

Supreme Court of Appeal of South Africa

MEDIA SUMMARY– JUDGMENT DELIVERED IN THE SUPREME COURT OF APPEAL

From: The Registrar, Supreme Court of Appeal

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Status: Immediate

Please note that the media summary is intended for the benefit of the media and does not form part of the judgment of the Supreme Court of Appeal.

MV Silver Star: Owners of MV Silver Star v Hilane Ltd

The SCA today dismissed an appeal against a decision of the Eastern Cape High Court upholding the arrest of the *Silver Star* as an associated ship in terms of the Admiralty Jurisdiction Regulation Act 105 of 1983. The plaintiff, Hilane Ltd, had chartered a vessel, the *Sheng Mu* to a company called Phiniqia for the carriage of coal from Bandar Abbas, Iran to India. A dispute had arisen over the payment of the purchase price of the coal and as a result the *Sheng Mu* had been arrested in Napier, New Zealand. Phiniqia had failed to secure its release or to meet the claims of the arresting party in relation to the purchase price of the coal, notwithstanding a court order that it do so. As a result Hilane had obtained an arbitration award in London that Phiniqia indemnify it for these claims. Pursuant to that it caused the *Silver Star* to be arrested in Port Elizabeth as an associated ship in relation to the *Sheng Mu*.

The registered owner of the *Silver Star* contended that a claim on a London arbitration award does not arise in respect of a particular ship and that claims under letters of indemnity given by a charterer are not claims arising out of a charterparty or an agreement for the use and hire of a ship. The court held that these contentions were incorrect. It also rejected

a contention that on the facts the two vessels were not associated ships.
Accordingly the appeal was dismissed.