

ARREST OF SHIP

The arrest of ships serves a crucial function in maritime law, particularly in securing claims against vessel owners. This legal measure ensures that plaintiffs can obtain security for judgments and assert jurisdiction over vessels that traverse international waters and dock in foreign ports. This detailed note delves into the intricacies of ship arrest, encompassing its purposes, procedures, implications, and relevant case laws from various jurisdictions.

Purpose of Ship Arrest

The primary purpose of arresting a ship is to secure claims and ensure satisfaction of judgments in actions in rem. This legal action targets the vessel itself rather than the owner, allowing courts to establish jurisdiction and provide security for maritime claims. Ships, by nature of their operations, frequently move between jurisdictions, making it challenging for claimants to enforce their rights once the vessel departs. Arresting the ship thus ensures that the vessel remains within jurisdiction, providing security for the claimant.

Legal Framework and Procedures

Jurisdiction and Legal Basis:

Jurisdiction: Arresting a ship often forms the basis for jurisdiction in maritime claims. Without arrest, claimants may struggle to enforce their rights once the vessel leaves the jurisdiction.

Legal Basis: The arrest can be based on various grounds, including unpaid wages, damages from collisions, salvage claims, and other maritime liens. Courts may require the plaintiff to provide security to prevent wrongful arrest, ensuring fairness and mitigating potential losses for the vessel owner.

Procedure for Arrest:

Filing a Claim: The plaintiff must file an admiralty suit, supported by an affidavit, detailing the grounds for arrest and the claim amount.

Issuance of Warrant: Upon reviewing the claim, the court may issue a warrant for the ship's arrest. This warrant is typically served by affixing it to the vessel's mast, ensuring public notice.

Custody and Detention: Once arrested, the vessel is placed under the custody of a court-appointed official, such as a marshal or sheriff. The ship remains detained until the claim is resolved or adequate security is provided.

Implications of Ship Arrest

Impact on Vessel Owners:

Financial Burden: Arresting a ship can cause significant financial losses due to operational disruptions and potential loss of contracts.

Liability for Damages: If the arrest is deemed wrongful, the claimant may be liable for damages. Courts may require the plaintiff to provide security to cover potential losses incurred by the vessel owner.

Security and Bail:

Provision of Security: The court may release the arrested vessel if the owner provides sufficient security, such as a bail bond, to cover the claim amount and costs.

Sale of Vessel: If the vessel remains under arrest and deteriorates, or if the claim remains unpaid, the court may order its sale. Proceeds from the sale are used to satisfy the plaintiff's claim.

Case Laws and Jurisdictional Practices

United States:

American Maritime Cases: U.S. courts follow the principle of requiring security from plaintiffs to compensate for wrongful arrest. In *Stewart v. Dutra Construction Co.*, 543 U.S. 481 (2005), the U.S. Supreme Court highlighted the necessity of providing adequate security in maritime claims to prevent abuse of arrest procedures.

United Kingdom:

English Admiralty Law: English law differentiates between maritime liens and statutory rights in rem. Maritime liens travel with the vessel, allowing claims against the ship regardless of ownership changes. The *Bold Buccleugh* case established that maritime liens attach to the vessel itself, ensuring claims are enforceable regardless of ownership.

India:

High Court Jurisdiction: Indian High Courts, particularly the Bombay High Court, have developed a robust framework for ship arrest. In *m.v. Kapitan Kud* (1996), the Supreme Court of India emphasized the necessity of securing claims against foreign vessels to ensure enforceability and prevent jurisdictional evasion.

France:

Civil Law Approach: French courts permit the arrest of vessels for both maritime and non-maritime claims, treating the vessel as any other property of the owner. This broad approach facilitates claimants in securing their interests regardless of the claim's nature.

Comparative Analysis: Civil Law vs. Common Law

Civil Law Countries:

Broad Jurisdiction: Civil law jurisdictions like France allow ship arrests for a wide range of claims, not limited to maritime liens. The presence of any defendant's property within the jurisdiction is sufficient to confer authority.

Simplified Procedures: The process for ship arrest in civil law countries is often less encumbered by technicalities, focusing on securing the plaintiff's interests.

Common Law Countries:

Defined Maritime Claims: Common law jurisdictions, including the UK and the US, restrict ship arrests to specific maritime claims. The process is more stringent, with a strong emphasis on providing security to prevent wrongful arrests.

Action in Rem: Common law countries predominantly utilize actions in rem to assert jurisdiction over vessels, treating the ship as a person for legal purposes.

