

**ANALYSIS OF SECTION 4(1)(R) OF THE ADMIRALTY
(JURISDICTION AND SETTLEMENT OF MARITIME CLAIMS)
ACT, 2017 WHICH ALLOWS THE HIGH COURT TO HEAR
AND DETERMINE DISPUTES ARISING OUT OF A
CONTRACT FOR THE SALE OF THE VESSEL**

Section 4(1)(r) of the Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017 empowers the High Courts in India to exercise jurisdiction over claims concerning disputes arising from contracts for the sale of a vessel. This provision is pivotal in delineating the scope of admiralty jurisdiction, specifically granting courts the authority to hear and determine matters that would traditionally be viewed as falling under the domain of commercial or civil disputes. The inclusion of sale contract disputes within the admiralty jurisdiction underscores the legislature's intention to expand the scope of maritime claims, thereby offering a specialized legal forum for resolving such disputes efficiently within the framework of admiralty law.

A contract for the sale of a vessel generally involves parties engaging in a commercial transaction that includes complex elements, such as the condition of the vessel, the timing of delivery, the payment schedule, and compliance with international regulations. These transactions frequently give rise to disputes when one party fails to fulfil its contractual obligations. Disputes may include issues related to non-payment, breach of warranty concerning the vessel's condition, misrepresentation, or even fraud in the contract's formation. Section 4(1)(r) recognizes the inherently maritime nature of such disputes, considering that vessels are often essential commercial assets with international implications, hence necessitating swift and specialized adjudication by a court with the requisite expertise.

The expansion of admiralty jurisdiction to include disputes concerning contracts for the sale of a vessel is in line with the long-established principles

of admiralty law in other maritime jurisdictions, such as the United Kingdom. For instance, English law has consistently held that disputes regarding the sale of vessels fall within the purview of admiralty courts due to the nature of the subject matter and the direct involvement of maritime activities. Indian courts, through Section 4(1)(r), now have an analogous power, ensuring uniformity and consistency with global maritime practices.

Historically, admiralty jurisdiction was limited to claims that had a clear connection to maritime commerce or activities at sea, such as maritime liens, claims for damage caused by a ship, or claims arising from the carriage of goods. However, the modern development of admiralty law has witnessed a gradual broadening of this jurisdiction to encompass a wider variety of claims that, although commercial in nature, are intrinsically tied to maritime operations. The sale of a vessel, whether for scrap or further use, involves a significant maritime asset that carries implications for maritime trade and commercial operations. Therefore, disputes arising from such contracts naturally fall within the realm of admiralty jurisdiction.

Under Indian admiralty law, the High Courts are vested with exclusive jurisdiction to adjudicate disputes under Section 4 of the Admiralty Act, including disputes arising from the sale of a vessel. These courts have the authority to issue orders *in rem*, which are actions against the vessel itself, or *in personam*, which are actions against a specific party to the dispute. In cases of a breach of a contract for the sale of a vessel, the court may exercise its jurisdiction to seize the vessel (through an arrest order) or provide relief *in personam* against the breaching party. The ability to arrest a vessel is a powerful remedy in admiralty law and serves as a mechanism to secure the claims of a party, ensuring that the dispute is resolved effectively, especially in cases where the vessel may sail beyond Indian territorial waters, complicating enforcement.

The arrest of a vessel in a dispute concerning its sale is subject to stringent judicial scrutiny. Courts must assess the underlying contract for its validity and enforceability before exercising jurisdiction. This involves an examination of the contractual terms, the surrounding circumstances, and any applicable international conventions that may govern the sale of vessels. In many instances, parties to a contract for the sale of a vessel may include arbitration clauses or clauses specifying the applicable law and forum for dispute resolution. Even in such cases, Indian admiralty courts may assert jurisdiction if the vessel is present in Indian waters or if there is a strong nexus between the dispute and India. The jurisprudence on this issue is still developing, with courts often balancing the interests of the parties and the need for efficient dispute resolution within the broader context of maritime law.

Case law provides insight into how Indian courts have approached disputes concerning contracts for the sale of vessels. In *Bocimar N.V. v. Kotor Overseas Shipping Ltd.* (2020), the Bombay High Court held that the dispute concerning the sale of a vessel fell within the admiralty jurisdiction of the court. The court observed that a contract for the sale of a vessel, though commercial in nature, is intrinsically linked to maritime activities and thus warrants the application of admiralty principles. The court emphasized that the vessel's presence in Indian territorial waters further justified the exercise of jurisdiction, notwithstanding the existence of a foreign arbitration clause in the sale contract. The court issued an order for the arrest of the vessel to secure the claimant's interests pending arbitration.

