

SHIP SALE  
AND PURCHASE  
FOURTH EDITION

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PAUL TURNER

FOREWORD BY  
THE RT. HON. LORD JUSTICE BERNARD RIX



# SHIP SALE AND PURCHASE

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# Foreword

When this work first appeared in 1985, then under the sole authorship of Iain Goldrein, it filled a gap the importance of which has been emphasised by its well-deserved success. That success continued into two further editions, in 1993 and 1998. By 1993 Iain Goldrein QC, barrister, visiting professor and Companion of the Academy of Experts, had been joined by Paul Turner of Clifford Chance who brought his enormous experience as a commercial shipping lawyer to the development of this treatise.

Goldrein and Turner have now produced a fourth edition. It is clear that a modern classic is in the making. Its virtues are not hard to understand, but I suspect are not easily emulated. It covers comprehensively, but succinctly, the legal and practical considerations of buying and selling second-hand ships. It is aimed at a readership which is either commercially or professionally involved in the subject; shipowners, shipbrokers, and shipping lawyers of all kinds. It is direct and practical, leaving speculation to the merchants. The heart of it is its illuminating discussion of the leading standard form contracts: the Norwegian Saleforms of 1987 and 1993 have now been joined by Nipponsale 1999. These saleforms, which are helpfully set out in Appendices (together with Barecon 2001), are carefully analysed, clause by clause. Additional clauses, so often the make or break of a contract, are dealt with in a separate chapter. The discussion of case law is helpful and up to date. The whole is clearly and helpfully laid out.

In his original preface in 1985, Iain Goldrein wrote of the importance of shipping to trade and of trade to freedom and human initiative. It is well to be reminded of these larger themes. I like to think that the users of this work will find support here for those themes' enhancement. I am put in mind of a story I once heard which I hope is true—*se non e vero e ben trovato*—about the famous shipowner Sir William Burrell, the museum in whose name now graces Glasgow. It seems that, having inherited a merchant fleet from his father, he made three great decisions in his life: he sold the fleet at the top of the market, bought back another fleet at the bottom of the market, and sold again at the top of the market. He also made a fourth great decision: each year to put a certain sum into the purchase of art.

His collection now fills the museum. I wish the users of this book as much luck in their endeavours. It may be that they cannot all achieve his success, but they will be much assisted on their way by this admirable work.

BERNARD RIX

# Preface

This book describes the legal principles and case law decisions which are most relevant to the sale and purchase of second-hand ships.

But we hope *Ship Sale & Purchase* will be regarded and used as more than just a legal textbook because our primary objective is to provide a working guide which may be of some practical use to those who become involved, commercially or professionally, in the business of making ship sale contracts and in the resolution of disputes arising from such contracts.

Each of the leading standard form contracts—Saleform 1987, Saleform 1993 and Nippon-sale 1999—is subjected to a clause by clause analysis, the object being to explain the purpose and meaning of the various contract terms, and to show the main differences between the leading forms.

This detailed analysis of contract terms is supplemented by a comprehensive description of the many ways in which the standard form contracts may be modified, through amendments to the printed terms and by means of additional clauses, to suit the particular requirements of the parties.

Changes have been made in this edition of *Ship Sale & Purchase* to improve the arrangement of topics covered, to take account of applicable legislative and case law developments since publication of the previous edition, and to expand the commentary on special subjects relevant to the ship sale and purchase business.

This commentary reviews the role of sale and purchase brokers, and explores key issues of shipbroking law and practice. Other subjects covered in the commentary include the ship classification system, flagging factors, sale contract considerations for ship financiers and the practicalities of negotiating, making and performing ship sale contracts.

The business of buying and selling ships is honeycombed with disputes. By explaining the allocation of risks and responsibilities between the parties to ship sale contracts based on the leading standard forms, we hope to go some way towards helping those involved in



the business, whether as principals or advisers, to avoid or settle disputes. But, readers, please note: this book is not designed to provide legal advice on specific issues or problems, in respect of which separate legal advice should be sought.

