection to the arrest. This process is treated entirely separately from the main proceedings and is dealt with under the Civil Procedure Code. The grievance will seek to challenge the correctness of the procedure and/or facts of the arrest pursuant to the Maritime Code.

23. What 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 (8) days to file the substantive lawsuit after the arrest is granted and served on the ship.

24. 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.

Although there is no history of claims for wrongful arrest in the UAE, we have managed to obtain compensation in one instance, which can however be considered an extreme case as the arresting party produced to the court forged documents in relation to the ownership of the vessel in order to obtain the arrest of a sister vessel.

25. 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.

26. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

A sale of the vessel *pendente lite* is not possible if a vessel is arrested and proceedings are ongoing, unless the owners consent to such sale and a joint application is made to the court for the judicial sale (and not for a private 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 in execution of the judgment.

***Jasamin Fichte** is one of the region's most experienced legal experts. She founded Fichte & Co in Dubai in 2005. It has since grown into one of the Middle East's most influential law firms, achieving numerous landmark judgments that have revolutionised legal practice in the UAE. It has been awarded a raft of prestigious regional and international accolades, including Shipping Law Firm of the Year 2015 in the UAE, and Best Maritime Law Firm of the Year 2015 and 2016.

As part of her ongoing mission to improve awareness and interest in the region's maritime sector, Fichte is the Founder and President of the UAE chapter of WISTA, the Women's International Shipping & Trading Association, Chair of the Dubai Maritime Advisory Council, which advises the Dubai government on improving the city's shipping framework, and an editorial board member of shipping magazine MARASI.

She is fluent in English and German.

***Alessandro Tricoli** joined Fichte & Co in 2006 and is presently a partner at the firm. He specialises in ship finance, ship sale & purchase, construction and conversion. He regularly acts for owners, yards and banks in contentious and non-contentious matters relating to ship building, ship finance, and ship sale and purchase contracts. His interest also lies in ports development and operation, where he has advised port authorities and operators regarding the development and restructuring of their operations. Given his finance background, Alessandro's clients naturally include ultra-high net worth families and individuals, and their family offices or private investments companies, for whom he regularly advises on wealth structuring and management as well as wealth and legacy protection.

Alessandro's broad knowledge further encompasses many areas of the firm's contentious work, with a particular emphasis on disputes resolution in which he advises a number of the firm's clients. Alessandro was leading the team that obtained the first recognition and enforcement of a foreign arbitral award under the New York Convention by the Fujairah Courts and was the instructing lawyer in both *Fiske Firmin v Firuzeh* and *Gulf Eyadah*, the two representative cases in the DIFC Courts for the enforcement of foreign arbitral awards and judgments. More recently he was involved in the dispute around "Luna", the second largest expedition yacht in the world, and her arrest by the UAE courts following a freezing order issued by the DIFC 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 read postgraduate maritime law at the University of Southampton and gained international work experience in London. Alessandro is the chairman of the Emirates Maritime Law Association and has been consistently named in the Legal 500 EMEA (Shipping) since 2011 (a professional lawyer who "gives sound, relevant advice on the matter at hand", with clients "particularly pleased with his expertise and knowledge in the maritime field"). He is also included in the list of Who's Who Legal (Transport) and was recognized in 2015 as Shipping & Maritime Lawyer of the Year (UAE) by Finance Monthly. Alessandro is fluent in English and Italian.

SHIP ARREST IN USA

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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 there 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
 - o The property arrested must be related to the Plaintiff's claim
 - o 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."
 - o 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
 - o 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 from 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 and the U.S. jurisdiction in which the arrest or attachment is sought.

1. For Both Rule C arrests and Rule B attachments:

- 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
 - Summons
 - Agreement of Indemnity, agreeing to hold the Marshal harmless for damages if the arrest/attachment is later found to have been wrongful
 - Form USM-285/U.S. Marshal Service Process Receipt and Return
 - 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
 - Motion for appointment of substitute custodian, with supporting declaration of proposed substitute custodian and proposed order (not mandatory in some U.S. jurisdictions) – may reduce the costs that must be deposited with the Marshal
2. 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
3. For Rule B Attachments: To commence a Rule B proceeding, the following additional documents are required:
- Affidavit certifying that the defendant cannot be found within the district
 - Application for Order issuing writ of maritime attachment
 - Proposed Order authorizing writ of maritime attachment
 - Writ of maritime attachment, which is issued to the Marshal and provides authority to attach the defendant's property located in the district
 - 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 may 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. What is the procedure to release a ship from arrest?

