

Circular Ref: 2016/0009

Date: 2 June 2016

Time Charter Trip

- Charterer Can Order Further Load Port After the Initial Trip Is Over

In a recent case of SBT Star Bulk & Tankers (Germany) GmbH & Co KG v Cosmotrade SA (The “Wehr Trave”) [2016] EWHC 583 (Comm), the English Court clarified that a time charter trip is not a voyage charter and charterers can still order a further voyage after initial trip is over!

In this case, the relevant charter was on an amended NYPE 1946 form including the following terms:

“That the said owners agree to let, and the said charterers to hire the said vessel, from the time of delivery, for one time charter trip via good and safe ports and / or berths via East Mediterranean / Black Sea to Red Sea / Persian Gulf / India / Far East always via Gulf of Aden, with steels and / or other lawful / harmless general cargo, suitable for carriage in a cellular container vessel as described. No bulk cargo is allowed. Duration minimum 40 days without guarantee within below mentioned trading limits...”

Before completing at the last discharge at the port of Dammam, the Charterers gave orders to proceed back to Sohar to load a cargo for delivery at New Mangalore or Cochin (West Coast of India). Owners argued that the last order to proceed to Sohar was unlawful as the voyage was already complete. The Owners argued that it was an illegitimate voyage order from the Charterers. It resulted in dispute that the Charterers won in London arbitration that was later appealed on a legal question to the Commercial Court.

The legal question that arose in the question was

“Whether or not the particular terms of the charterparty permitted the charterers to order the vessel to load a further cargo after the initial cargo had been discharged”.

The Owners’ lawyer’s submission focussed on the words “via” and “to” which were included in the scope of the voyage. On the other hand the Charterers argued that the relevant charter was not a voyage charterparty and they relied on what judge said in the previous case that “the essence of a time charterparty is that the shipowners place the ship at the disposal of the Charterers for a time for which they are paying hire.”

The Commercial court Judge ruled that there is no definition of single trip time charterparty, therefore any time charter trip charterparty is not a voyage charterparty. The vessel remains at the disposal of the Charterers for the relevant duration of time. Therefore, the Charterers gave legitimate voyage orders as long as those orders were within their trading limits.

FDD department based out of Shanghai advice to Andrew Liu's clients is as follows:

- a) Treat time charter trip charterparty as a time charter party and not a voyage charterparty.
- b) If there is a doubt, please seek advice from your Club or FDD department of Andrew Liu & Co Ltd
- c) Any disagreement with the Charterer should be in a well-drafted e-mail.

Source of Information: Andrew Liu & Co., Ltd www.andrewliu.com.hk

Andrew Liu & Co. Ltd