

Place of redelivery

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Place of redelivery together with the time of redelivery are the two terms which define the extent of contractual service. When both terms expressly stipulated in time charter, failure of charterers to comply with either of them, will constitute breach of the charter for which the charterers will be liable in damages. Mustill, J., in *Santa Martha Baay Scheepvaart & Handelsmaatschappij N.V. v Scanbulk A/S (The Rijn)*[1981] 2 Lloyd's Rep. 267 stated at p.270 that in case when the vessel redelivered outside of contracted place or range, then the owner:

... has a contractual right to have the ship kept in employment at the charter rate of hire until the service is completed. This does not happen until the ship reaches the redelivery range, and the voyage to that range forms part of the chartered service. In a case such as the present, therefore, the tender is not only in the wrong place but also at the wrong time; and full compensation for the breach requires the charterer to restore to the owner the hire which he would have earned if the voyage had in fact been performed.

Soundness of this view was doubted by the authors of Time Charters, 6th Edition, 2008, because in instances (such as *The Rijn* for example) when the period of the charter had already elapsed, any such order would have been an illegitimate order which the owners would not have been obliged to follow²¹.

In my view approach of Mustill, J., in *The Rijn* [1981] 2 Lloyd's Rep. 267 suggests a satisfactory and practical solution. The right "to have the ship kept in employment" gives the owner an option, but not an obligation, to insist on his vessel to be redelivered at contractually agreed place when it suits him best. Moreover an illegitimate charterers' order does not terminate charterparty automatically, and as such does not affect the owners' choice - if the shipowner accepts the direction and goes on the illegitimate last voyage, he is entitled to be paid at the current market rate, and not at the charter rate²².

Thus in cases when there is no market available for the vessel at the non-contracted²³ place or location where the charterers purport to redeliver, it is only practical and commercially sound for the owner to insist on his vessel to be redelivered at the place specified in contract and look for a new employment there.

On the other hand, if there is a market at such non-contracted²⁴ place at the moment of redelivery and the owner finds new employment there, which is commercially more

²¹ Time Charters, 6th Edition, 2008, paras 15.11-15.12

²² Per Lord Denning, M.R. in *Alma Shipping Corporation of Monrovia v Mantovani (The Dione)*, [1975] 1 Lloyd's Rep. 115 at p.117

²³ Different from that place or range stipulated in charterparty

²⁴ Different from that place or range stipulated in charterparty