

**Decree on the entry into force for the Faroe Islands
of the merchant shipping act**

We MARGRETHE THE SECOND, by the grace of God Queen of Denmark, hereby witness:

Pursuant to section 517¹ of act no. 170 of 16 March 1994 on the merchant shipping act, section 2(1)² of act no. 205 of 29 March 1995 amending the merchant shipping act, section 5³ of act no. 394 of 22 May 1996 amending the act on protection of the marine environment, the act on ship safety, etc. and the merchant shipping act (amendments as a consequence of the act on exclusive economic zones), section 4(3)⁴ of act no. 14 of 13 January 1997 amending the seamen's act and the merchant shipping act (severance allowance, hours of rest and the Lugano Convention), section 3 of act no. 901 of 16 December 1998 amending the merchant shipping act and repealing the act on ship registration (transfer of registration regulations, etc.), as amended by section 7⁵ of act no. 1384 of 23 December 2012 (implementation of the wreck removal convention, adjustments as a consequence of the regulation on passenger rights, fees for certificates of competency and proficiency, introduction of an annual fee for ships admitted to the registers of shipping and sanctioning of the master's obligation to rescue those on board, etc.), section 3⁶ of act no. 228 of 21 April 1999 amending the merchant shipping act (implementation of the 1996 protocol to the convention on global limitation of 1976, etc.), section 4⁷ of act no. 106 of 13 February 2001 amending the merchant shipping act and the administration of justice act (maritime inquiry and compensation in connection with the carriage of oil by sea), as amended by section 8 of act no. 1384 of 23 December 2012 (implementation of the wreck removal convention, adjustments as a consequence of the regulation on passenger rights, fees for certificates of competency and proficiency, introduction of an annual fee for ships admitted to the registers of shipping and sanctioning of the master's obligation to rescue those on board, etc.), section 3⁸ of act no. 599 of 24 June 2005 amending the merchant shipping act (liability for pollution damage caused by bunker oil and liability for damage in connection with carriage by sea of dangerous and polluting substances), section 6(2)⁹ of act no. 526 of 7 June 2006 amending the merchant shipping act and various other acts (digital ship registration, mortgages, seizure, etc. of fishing rights, distribution of salvage money and ships' port of registry), section 110(4)¹⁰ of act no. 538 of 8 June 2006 amending the administration of justice act and various other acts (police and court reform), section 9(2)¹¹ of act no. 493 of 12 May 2010 amending the act on safety at sea, the seamen's act and various other acts and repealing engagement of ship's crews (implementation of the Maritime Labour Convention), modernisation of provisions on inspection, prohibition against sailing under the influence of alcohol in Greenland waters, etc.), section 6(2)¹² of act no. 251 of 30 March 2001 amending the merchant shipping act, the act on safety at sea and the seamen's act (obligation to take out insurance against maritime claims, implementation of the work in fishing convention, etc.), section 15(3)¹³ of act no. 457 of 18 May 2011 on

¹ The provision is as follows: "The act shall not apply to Greenland and the Faroe Islands, but may be put into force for these parts of the realm by royal decree with the amendments deriving from the special Faroese and Greenland conditions."

² The provision is as follows: "The date of the entry into force of the act or parts of the act shall be determined by the Minister of Business."

³ The provision is as follows: "The act shall not apply to the Faroe Islands and to Greenland, but may be put into force for the Faroe Islands and Greenland by royal decree with the amendments deriving from the special Faroese and Greenland conditions."

⁴ The provision is as follows: "Section 2 may be put into force for the Faroe Islands by royal decree with the amendments deriving from the special Faroese conditions."

⁵ The provision is as follows: "The act shall not apply to the Faroe Islands, but section 1(viii) may be put into force for the Faroe Islands by royal decree with the amendments deriving from the special Faroese conditions."

⁶ The provision is as follows: "The act shall not apply to Greenland and the Faroe Islands, but may be put into force for these parts of the realm by royal decree with the amendments deriving from the special Faroese and Greenland conditions."

⁷ The provision is as follows: "The act shall not apply to the Faroe Islands and to Greenland, but may be put into force for these parts of the realm by royal decree with the amendments deriving from the special Faroese or Greenland conditions."

⁸ The provision is as follows: "The act shall not apply to the Faroe Islands and to Greenland, but may be put into force for these parts of the realm by royal decree with the amendments deriving from the special Faroese or Greenland conditions."

⁹ The provision is as follows: "Section 1 and section 2 of the act may be put into force for Greenland by royal decree with the amendments deriving from the special Greenland conditions. Section 1(xxviii) of the act may be put into force for the Faroe Islands with the amendments deriving from the special Faroese conditions."

¹⁰ The provision is as follows: "Sections 3-5, 10-14, 18, 19, 21, 24, 26, 30-35, 37, 39, 40, 75, 76, 80, 90, 98, 100, 101, 103 and 104 of the act may be put into force in part or in full for the Faroe Islands and Greenland by royal decree with the amendments deriving from the special Faroese or Greenland conditions."

¹¹ The provision is as follows: "Section 5 may be put into force in part or in full for the Faroe Islands by royal decree with the amendments deriving from the special Faroese conditions."

¹² The provision is as follows: "Section 1 may be put into force in part or in full for the Faroe Islands by royal decree with the amendments deriving from the special Faroese conditions."

