

In Grammar-Based Decision, UK Court Holds Vessel Off-Hire While Held by Pirates



MARCH 16, 2012

The use of a comma and the word “or” was significant, according to the UK High Court of Justice, Queen’s Bench Division, Commercial Court, when it concluded that the owner, not the charterer, must bear the costs and lost time when the bulk carrier CAPTAIN STEFANOS was captured by Somali Pirates. The court agreed with an earlier arbitration panel that interpreted the Time Charter, based upon the popular New York Produce Exchange (NYPE) form, and concluded that the Off-Hire clause, which placed the vessel off-hire in the event of any “capture/seizure, or detention or threatened detention by any authority ...” included a “capture/seizure” by pirates. The decision stands in contrast to the November 2010 case of The SALDANHA, in which the same court held that a clause putting the vessel off-hire in the event it was “seized, arrested, requisitioned or detained ... by any authority” did not put the vessel off-hire if seized by pirates. Although the cases produced markedly different outcomes, the key point of both cases is the same: owners and charterers would be well-advised to include in charter parties clear language addressing the risk of delays due to piracy.

1 Min Read

This entry has been created for information and planning purposes. It is not intended to be, nor should it be substituted for, legal advice, which turns on specific facts.