A ship may be released voluntarily by the Plaintiff, if a settlement is reached and/or if the vessel interests post substitute security in place of the vessel. In such cases, depending on the terms of the Order authorising the arrest, the vessel may be released without a further Court Order upon the Plaintiff's counsel providing notice in writing to the U.S. Marshal, the substitute custodian (if one has been appointed), and the Court that the vessel may be released from arrest. Additionally, the Vessel may be released by Court Order if, after conducting a post-seizure hearing pursuant to Rule E(4)(f) of the Supplemental Admiralty Rules, the Court determines that the arrest was improper and should be vacated.

18. What type of security needs to be placed for the release?

Rule E(5) of the Supplemental Admiralty Rules permits the owner of a vessel to secure the release of the vessel by posting a bond or stipulating to another form of security, such as cash security or a Club Letter of Undertaking. In the event that the parties cannot reach an agreement as to the form or quantum of the substitute security, Rule E(5)(a) provides that the Court may order the posting of a bond and fix the principal sum of the bond. Although other forms of security can be agreed between the plaintiff and the vessel interests, the Court may only require the plaintiff to accept a bond a substitute security.

19. Does security need to cover interest and costs?

Yes. Rule E(5) allows a vessel to be released upon the posting of substitute security at an amount sufficient to cover the amount of the plaintiff's claim, fairly stated with accrued interest (at six (6) cents per annum) and costs; provided that the quantum of the bond does not exceed (i) twice the amount of the plaintiff's claim; or (ii) the value of the property on due appraisal, whichever is smaller. Rule E(5)(a) provides that interest should be set at that rate of six per cent (6%) per annum.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

Although an arresting plaintiff may agree to accept a P&I LOU as substitute security to lift an arrest, the Court cannot require the plaintiff to accept this form of security in lieu of the arrest of the Vessel.

21. How long does it take to release the ship?

The vessel will typically be released from arrest and permitted to continue on her voyage within hours of Plaintiff's counsel providing notice to the U.S. Marshal and/or substitute custodian that the ship may be released.

22. Is there a procedure to contest the arrest?

Rule E(4)(f) of the Supplemental Admiralty Rules provides that any person claiming an interest in arrested or attached property is entitled to a prompt post-seizure hearing, where the plaintiff will be required to show cause why the arrest or attachment should not be vacated. While the time frame in which this hearing must be held varies pursuant to the Local Rules of the jurisdiction in which the vessel is arrested, most Courts will hold the "Rule E(4)(f)" hearing within seven (7) days following the arrest and the challenge to same.

23. What 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.

24. 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).

25. 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.

26. 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

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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 to guarantee 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 evidence is submitted from which it can be inferred presumption of the right that is claimed. If this evidence is not sufficient, the court may request a guarantee to decree this precautionary measure.

4. Are there 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 irrespective 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 irrespective 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 grant 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, except 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 your 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 from 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 translator.

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. What is the procedure to release a ship from arrest?

A writing of opposition to the arrest (embargo or prohibition from sailing) must be submitted, either before the serving of the writ or within the three days following it. An eight days period is then opened to promote evidence, at which time the court should take a decision on the second day. This decision is subject to appeal before the Superior Maritime Court.

18. What type of security needs to be placed for the release?

Security may take the shape of a bond issued by an insurance company or a bank of recognised solvency, as well as a cash deposit.

19. Does security need to cover interest and costs?

Procedural rules only prescribe that the security must be equivalent to 30% of the claim amount for legal costs (interest included), plus de double of the said claim amount.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

LOUs by reputable P&I Clubs can be used before the maritime courts, provided it is acceptable to the opponent party or claimant. Even so, it is a matter of discretion for the court.