Key Case Laws and Legal Precedents

The Bold Buccleugh (1851):

Maritime Liens: Established that maritime liens attach to the vessel, ensuring claims are enforceable irrespective of ownership changes.

Stewart v. Dutra Construction Co. (2005):

Security Requirement: Highlighted the necessity of plaintiffs providing security to cover potential damages from wrongful arrests.

m.v. Kapitan Kud (1996):

Jurisdictional Enforcement: Emphasized the importance of securing claims against foreign vessels to ensure enforceability and prevent jurisdictional evasion.

Videsh Sanchar Nigam Limited v. m.v. Kapitan Kud (1996):

Conditions for Release: The Supreme Court of India set conditions for the release of an arrested vessel, including financial deposits and governmental undertakings to ensure compliance with court orders.

The arrest of ships is a critical mechanism in maritime law, ensuring claimants can secure and enforce their rights against vessel owners who operate across international borders. The procedures and implications of ship arrest vary across jurisdictions, with common law countries emphasizing defined maritime claims and security requirements, while civil law countries adopt a broader approach. Key case laws have shaped the practice of ship arrest, providing a framework for courts to balance the interests of claimants and vessel owners. As maritime trade continues to expand, the principles governing ship arrest will remain essential in maintaining the balance of interests in international maritime law.

What is Ship Arrest?

Ship arrest is a legal procedure whereby a court order detains a vessel within a particular jurisdiction. This serves two main purposes:

Obtaining Security: The arrest ensures the availability of assets to satisfy a potential judgment against the ship or its owner.

Establishing Jurisdiction: In some cases, arresting a ship allows the court to assert jurisdiction over the maritime claim, even if the owner is not physically present.

Why Arrest Ships?

Merchant ships operating internationally can incur liabilities during their voyages. Ship arrest becomes a crucial tool for creditors seeking to enforce claims arising from various maritime activities, including:

Damage to cargo

Collisions

Salvage operations

Loss of life or personal injury

Non-payment of fees (e.g., pilotage, towage)

Procedures for Arrest

The process for arresting a ship typically involves the following steps:

Filing an Admiralty Suit: The claimant initiates legal proceedings in a High Court with admiralty jurisdiction.

Supporting Affidavit: An affidavit outlining the claim and justification for arrest is submitted along with the suit.

Interim Application and Affidavit: The claimant may request an arrest warrant by filing an interim application backed by a supporting affidavit.

Arrest Warrant: If the court is satisfied with the claim and potential prejudice if the ship leaves, it issues an arrest warrant.

Undertaking: The claimant usually provides an undertaking to compensate the defendant for any damages caused by a wrongful arrest.

Legal Considerations

Several legal aspects govern ship arrest, including:

Maritime Claims: Arrest is only permissible for claims arising from maritime activities.

Jurisdiction: The ship must be physically present within the court's jurisdiction at the time of arrest.

Security for Release: The defendant can often secure the ship's release by depositing bail or providing other forms of security.

Wrongful Arrest: The claimant can be held liable for damages if the arrest is found to be malicious or without reasonable cause.

Case Law in India

Indian courts have played a significant role in shaping the legal landscape of ship arrest. Here are some noteworthy cases:

Videsh Sanchar Nigam Limited vs. m.v. Kapitan Kud (1986): This Supreme Court case highlights the importance of arrest in preventing a foreign ship from leaving the jurisdiction and potentially hindering claim enforcement.

Original Side Rule 941 of the Bombay High Court: This rule mandates an undertaking from the claimant to compensate the defendant for damages arising from a wrongful arrest.

Ship arrest serves as a vital tool for creditors in maritime disputes. Understanding the procedures, legal requirements, and relevant case law empowers stakeholders to navigate this complex process effectively.

Arrest of Ship

The main purpose of arrest is to obtain security for satisfaction of judgment in the action in rem and it is necessary to arrest the ship in order to establish jurisdiction.