We wish to thank all of those who by their comments and suggestions, or in other ways, have contributed to the preparation of this edition of *Ship Sale & Purchase*.

IAIN GOLDREIN QC and PAUL TURNER

# Contents

<i>Foreword by The RT. Hon. Lord Justice Bernard Rix</i>	v
<i>Preface</i>	vii
<i>Table of Cases</i>	xix
<i>Table of Statutes</i>	xxv
<i>Table of Statutory Instruments</i>	xxvii
<i>Table of International Conventions</i>	xxix
<i>Table of European Council Regulations</i>	xxxi

CHAPTER 1 THE SALE AND PURCHASE OF SECOND-HAND SHIPS	1
1. Introduction	1
2. What do prospective buyers look for?	1
(1) General description	1
(2) Role of Classification Societies	2
(3) Commercial importance of classification	2
(4) What does classification mean?	3
(5) Frequency of classification surveys	4
(6) Suspension or withdrawal of class	4
(7) Classification and flagging	5
(8) What is the importance of a ship's classification status and history	5
(9) Class records—what will they reveal?	5
(10) Class records—how to exploit them to best advantage	6
3. Assessing market value	7
(1) Market value	7
(2) Valuation criteria	7
(3) Finance valuations	8
4. Marine surveyor inspections	8
(1) First stage—review of class records	8
(2) Second stage—inspection on board ship	9
(3) Variable factors	9
(4) Third stage—report	10

(5) Length of marine surveyor inspections	10
(6) Inspection limitations	10
5. Negotiations to the recap stage	11
(1) Offers and counter-offers	11
(2) Acceptance	11
(3) The recap message	11
6. From recap to delivery	12
(1) Conduct of principals	12
(2) The normal course of events	13
7. Buyer's flagging arrangements	15
(1) Choice of flag	15
(2) Eligibility tests	17
(3) Safety	17
(4) The ITF	18
(5) Crewing requirements	19
(6) The political dimension	20
(7) Taxation and other matters	21
(8) Provisional and permanent registration of the ship	21
8. Sale contract considerations for ship financiers	22
(1) Introduction	22
(2) Sale contract	23
(3) Choice of flag	24
(4) Registration	25
(5) Continuing inspection rights	25
 CHAPTER 2 SALE AND PURCHASE BROKERS	 27
1. Brokers as agents	27
(1) Legal status of sale and purchase brokers	27
(2) Appointment of broker	27
(3) Duties of broker	28
(4) Duty to advise or merely to provide information?	29
(5) Confidential information	29
(6) Tortious interference	30
(7) Actual and ostensible authority	30
(8) Principals beware	31
(9) Liability of S&P brokers who sign sales contracts	32
(10) Sole agent—potential problems	33
(11) Lack of authority—S&P brokers beware	34
2. Commission	34
(1) Commission—the modern practice in S&P broking	34
(2) Documenting commission arrangements	35
(3) Address commission	35
(4) When does the S&P broker's entitlement to commission arise?	35
(5) The web of business relationships	36
(6) Enforcement: a potential problem for S&P brokers	36
(7) The Contracts (Rights of Third Parties) Act 1999	36
3. What happens when a broker is deprived of his commission?	37
(1) The case law to 1979	37
(2) The case law from 1980 to 1987	38
(3) The case law from 1988— <i>The Manifest Lipkowsky</i>	39

4. Conflicts of interest and secret commissions	41
(1) Conflicts of interest	41
(2) Secret commissions—meaning	41
(3) Secret commissions—consequences	41