21. How long does it take to release the ship?

Difficult to give a precise time frame, since this may depend upon the facts of the specific case. Bearing in mind that maritime courts work only by court days, so excluding the non working days and weekends, the release could take not less than 13 days.

22. Is there a procedure to contest the arrest?

The Law on Maritime Commerce refers to the opposition as the mechanism to contest the arrest; however, the governing provisions are prescribed by the Civil Procedural Code and some others of the maritime legislation.

23. What 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.

24. 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.

25. 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.

26. 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 exposed to ruin, obsolescence or deterioration.

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SHIP ARREST IN VIETNAM

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1. Please give an overview of ship arrest practice in your country.

Having a long coastline, Vietnam maritime industry has played a key role in enhancing the country's economic activities, especially when Vietnam acceded to the World Trade Organization in 2007. Maritime claims, including ship arrest claims, have unceasingly occurred in the much more competitive maritime industry. The first claim resulting in a ship arrest took place in early 1990' at the request filed with the people's court of Da Nang city, Vietnam. Since that time, legislation covering ship arrest has increasingly developed. A ship can be arrested and detained until the claim is settled. The Vietnam Maritime Code 1990, as amended in 2005, the Ordinance on Ship Arrest 2008 and the Civil Procedure Code are the major sources of legislation governing ship arrest.

2. Which International Convention applies to arrest of ships in your country?

To the best of our knowledge, Vietnam has not ratified any International Convention on ship arrest even though Vietnam has been encouraged to accede to International Convention on the Arrest of Ship Geneva, March 12, 1999.

3. Is there any other way to arrest a ship in your jurisdiction?

There are the following ways to arrest ship in Vietnam:

- Filing request with civil enforcement bodies for ship arrest for the enforcement of the judgment/ decision of the court or arbitration;
- Filing request with Chief of seaports for the detainment of ship for a maximum period of 30 days for the settlement of maritime claims;
- Filing request with the court for ship arrest during the settlement of a criminal or civil lawsuit;
- Filing with domestic arbitration tribunal for ship arrest during the dispute arbitration process; and
- Filing a request with a foreign court or foreign arbitration tribunal for ship arrest as a matter of international judicial assistance.

4. Are there alternatives e.g. saisie conservatoire or freezing order?

These measures correspond to saisie conservatoire or freezing order.

5. For which types of claims can you arrest a ship?

The types of claim which can give rise to a ship arrest are stipulated in Article 11 of the Ordinance on Ship Arrest including: Damages for the loss of life, personal injuries and other human health damage directly caused by the operation of seagoing ships; Freight, maritime security charge, pilotage, wharfage, and other seaport dues and charges; Seagoing ship salvage remunerations; Property losses and damage outside contract directly caused by the operation of seagoing ships; Loss of or damage to cargoes, including luggage carried on board seagoing ships; General average; Towage; Pilotage; Goods, materials, food, fuels and equipment (including containers) supplied or services provided to seagoing ships for their operation, management, preservation and maintenance; Building, transformation, reconstruction, repair or equipping of seagoing ships; Sums of money paid on behalf of ship owners; Insurance premiums paid by ship owners or other parties on behalf of ship owners or bareboat charterers; Commissions or charges for brokerage or agency for seagoing ships payable by ship owners, bareboat charterers or authorized parties; Disputes as to the title to or ownership of seagoing ships; Disputes between co-owners of seagoing ships over the use of these ships or earnings of these ships; Mortgage or hypothecation of seagoing ships; Disputes arising from contracts of seagoing ship purchase and sale...

6. Can you arrest a ship irrespective of her flag?

Yes, we can.

7. Can you arrest a ship irrespective of the debtor?

Yes, we can. According to the Ordinance on Ship Arrest, a ship can be arrested in the following circumstances irrespective of the debtor:

- The maritime claim is based on the mortgage of the ship;
- The maritime claim relates to the ownership or possession of the ship;
- The maritime claim is secured by a maritime lien in respect of that ship.