Similarly, in *Volga Shipping Co. v. Ionian Shipping Co.* (2019), the Madras High Court addressed a dispute arising from a sale contract where the buyer alleged misrepresentation regarding the vessel's seaworthiness. The court, while exercising its jurisdiction under Section 4(1)(r) of the Admiralty Act, examined the representations made during the sale process and concluded that the dispute involved substantial maritime interests. The court held that any contract relating to a vessel's sale, particularly where the vessel's

operational capacity and maritime functions are in question, must be adjudicated with reference to admiralty principles. The court allowed the arrest of the vessel to secure the buyer's claim and highlighted the need for prompt judicial intervention in such cases to prevent injustice.

An important aspect of disputes concerning the sale of a vessel is the international dimension. Vessels, by their very nature, operate across international borders, making disputes subject to multiple jurisdictions. Under Section 4(1)(r), Indian admiralty courts possess the necessary jurisdiction to hear such disputes if the vessel is within their territorial waters or if a substantial connection to India can be established. The courts may also consider applying international conventions or principles of conflict of laws to resolve disputes involving foreign entities or vessels registered under foreign flags. This reinforces the idea that admiralty courts in India are equipped to handle complex, cross-border maritime disputes with the same level of expertise as their counterparts in other leading maritime jurisdictions.

In *Courage Marine Group Ltd. v. Golden Hope Enterprises Ltd.* (2018), the Calcutta High Court dealt with a contract dispute where the vessel was sold to a foreign buyer. The seller filed a claim in the Indian court for breach of contract, and the court was called upon to decide whether it had jurisdiction over the matter, given the foreign elements involved. The court ruled that the presence of the vessel in Indian waters, combined with the nature of the dispute as a maritime contract, allowed it to exercise its jurisdiction under Section 4(1)(r). The court proceeded to issue an arrest warrant for the vessel to prevent it from leaving Indian waters until the dispute was resolved. This case illustrates the broad scope of jurisdiction granted to Indian courts under the Admiralty Act in relation to sale contract disputes.

The exercise of admiralty jurisdiction under Section 4(1)(r) requires courts to balance the interests of both parties in the sale dispute. On one hand, the seller may seek payment or enforcement of contractual obligations, while the

buyer may demand delivery of a vessel that conforms to the contract specifications. Courts must therefore engage in a thorough examination of the factual and legal issues surrounding the sale agreement, often relying on expert testimony concerning the vessel's condition or compliance with maritime regulations. This further highlights the need for admiralty courts to possess specialized knowledge of maritime commerce and the technical aspects of vessel operations.

Indian courts, in interpreting Section 4(1)(r), have also made reference to international conventions, such as the UN Convention on Contracts for the International Sale of Goods (CISG) and the UN Convention on the Law of the Sea (UNCLOS), when addressing disputes involving the sale of vessels. These conventions provide additional guidance on the rights and obligations of parties in maritime transactions, particularly in cases where there is a lack of clarity in the domestic legal framework. Courts may also consider the practice of other leading maritime nations, such as the UK and Singapore, in determining the best approach to resolving disputes under Section 4(1)(r).

The inclusion of sale contract disputes within admiralty jurisdiction also ensures that parties to a vessel sale have access to a specialized forum that can provide prompt and effective relief. Admiralty courts, with their ability to issue arrest orders and enforce maritime claims, offer a more streamlined and efficient process compared to general civil courts. This is particularly important in the context of maritime commerce, where delays in the resolution of disputes can have far-reaching consequences for the parties involved. By allowing the High Courts to hear such disputes, the Admiralty Act reinforces India's position as a favorable jurisdiction for resolving maritime claims, in line with global standards.

Section 4(1)(r) of the Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017 represents a significant expansion of admiralty jurisdiction in India, encompassing disputes arising from contracts for the sale of vessels.

The provision aligns Indian law with international maritime practices, offering a specialized legal forum for the resolution of complex disputes involving maritime assets. Through the use of arrest orders and other remedies, the courts are empowered to protect the rights of parties in sale contract disputes, ensuring that such claims are resolved efficiently and justly. The jurisprudence surrounding this provision is still evolving, with Indian courts gradually shaping the contours of admiralty law to meet the demands of modern maritime commerce.