## CHAPTER 3 CONTRACT FORMATION 43

1. Freedom of contract	43
(1) Sale of goods legislation	43
(2) Statutory control over contractual provisions	43
2. Ground rules for pre-contractual negotiations	45
(1) Good faith	45
(2) False or misleading statements	48
(3) Mere representations	49
(4) Representations which amount to contract terms	49
(5) Rescission and s.2(2) of the Misrepresentation Act 1967	50
(6) Loss of rescission rights in other circumstances	51
(7) Fraudulent misrepresentation	51
(8) Non-fraudulent misrepresentation	51
(9) Common law claims for misrepresentation	52
(10) Collateral contracts	52
3. Formation of Contract	52
(1) Introduction	52
(2) Use of written contracts	54
4. When is there a binding contract?	55
(1) A problem of interpretation	55
(2) Must contracts be recorded in writing to be valid?	57
(3) <i>The Blankenstein</i>	57
(4) <i>The Great Marine (No.2)</i>	59
(5) <i>The Gladys (No.2)</i>	60
(6) <i>Messina v. Polskie Linie Oceaniczne</i>	60
(7) <i>The Bay Ridge</i>	60
(8) "Subjects"	61
5. Contract terms	64
(1) Conditions and warranties	64
(2) Significance of distinction between conditions and warranties	64
(3) Distinguishing between conditions and warranties	65
(4) Intermediate terms	66
(5) Distinguishing between conditions, warranties and intermediate terms	67
6. Letters of intent and similar documents	68
7. Use of standard form ship sale contracts	69
(1) Saleform	69
(2) Nipponsale	70
(3) Other forms	70
(4) The value of standard forms	70

## CHAPTER 4 SALEFORM 1987 73

1. Introduction	73
2. Memorandum of Agreement	73
3. Sellers and buyers	74

(1) Sellers: who are they?	74
(2) Doctrine of corporate personality	74
(3) Buyers: who are they?	76
4. The ship—description	76
(1) Compliance with description	76
(2) Description of ship in Saleform 1987	77
5. Contract of Sale—two categories	79
(1) Line 1—meaning of “have today sold”	79
(2) The two categories of a contract of sale	79
(3) Two categories—why is the distinction important?	79
6. Sellers losing all legal rights to the ship—consequences	79
(1) Borrowings	79
(2) Insurance	79
(3) Risk	79
(4) Insolvency	79
(5) Classification	80
7. Buyers acquiring all legal rights to the ship—consequences	80
(1) Title	80
(2) Borrowings	80
(3) Insolvency	80
(4) Classification	80
8. Passing of title—the statutory background in English law	80
(1) The legal principle	80
(2) Ascertaining intention—the statutory guidelines	80
(3) Deliverable state—meaning	81
9. Passing of title under the printed terms of Saleform 1987	81
(1) When does title pass?	81
(2) An example from the cases	82
(3) Saleform 1993	82
10. Clause 1—Price	82
(1) Price and purchase money	82
(2) Bunkers, lubes, stores and provisions	82
(3) Commission	82
11. Clause 2—Deposit	83
(1) Security for buyers’ performance of the contract	83
(2) Failure to pay the deposit	84
(3) Deposit and sub-sale	85
(4) Other ways of securing buyers’ obligations	86
(5) Security for sellers’ performance of the contract	86
12. Clause 3—Payment	88
(1) Receiving bank	88
(2) Line 19 in clause 3—three banking days	88
(3) Lines 19 and 20 in Clause 3—a problem concerning notice of readiness	88
(4) When and to whom may notice of readiness be given?	89
(5) Other possible notice of readiness problems	90
(6) Payment of the purchase money	91
13. Clause 4—Inspection	93
(1) Interpretation	93
(2) Deletion of clause 4	96
(3) Liability of a Classification Society to buyers	96
(4) Breach of clause 4 by buyers	100