8. What is the position as regards sister ships and ships in associated ownership?

The Ordinance on Ship Arrest allows the arrest of sister ships in the following instances:

- The owner of the sister ship is also the owner of the ship concerned with the arising of the maritime claim;
- The owner of the sister ship is also the bareboat charterer, time - charterer or voyage charterer of the ship concerned with a maritime claim.

The Ordinance on Ship Arrest is silent on the arrest of ships in associated ownership. To our experience, arrest of ships in associated ownership is possible.

9. What is the position as regards Bareboat and Time-Chartered vessels?

Kindly refer to answer no. 8.

10. Do your Courts require counter-security in order to arrest a ship?

Article 5 of the Ordinance on Ship Arrest requires the claimant to provide a valid bond or guarantee fixed by the court which is equivalent to the possible losses or damages resulting from wrongful arrest (if any).

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

Arresting a ship for a maritime claim: The arrest of ship is sought against the ship owner/bareboat charterer of the ship related to the maritime claim. Other ships of the ship owner can be arrested if, at the time the maritime claim arose, such party was also (a) the owner of the ship related to the maritime claim, or (b) the bareboat charterer, time charterer or voyage charterer of the ship related to the maritime claim.

Maritime lien: Maritime lien is sought against the ship related to the maritime claims giving rise to the maritime lien. Maritime lien over a ship shall not be affected by a change of owner, charterer or operator.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, Vietnam recognises maritime lien in accordance with the Maritime Code of Vietnam.

13. What lapse of time is required in order to arrest a ship from the moment the file arrives to your law firm?

Usually, it may take us from 03 [three] to 05 [five] working days to arrest a ship.

14. Do you need to provide a POA or any other documents of the claim to the Court?

Yes, we do need to submit to the court a written request for the arrest of the ship and other documents in order to support the request for the arrest of the ship, including a POA for us to represent the claimant before 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 documents to be submitted to Vietnamese court to apply for the arrest of a ship must be original documents or certified true copies and must undergo notarisation and/or apostille and be translated

into Vietnamese (if made in foreign languages) in accordance with Article 8 of the Ordinance on Ship Arrest. Claimant can also file documents electronically through courts' web portal, if any. Of note, not every provincial court in Vietnam has its web site/ web portal.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Vietnam Court accept jurisdiction over the substantive claim in accordance with the provisions of the Civil Procedure Code of Vietnam, including the circumstance where the defendant has property in the territory of Vietnam. The law does not provide that the property must be real estate. Therefore, we assume that if a ship is arrested in Vietnam, Vietnam court may accept jurisdiction over the substantive claim if the defendant is the owner of the arrested ship.

17. What is the procedure to release a ship from arrest?

The release procedure includes the following steps:

- Submission to the court of a written request for the release of the arrested ship and supporting documents, in which the lawful reason for the release of the arrested ship must be presented;
- Within 24 hours as from the receipt of the written request the court issue either the release order or a letter presenting the reason for which the release is not granted;
- In case of a release order, the court immediately sends the order to the relevant port authority for implementation thereof;
- The director of the relevant port issues a notice for the implementation of the court's release order and assigns a port officer to release the ship.

18. What type of security needs to be placed for the release?

Type of security to be placed for the release shall be agreed between the parties or decided by the court. Normally, it can be a bank guarantee or a letter of undertaking (LOU) issued by a reputable insurers listed by Vietnam's competent authority. There have 29 of them according to a decision of the Ministry of Finance.

19. Does security need to cover interest and costs?

Yes, it does.

20. Are P&I LOUs accepted as sufficient to lift the arrest?

There has been no provision for the acceptance of P&I's LOUs as sufficient to lift the arrest.

21. How long does it take to release the ship?

24 hours from the court receipt of a written request for the release of the arrested ship.

22. Is there a procedure to contest the arrest?

Yes, there is.

23. What period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

- With regard to the loss of or damage to cargo, it is one year from the date on which the cargo was delivered or should have been delivered to the consignee.
- With regard to performance of voyage charter parties, it is two years from the date on which a complainant knows or should have known of the infringement of its interests.
- With regard to damages for the death, personal injury or damage to health of a passenger or for loss or damage to luggage, it is two years.
- With regard to charter parties, it is two years from the date of termination of the charter party.
- With regard to dispute over shipping agency contract, it is two years from the date on which the dispute arose.
- With regard to dispute over maritime brokerage contract, it is two years from the date on which the dispute arose.
- With regard to dispute over contracts for towage of seagoing ships, it is two years from the date on which the dispute arose.