Merchant ships of different nationalities travel from port to port carrying goods or passengers. They incur liabilities in the course of their voyage and they subject themselves to the jurisdiction of foreign States when they enter the waters of those States. They are liable to be arrested for the enforcement of maritime claims, or seized in execution or satisfaction of judgments in legal actions arising out of collisions; salvage, loss of life or personal injury, loss of or damage to goods and the like. They are liable to be detained or confiscated by the authorities of foreign States for violating their customs, regulations, safety measures, rules of the road, health regulations, and for other causes. The coastal State may exercise its criminal jurisdiction on board the vessel for the purpose of arrest or investigation in connection with certain serious crimes. In the course of an international voyage, a vessel thus subjects itself to the public and private laws of various countries. A ship travelling from port to port stays very briefly in any one port. A plaintiff seeking to enforce his maritime claim against a foreign ship has no effective remedy once it has sailed away and if the foreign owner has neither property nor residence within jurisdiction. The plaintiff may therefore detain the ship by obtaining an order of attachment whenever it is feared that the ship is likely to slip out of jurisdiction, thus leaving the plaintiff without any security.

A ship may be arrested (i) to acquire jurisdiction; or (ii) to obtain security for satisfaction of the claim when decreed; or (iii) in execution of a decree. In the first two cases, the court has the discretion to insist upon security being furnished by the plaintiff to compensate the defendant in the event of it being found that the arrest was wrongful and was sought and obtained maliciously or in bad faith. The claimant is liable to pay damages for wrongful arrest. The practice of insisting upon security being furnished by the party seeking arrest of the ship is followed in the United States, Japan and other countries. The reason for the rule is that a wrongful arrest can cause irreparable loss and damages to the ship owner; and he should in that event be compensated by the arresting party.

The attachment by arrest is only provisional and its purpose is merely to detain the ship until the matter has been finally settled by a competent court. The attachment of the vessel brings it under the custody of the marshal, sheriff or any other authorised officer. Any interference with his custody is treated as contempt of court, which has ordered the arrest. But the Marshal's or Sheriff's right under the attachment order is not one of possession, but only of custody. Although the custody of the vessel has passed from the defendant to the marshal/sheriff, all the possessory rights, which previously existed, continue to exist, including all the remedies, which are based on possession. The warrant usually contains admonition to all persons interested to appear before the court on a particular day and show cause why the property should not be condemned and sold to satisfy the claim of the plaintiff.

The attachment being only a method of safeguarding the interest of the plaintiff by providing him with a security, it is not likely to be ordered if the defendant or his lawyer agrees to "accept service and to put in bail or to pay money into court in lieu of bail".

Affixing it on the main mast or single mast of the ship usually affects the service of a warrant. The court may release a ship, which has been arrested under an order of attachment, if sufficient bail is put in to cover the claim of the plaintiff as well as the costs of the action. The sureties are liable for the amount entered in the bail bond.

If the ship or cargo under arrest before judgment has not been released by the defendant by putting in sufficient bail, and if the property is found deteriorating, the court has the power to order the sale of the property after notice has been duly issued to the parties interested.

If the plaintiff has finally obtained a decree of condemnation and sale of the ship, the court will issue an order to the competent officer commanding him to sell the property, in execution of the decree, and to bring the proceeds into

court. There upon the officer shall issue proper notice and arrange for the sale of the property by auction. The proceeds of the sale are paid into the registry of the court and they shall be disposed of by the court according to law.

A personal action may be brought against the defendant if he is either present in the country or submits to the jurisdiction. If the foreign owner of an arrested ship appears before the court and deposits security as bail for the release of his ship against which proceedings in rem have been instituted, he submits himself to jurisdiction.

An action in rem is directed against the ship itself to satisfy the claim of the plaintiff out of the res. The ship is for this purpose treated as a person. Such an action may constitute an inducement to the owner to submit to the jurisdiction of the court, thereby making himself liable to be proceeded against by the plaintiff in personam. It is however, imperative in an action in rem that the ship should be within jurisdiction at the time the proceedings are started. A decree of the court in such an action binds not merely the parties to the writ but everybody in the world at large who might dispute the plaintiff's claim.

It is by means of an action in rem that the arrest of a particular ship is secured by the plaintiff. He does not sue the owner directly and by name; but the owner or any one interested in the proceedings may appear and defend. The writ is issued to the "owner and parties interested in the property proceeded against." The proceedings can be started in England or in the United States in respect of a maritime lien, and in England in respect of a statutory right in rem. A maritime lien is a privileged claim against the ship or a right to a part of the property in the ship, and it "travels" with the ship. Because the ship has to "pay for the wrong it has done", it can be compelled to do so by forced sale. In addition to maritime liens, a ship is liable to be arrested in enforcement of statutory rights in rem. If the owner does not submit to the jurisdiction and appear before the court to put in bail and release the ship, she

is liable to be condemned and sold to satisfy the claims against her. If, however, the owner submits to jurisdiction and obtains the release of the ship by depositing security, he becomes personally liable to be proceeded against in personam in execution of the judgment if the amount decreed exceeds the amount of the bail. The arrest of the foreign ship by means of an action in rem is thus a means of assuming jurisdiction by the competent court.