14. Clause 5—Place and time of delivery	100
(1) Line 36—meaning of delivery	101
(2) Line 36—place of delivery	101
(3) Line 37—temporal delivery range	102
(4) Line 38—cancelling date	102
(5) Lines 39 and 40—sellers' notices	102
(6) Lines 41 and 42—total loss, etc.	103
15. Clause 6—Drydocking	104
(1) Interpretation	105
(2) Problem areas	108
(3) Line 47—clean certificate of class and the role of the surveyor	109
(4) Negotiated amendments to clause 6	110
16. Clause 7—Spares and bunkers	111
(1) Interpretation	111
(2) Spares	111
(3) What if sellers fail to deliver a spare part?	111
(4) Spares to minimum class requirements	113
(5) Lines 72 and 73—forwarding charges	114
(6) Lines 75, 76, 79 and 80—excluded items	114
(7) Lines 82 and 83—remaining bunkers	115
(8) Lines 84 and 85—payments under clause 7	115
17. Clause 8—Documentation	116
(1) Sellers' duties	116
(2) Lines 87, 92–94—buyers' duties	119
(3) Completion	119
18. Clause 9—Encumbrances	122
(1) The purpose of clause 9	122
(2) The maritime lien	124
(3) Nature of sellers' clause 9 obligation	125
(4) Discovery of outstanding claims against the ship	128
19. Clause 10—Taxes, etc.	129
(1) Buyers' notes	129
(2) Stamp duty	129
20. Clause 11—Condition on delivery	129
(1) Lines 109 and 110—risk	129
(2) Line 111—inspection	130
(3) Lines 112–115—condition on delivery	130
(4) Class recommendations	137
(5) Unofficial inspection at delivery	138
(6) Negotiated amendments to clause 11	138
21. Clause 12—Name/markings	139
22. Clause 13—Buyers' default	139
(1) Interpretation	139
(2) Failure to pay the deposit	139
(3) Failure to pay the purchase money	140
(4) Lines 119, 122 and 123—exercising the right to cancel	141
(5) Sellers' remedies under the general law	141
(6) Sellers' remedies in practice	145
(7) Lines 121 and 125—rate of interest	145
(8) Currency of claim	146

23. Clause 14—Sellers' default	146
(1) Sellers' failure to execute a legal transfer of the ship or to deliver the ship	146
(2) Buyers' right to claim "compensation"	147
(3) Measure of damages for non-delivery of the ship	150
(4) Measure of damages for non-delivery of a spare part	151
(5) Measure of damages for late delivery of the ship	151
(6) Buyers' right to reject the ship	152
(7) Sales of Goods Act considerations	153
(8) If buyers reject the ship, can they also terminate the contract?	155
(9) Buyers' right to claim damages in respect of "condition" claims	155
(10) Mitigation	156
(11) Sellers' failure to deliver the ship and specific performance	159
(12) Sellers' default and injunctive relief	160
(13) Freezing injunctions	160
(14) Possible alternative remedies for buyers	171
24. Clause 15—Arbitration	174
(1) Dispute resolution and governing law	174
(2) Arbitration	174
(3) The LMAA Terms	175
(4) Constituting the arbitral tribunal	175
(5) Commencement of arbitration	175
(6) Stay applications	175
(7) Appeals from arbitral awards	175
(8) Leave to appeal	176
(9) Exclusion agreements	176
(10) Reporting of arbitration proceedings	176
(11) Governing law	176
 CHAPTER 5 SALEFORM 1993	 179
1. Introduction	179
2. Preamble to Saleform 1993	179
(1) Agreement to sell in future	179
(2) Description of the ship	180
(3) New definitions	180
(4) Definition of "banking days"	180
(5) Buyers' notes	180
(6) Definition of "in writing/written"	180
3. Clause 1—Purchase price	181
4. Clause 2—Deposit	181
5. Clause 3—Payment	181
(1) Payment without deduction	181
(2) Notice of readiness under Saleform 1997	182
(3) Notice of readiness under Saleform 1993	182
6. Clause 4—Inspections	183
(1) Two alternatives	183
(2) First alternative: outright sale	184
(3) Second alternative: sale subject to inspection	184
(4) Buyers' notes	184
(5) Buyers' reliance on class records	185