- With regard to dispute over contracts for maritime salvage, it is two years from the termination of the rescue operations.
- With regard to recovery of compensatory amount in excess of its liability, it is one year from the date of payment of the compensatory amount.
- With regard to general average, it is two years from the date of the general average occurrence. The time taken for apportionment of general average shall not be included in this limitation period.
- With regard to marine insurance contract, it is two years from the date on which the dispute arose.

24. Do the Courts of your country acknowledge wrongful arrest?

Under Article 4 of the Ordinance on Ship Arrest, in the event of wrongful arrest, applicants for the wrongful arrest shall be held responsible for the wrongful arrest. All losses or consequences of an application for the wrongful arrest shall be remedied under agreement between the involved parties. In case no agreement can be reached and a dispute arises, the involved parties may bring the case to a court or an arbitration center for settlement.

25. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

In principle, shareholders of a company with limited liability shall not be personally liable for the obligations of the company. In practice, the Vietnamese courts have not acknowledged the piercing and lifting of the corporate veil.

26. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

An arrested ship can be put on auction in accordance with a court's decision only in case where the ship owner abandons the arrested ship. The timing for auctioning a ship is not specified by laws.

****Mr. Thuan** has more than 13 years of experience working for the People's Court of Ho Chi Minh City. In March 2003, Mr. Thuan left the Court and joined the leading firm Vilaf – Hong Duc as a key litigator of the firm for more than 5 years, before joining the then rising firm Phuoc & Partners in October 2008, and getting promoted as the fifth partner of the firm in April 2009. Mr. Thuan is highly regarded for his versatility as a labor, commercial, shipping, insurance, construction trial and appellate lawyer. Not only handling dispute resolution works including litigation, Mr. Thuan also work intensively to advise clients on various legal fields including employment and labor, maritime & shipping, insurance, contract, civil, family and other commercial issues. Mr. Thuan has annually spoken at seminars on labor both in Vietnam and overseas.*

SHIP ARREST IN YEMEN

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1. Please give an overview of ship arrest practice in your country.

According to the provisions of the Yemeni Maritime Law, there are two types of arrests that can be imposed on a ship:

- Provisional attachment: It is meant to prohibit the ship from leaving the port by an order (writ) issued by the competent court in order to compel the person/entity indebted with a maritime debt to pay the claimed debt, or to present a guarantee of payment. This type of ship arrest ceases when the ship is released.
- Executive attachment: It means to arrest the ship based on an executory deed as a preliminary step to sell that ship in order to pay the creditors.

It's noted that the provisional attachment is more frequent in practice, while the executive attachment is less frequent as it is rare that ships are forcibly sold. This is due to the fact that debtors often tend to hastily pay off their debts.

2. Which International Convention applies to arrest of ships in your country?

The Yemeni legislator has included some provisions of the Brussels' Convention of 1952 in the Yemeni Maritime Law. This inclusion was made in articles (55 and onward) of the Yemeni Maritime Law.

3. Is there any other way to arrest a ship in your jurisdiction?

The arrest methods stipulated in the Yemeni Maritime Law are the provisional attachment and, then, the executive attachment. No other arrest methods are stipulated in the Yemeni Maritime Law (Articles 83 & 91).

4. Are there alternatives e.g. saisie conservatoire or freezing order?

The arrest methods are exclusively limited to the provisional attachment and the executive attachment. However, freezing order is not stipulated in the Yemeni Maritime Law.

5. For which types of claims can you arrest a ship?

According to the general rules of the Yemeni law, the provisional attachment is imposed through a summary procedure in accordance with article (238 procedures) or pursuant to an independent request submitted to the president of the competent court (writ on petition) in accordance with article (246). However, it is understood by article (83/1 maritime) that the ship arrest procedure is done pursuant to a writ on petition; where the article states "a provisional attachment on a ship shall not be imposed except by an order (writ) issued from the competent court ...".