The admiralty action in rem, as practised in England or in the United States, is unknown to the civil law. In countries following the civil law, all proceedings are initiated by actions in personam. The President of the Court having competence in the matter has the power to order an attachment of the ship if he is convinced that the plaintiff is likely to lose his security unless the ship is detained within the jurisdiction. His hands are not fettered by the technicalities of an action in rem and the scopes of the proceedings are not limited to maritime liens or claims. According to the French law, arrest of a ship is allowed even in respect of non-maritime claims and whether or not the claimant is a secured or unsecured creditor. A vessel may be arrested either for the purpose of immobilising the vessel as security (Saisie Conservatoire) or in execution of judgment (Saisie Execution) whether or not the claim has any relation to the vessel. Arrest of the vessel has the advantage of forcing the owner to furnish security to guarantee satisfaction of any decree that may be passed against him. On furnishing sufficient security with the Court, he is usually allowed to secure the release of the vessel. Maritime law is part of the general law of France and other "civil law countries", and is dealt with by the ordinary courts or tribunals. The presence of any property belonging to the defendant within the territorial jurisdiction confers jurisdiction on the French Court.

The real purpose of arrest in both the English and the Civil Law systems is to obtain security as a guarantee for satisfaction of the decree, although arrest in England is the basis of assumption of jurisdiction, unless the owner has submitted to jurisdiction. In any event, once the arrest is made and the owner

has entered his appearance, the proceedings continue in personam. All actions in the civil law- whether maritime or not- are in personam, and arrest of a vessel is permitted even in respect of non-maritime claims, and the vessel is treated as any other property of the owner, and its very presence within jurisdiction is sufficient to clothe a competent tribunal with jurisdiction over the owner in respect of any claim. Admiralty actions in England, on the other hand, whether in rem or in personam, are confined to well defined maritime liens or claims and directed against the res (ship, cargo and freight) which is the subject-matter of the dispute or any other ship in the same beneficial ownerships as the res in question.

Where statutes are silent and remedy has to be sought by recourse to basic principles, it is the duty of the court to devise procedural rules by analogy and expediency. Action in rem, as seen above, were resorted to by courts as a device to overcome the difficulty of personal service on the defendant by compelling him to enter appearance and accept service of summons with a view to furnish security for the release of the res; or, in his absence, proceed against the res itself, by attributing to it a personality for the purpose of entering a decree and executing the same by sale of the res. This is a practical procedural device developed by the courts with a view to rendering justice in accordance with substantive law not only in cases of collision and salvage, but also in cases of other maritime liens and claims arising by reason of breach of contract for the hire of vessels or the carriage of goods or other maritime transactions, or tortious acts, such as conversion or negligence occurring in connection with the carriage of goods. Where substantive law demands justice for the party aggrieved, and the statute has not provided the remedy, it is the duty of the court to devise procedure by drawing analogy from other systems of law and practice. To the courts of the "civil law countries" in Europe and other places, like problems seldom arise, for all persons and things within their territories (including their waters) fall within their competence to deal with. They do not have to draw any distinction between an action in rem and an action in personam.

It is likewise within the competence of the appropriate Indian Courts to deal, in accordance with the general principles of maritime law and the applicability of provisions of statutory law, with all persons and things found within their jurisdiction. The power of the court is plenary and unlimited unless it is expressly or by necessary implication curtailed. In the absence of such curtailment of jurisdiction, all remedies, which are available to the courts to administer justice, are available to a claimant against a foreign ship and its owner found within the jurisdiction of the concerned High Court. This power of the court to render justice must necessarily include the power to make interlocutory orders for arrest and attachment before judgment. The High Courts in India are superior courts of record. They have original and appellate jurisdiction. They have inherent and plenary powers. Unless expressly or impliedly barred, and subject to the appellate or discretionary jurisdiction of the Court, the High Courts have unlimited jurisdiction, including the jurisdiction to determine their own power.

A person who, maliciously and without reasonable and probable cause procures the arrest of a ship by Admiralty proceedings is liable to pay damages to the person aggrieved. A separate suit has to be filed for wrongful arrest proving malicious cause. Wrongful arrest may result in the condemnation of the claimant for damages only where the court is satisfied that the arrest was motivated by mala fides (bad faith) or crassa negligentia (gross negligence). Merely unjustified (i.e. erroneous) arrest would not normally entitle the defendant to claim damages, although he might then be able to recover costs.