7. Clause 5—Notices, time and place of delivery	185
(1) Notices	185
(2) Place of delivery	186
(3) Cancelling date	186
(4) Total loss of ship before delivery	187
(5) Application of frustration and force majeure to Saleform 1993	188
8. Clause 6—Drydocking/diver's inspection	188
(1) First part of new regime	190
(2) Second part of new regime	191
(3) Third part of new regime	193
(4) Sellers' notes	193
(5) Buyers' notes	193
9. Clause 7—Spares/bunkers	194
(1) Spares	194
(2) Unused stores and provisions	194
(3) Items on hire	195
(4) Price of bunkers and unused lubricating oils	195
10. Clause 8—Documentation	196
(1) Completion: the position under previous Saleforms	196
(2) Completion: the position under Saleform 1993	196
(3) Sellers' authorities	198
11. Clause 9—Encumbrances	199
(1) Mortgages	199
(2) Charters	199
(3) Buyers' notes	200
12. Clause 10—Taxes	200
13. Clause 11—Condition on delivery	200
(1) Saleform 1987 position	201
(2) Saleform 1993 revision	201
(3) Significance of revision in Saleform 1993	202
(4) Buyers' reaction to clause 11 of Saleform 1993	203
(5) Buyers' notes	203
14. Clause 12—Name/markings	204
15. Clause 13—Buyers' default	204
16. Clause 14—Sellers' default	204
(1) New definition of sellers' default	204
(2) Significance of new provisions	205
(3) Buyers' right to claim "compensation"	206
(4) Causes of sellers' default	207
(5) Removal of interest rate fix	209
17. Clause 15—Buyers' representatives	209
18. Clause 16—Arbitration	210
(1) Arbitration and governing law under Saleform 1987	210
(2) Arbitration and governing law under Saleform 1993	211
(3) Arbitration procedure under Saleform 1993	211
19. Additional provisions	211
(1) Saleform 1993	211



CHAPTER 6 NIPPONSALE 1999	213
1. Introduction	213
2. Part I—Box format	213
3. Part II—Preamble	215
4. Clause 1—Purchase price	216
5. Clause 2—Payment	216
6. Clause 3—Documentation	217
7. Clause 4—Delivery place and time	218
8. Clause 5—Delivery condition	220
9. Clause 6—Underwater inspection	220
10. Clause 7—Notice of readiness and liquidated damages	223
11. Clause 8—Total loss and force majeure	225
12. Clause 9—Transfer of title and risk	226
13. Clause 10—Belongings and bunkers	226
14. Clause 11—Exclusion from sale	227
15. Clause 12—Change of name	227
16. Clause 13—Encumbrances	227
17. Clause 14—Default and compensation	228
18. Clause 15—Arbitration	230
19. Additional provisions	230
 CHAPTER 7 ADDITIONAL CLAUSES	 231
1. Introduction	231
2. Memorandum of Agreement	231
3. Can the parties assign or transfer contract rights and obligations?	231
4. Alternative security arrangements	233
(1) Security for buyers' performance of the contract	233
(2) Parent company guarantees	233
(3) Bank guarantees	235
(4) Preparation of guarantees	235
(5) Letters of credit	236
(6) The <i>Messiniaki Tolmi</i>	238
(7) Using letters of credit—some lessons	240
(8) Comfort letters	240
(9) Security for sellers' performance of the contract	242
(10) Retention arrangements to secure sellers' obligations	242
5. Payment arrangements	242
(1) The standard forms	242
(2) Bankers' payment letters	242
(3) Advance deposit arrangements	243
(4) Credit transfers	244
(5) Payment by letter of credit	245
(6) Cheques	245
(7) Bills of exchange	246
(8) Payment in kind	246
6. Additional inspection rights	246
(1) Condition surveys	246
(2) Finance surveys	247
(3) Other inspections	247