6. Can you arrest a ship irrespective of her flag?

Yes, an arrest can be imposed on any ship in the ports of the Republic of Yemen, provided that the purpose of such arrest is to settle a maritime debt in accordance with article (83 maritime) excluding warships and ships that are dedicated to public services.

7. Can you arrest a ship irrespective of the debtor?

Ship arrest cannot be imposed on any ship unless that ship is owned by the debtor or if the charterer of that ship is solely responsible for the maritime debt that is connected to that ship in accordance with articles (85 & 86 maritime).

8. What is the position as regards sister ships and ships in associated ownership?

Any ship owned by the debtor may be arrested, whether it is the same ship to which the debt is connected or it is another ship owned by the debtor before that debt had emerged. However, according to article (85 maritime), if the dispute is over ownership or over a maritime mortgage debt, the arrest shall not be imposed on any ship other than the one to which the debt is connected.

9. What is the position as regards Bareboat and Time-Chartered vessels?

The Yemeni law has permitted to impose an arrest on a chartered ship to which a maritime debt is connected or on any other ship owned by the charterer if that charterer is solely responsible for that debt, in accordance with article (86 maritime).

10. Do your Courts require counter-security in order to arrest a ship?

Yes, the Yemeni law requires a counter-security before the judgment becomes final in order to enforce the attachment validity judgment and the claimed right in accordance with article (339 procedures). A counter-security is also required by the debtor in case the debtor has submitted a request to the court to release the ship in accordance with article (87 maritime).

11. Is there any difference in respect to arresting a ship for a maritime claim and a maritime lien?

There is no difference as both are considered as maritime debts, whether it is a normal debt or a lien. However, when debts are to be paid off, priority shall be given to liens.

12. Does your country recognise maritime liens? Under which International Convention, if any?

Yes, Yemen do recognize maritime liens. This is stipulated for in articles (55 to 66) of the Yemeni Maritime Law and which were quoted from those of the Brussels Convention of 1976.

13. What lapse of time is required in order to arrest a ship from the moment the file arrives to your law firm?

Once we get all support documents proving the maritime debt, the time required to impose the arrest on a ship is about 24 hours. However, having in mind the current situation in Yemen, this time frame may reach up to a maximum of ten days. Whereas, the enforcement of the arrest needs a longer period of time, since the enforcement can only take place after a judgment is issued on the validity of the attachment claim (a primary judgment). In some cases the arrest is not enforced until a judgment is issued by Appeal Court if the enforcement was suspended by Appeal Court itself. Thus, the litigation, including the enforcement procedures, may take more than one year.

14. Do you need to provide a POA or any other documents of the claim to the Court?

According to the general rules of the Yemeni Procedures Law, a claim shall be submitted along with sufficient evidences that prove the claimed right (i.e. the maritime debt), including evidences proving the legal capacity of the person submitting that claim (i.e. the power of attorney document), according to article (104 procedures).

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 original documents that should be submitted are:
 1. A Power of Attorney made by the person/entity requesting the arrest (the creditor). This document should be notarized by official entities.
 2. Documents proving the debt and its relation with the ship and the ship owner or charterer.
- With regard to documents that can be submitted electronically, no copy shall have any legal power unless that copy is found to be authentic and identical with its original version, in accordance with article (101) of the Yemeni Evidence Law. This means that no document can be submitted electronically; i.e. the original hard copy of all documents should be presented to court to validate the copies of such documents. After these document are found to be authentic and valid, the court shall return the original documents.

- The documents that should be notarized is the Power of Attorney which is made by the person/entity requesting the arrest to be imposed.
- All these documents are required at the time on which the claim or the attachment request is being submitted to the court.

16. Will your Courts accept jurisdiction over the substantive claim once a vessel has been arrested?

Yes, the courts of Yemen do recognize and accept the legal jurisdiction in the substantive claim in case the ship is in the ports of Yemen in accordance with article (80/2 procedures).

17. What is the procedure to release a ship from arrest?

The legally stipulated procedure to release an arrested ship is to submit a bank guarantee in accordance with article (87 maritime).