The safeguarding of ownership/private property rights when ships are arrested in rem by the Admiralty Court are built into the rules of the High Court having admiralty jurisdiction for ship arrest. For example, a party wishing to prevent the arrest of property in an action in rem may, by filing a praecipe in the prescribed form, obtain the entry of a caveat against arrest in the caveat book kept in the Admiralty Registry/ Prothonotary & Senior

Master of the High Court. Although the entry of the caveat does not prevent arrest of the res, the caveator, on a subsequent motion after arrest, may obtain the discharge of the arrest warrant and the condemnation of the arresting party in damages, if the latter is unable to show "good and sufficient reason" for having arrested.

Where a foreign ship registered in a port of a country having a consulate in jurisdiction of the High Court where arrest application is sought /is to be arrested in India in an action in rem for wages, prior notice of the arrest must be given to the consul concerned.

In the decision of the Supreme Court in *Videsh Sanchar Nigam Limited -vs- m.v. Kapitan Kud* (1986) the court observed that the admiralty action is an action in rem and that there is strong triable case. The ship is a foreign ship and if it leaves the shores of Indian territorial waters it is difficult to get hold of it and it may not return to the jurisdiction of Indian courts. The claim thereby, even if successful, would remain unexecutable or land in trouble in private international law in its enforcement. Under these circumstances, we are of the firm opinion that the vessel may be released on the certain conditions..., viz., [i] the respondent shall deposit a sum of Rs.10 crores; [ii] the Ukrainian Government shall give an undertaking through its accredited authority, more particularly may be its Ambassador attached to its Embassy in India in writing duly undertaking that in the event of the suit being decreed they would comply with the decree without reference to the execution; [iv] the undertaking should be for balance amount of Rs.18 crores and towards costs and other expenses roughly put at Rs.25 crores. It would be open to them to comply with these directions at any time. We are not fixing any time limit because it would be open to them to comply with it at any time and until then the ship shall remain arrested and shall not leave the shores of the Indian territorial waters. On deposit of Rs.10 crores and on furnishing of undertakings to the satisfaction of the Division Bench of the High Court, as

stated above, the High Court would give appropriate direction for releasing the vessel in accordance with law.

In *m.v. Kapitan Kud* the Supreme court also observed that whether the appellant (VSNL) has made out prima facie case. Rules on Admiralty Jurisdiction in Part III were framed by Bombay High Court to regulate the procedure and practice thereof on the original side of the Bombay High Court. Equally, Original Side Rule 941 is relevant in this regard which provides that party applying under this rule in a suit in rem for arrest of the property shall give an undertaking in writing or through advocate to pay such sum by way of damages as the court may award as compensation in the event of a party affected sustaining prejudice by such order. In *Mahadeo Savlaram Shelke & Ors. v. Pune Municipal Corporation & Anr.* [(1995) 3 SCC 33], even in case of civil court, exercising its power under order 39 Rule 1, this Court held that while granting interim injunction, the Civil Court or Appellate Court is enjoined to impose as a condition that in the event of the plaintiff failing to prove the case set up and if damages are caused to the defendant due to the injunction granted by the court, the court would first ascertain whether the plaintiff would adequately be compensated by damages if injunction is not granted. Equally the court should also impose condition for payment of damages caused to the defendant in the same proceeding without relegating the parties for a separate suit. The plaintiff should give such an undertaking as a part of the order itself. Rule 954 of Admiralty Rules provides that subject to the provisions of Rule 952 [caveat property not to be released unless notice is given to the caveator], property arrested under a warrant may be ordered to be released - [i] at the request of the plaintiff, before an appearance in person or a vakalatnama is filed by the defendant; or [ii] on the defendant paying into Court the amount claimed in the suit; or [iii] on the defendant giving such security for the amount claimed in the suit as the Court may direct; or [iv] on any other ground that the Court may deem just. Thus a ship arrested under warrant maybe released on fulfillment of any of the

conditions mentioned hereinbefore. This could be done on the plaintiff showing prima facie best case.

An action in rem is commenced by filing an Admiralty suit in the High Court having admiralty jurisdiction, supported by an affidavit along with interim application and affidavit in support may be made for an arrest warrant to be issued in respect of the ship concerned. The request is filed together with an undertaking to the Court towards any wrongful arrest in relation to the arrest.