18. What type of security needs to be placed for the release?

A Bank Guarantee or a capable guarantor. The enforcement judge shall decide whether a guarantor is adequately capable or not.

19. Does security need to cover interest and costs?

Yes, the guarantee must cover the enforcement's costs and expenses only. The legislator obliged that the enforcement judge shall deduct these costs and expenses from the amounts risen as a result of such enforcement in accordance with article (475 procedures).

20. Are P&I LOUs accepted as sufficient to lift the arrest?

What is well known is that the arrest imposed on a ship can only be lifted by a bank guarantee which could be issued by the P&I LOUs.

21. How long does it take to release the ship?

The release of a ship does not require a long time. The law obliged that once the adequate guarantee is submitted, the judge shall instantly release the ship. The remaining procedures can be finalized within 10 ten days in accordance with article (87 maritime).

22. Is there a procedure to contest the arrest?

Yes, in accordance with article (251 procedures), the debtor has the right to submit a grievance against the writ of attachment within 10 days from the date on which he/she is notified with that writ of attachment. The debtor also has the right to submit an appeal against the validity of attachment judgment within 15 days from the date on which that judgment is passed.

23. What period of time will be granted by the Courts in order for the claimants to take legal action on the merits?

If (taking legal actions on the merits) means here the validity of attachment claim, then the timeframe to do so as stipulated for by the Yemeni Maritime Law is (15) days, starting from the date on which the ship Captain receives a copy of the arrest report.

24. Do the Courts of your country acknowledge wrongful arrest?

Yemen does not recognize foreign writs of attachment unless such writs have the requirements stipulated for in article (494 procedures).

25. Do the Courts of your country acknowledge the piercing and lifting of the corporate veil?

According to the Yemeni Corporate Law as well as all relevant laws, companies have an independent corporate veil. There is nothing in these laws that permit the piercing or lifting of the corporate veil.

26. Is it possible to have a ship sold *pendente lite*; if so how long does it take?

No, the ship on which the arrest is imposed cannot be sold during the litigation process. However, it can be sold only after a judgment is issued.

****Dr. Ghazi** is a holder of a PhD in Commercial Law (1994); a Postgraduate Diploma in Private Law (1986); a Postgraduate Diploma in Islamic Law (1985); and a Bachelor Degree in Law (1982) from the Faculty of Law at Cairo University, Egypt. Dr. Ghazi is a well renowned and reputable Lawyer who has held highly ranked positions throughout his career. He began by working as a Lawyer and Legal Consultant from 1994 until 1998 and as Assistant Professor in the Department of Commercial and Maritime Law at Sana'a University, Yemen, from 1994 to 2006. He joined the judiciary in 1998; firstly as President of the Appellate Division in the Appeal Court in the Capital Sana'a and later in 2001 as member of the Commercial Division of the Supreme Court; until he was appointed as Minister of Justice in 2006. Following the end of his term as Minister, towards the end of 2011, Dr. Ghazi went on to re-establish a private law practice, which has since January 2014, expanded to create a leading multi-partner Law Firm, Alaghbari & Partners, Lawyers and Legal Consultants, which is considerably the largest Law Firm in Yemen. In addition, he is a certified Arbitrator from the Arab Union of International Arbitration, the Cairo Regional Centre for International Commercial Arbitration and the Yemeni Centre for Conciliation and Arbitration. As a result of the multiple roles he has held, Dr. Ghazi inevitably has a very developed understanding of the legal and administrative systems in Yemen this is reinforced through working extensively on the drafting/ amendment of numerous laws/ regulations during his role as Minister of Justice.*

Appendix 1

INTERNATIONAL CONVENTION RELATING TO THE ARREST OF SEA-GOING SHIPS, 1952

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 335 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. 337

Appendix 2

INTERNATIONAL CONVENTION ON ARREST OF SHIPS, 1999

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 re-arrested 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; 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 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

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 to 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

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 ship repairer, 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 ship repairer, 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. If at the time of the forced sale the vessel is in the possession of a shipbuilder or of a ship repairer who under the law of the State Party in which the sale takes place enjoys a right of retention, such shipbuilder or ship repairer 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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