¹³ The provision is as follows: "Section 17 may be put into force in part or in full for the Faroe Islands by royal decree with the amendments deriving from the special Faroese conditions."

safety investigations of marine accidents and section 70(3)¹⁴ of act no. 1231 of 18 December 2012 amending various legal provisions on mandatory digital communication, etc. (mandatory digital communication and adjustments as a consequence of the transfer of powers, etc.), it is hereby decided that the acts shall apply to the Faroe Islands so that the merchant shipping act applies to the Faroe Islands in the following wording:

I
Vessel
Part 1
*(left out)*¹⁵

Part 2
*(left out)*¹⁶

Part 3
Mortgages on ships, etc.

Sections 47-50a. (left out)¹⁷

Maritime liens and other rights in ships

Section 51.-(1) The following claims shall be secured by maritime liens on the ship:

- 1) Wages and other sums due to the master and other members of the ship's complement in respect of their employment on board.
- 2) Port, canal and other waterway dues and pilotage dues.
- 3) Compensation for personal injury occurring in direct connection with the operation of the ship.
- 4) Compensation for damage to property in direct connection with the operation of the ship if the claim cannot be based on contract.
- 5) Rewards for salvage, removal of wrecks and contribution in general average.

Subsection 2. A maritime lien shall arise whether the claim is directed towards the shipowner*), the owner of the ship, the ship's user, charterer or operator.

Subsection 3. Claims mentioned in subsection 1(iii) and (iv) shall not be secured by maritime lien if the damage arises from radioactive properties or a combination of radioactive properties with toxic, explosive or other hazardous properties of nuclear fuel or of radioactive products or waste.

Section 52. Maritime liens on a ship shall take priority over other charges on the ship.

¹⁴ The provision is as follows: "Sections 18, 32, 35-39, 41, 42, 49, 54 and 61 may be put into force in part or in full for the Faroe Islands by royal decree with the amendments deriving from the special Faroese conditions."

¹⁵ The provisions on the term of a ship, the term of nationality, etc. are regulated by an act of the Faroe Islands Parliament (Lagtinget), since the area has been taken over.

¹⁶ The provisions on ship registration are regulated by an act of the Faroe Islands Parliament (Lagtinget), since this area has been taken over.

¹⁷ The provisions on mortgages in ships, etc. are regulated by an act of the Faroe Islands Parliament (Lagtinget), since this area has been taken over.

^{*} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

Subsection 2. Maritime liens shall be paid in the order in which they are listed in section 51(1), and those mentioned under the same number shall rank equally. Those mentioned in section 51(1)(v), however, shall rank above other maritime liens which arose earlier and with regard to the relationship between the rights mentioned in (v), the youngest rights shall rank before the oldest.

Section 53. Maritime liens on a ship, except for in circumstances mentioned in section 76, shall continue in the event that the property rights to the ship are transferred to another party or if the registration of the ship is changed.

Subsection 2. If voluntary transfer of a ship to a foreign acquirer means that the maritime lien for a claim for which the transferor was not personally liable lapses or has a lower ranking, the transferor shall be personally liable for the claim up to the value of the ship. The provisions of section 177 shall apply correspondingly.

Section 54. A shipbuilder or ship repairer may exercise right of retention over the ship to secure claims in respect of the shipbuilding or repair.

Subsection 2. The right of retention shall be postponed to all maritime liens on the ship but shall be preferred to registered mortgages and other charges.

Section 55. Maritime liens on a ship shall be extinguished one year after the claim arises.

Subsection 2. The period of limitation shall be suspended by arrest or seizure of the ship prior to expiry of the time limit if the arrest or seizure leads to a forced sale.

Subsection 3. The period of limitation shall not run during the period the holder of the lien is legally prevented from arresting or seizing the ship, but otherwise it shall not be subject to suspension or interruption.

Section 56. If not otherwise agreed, maritime liens on a ship shall also include machinery, boilers, engines, radio equipment, echo sounders, fishing tackle, instruments and other appurtenances acquired at the owner's cost and intended for being placed in the ship though it is temporarily separated from the ship.

Sections 57-60. (Not used).

Maritime liens on cargo

Section 61. The following claims shall be secured in maritime liens on cargo:

- 1) Rewards for salvage and contribution in general average or to costs divided pursuant to section 360 or section 466(2).
- 2) Claims based on the carrier or the master, pursuant to their statutory power of attorney, having made an agreement or taken measures or made payments on behalf of the cargo owner as well as claims by the cargo owner for indemnification for goods sold for the benefit of other cargo owners.
- 3) Claims by the carrier pursuant to the contract of carriage, provided the claim is valid against the party demanding delivery.

Section 62. Maritime liens on cargo shall rank higher than all other liabilities and charges, other than public taxes.

Subsection 2. Maritime liens shall be paid in the order in which they are listed in section 61. Those mentioned under the same number shall rank equally. Those mentioned under (i) and (ii), however, shall be

ranked for each group such that the youngest rank before the oldest when they do not arise from the same event.

Section 63. Maritime liens on cargo shall lapse when the goods are delivered, when they are sold by forced sale, or when they are sold during the carriage in order to satisfy the needs of the ship or the cargo.

Subsection 2. Any person who, without the consent of the creditor, delivers goods which said person knows or should know are subject to a maritime lien shall be personally liable for the debt up to the value of the lien. If the recipient was not personally liable for the debt, the same shall apply for the recipient if the recipient had knowledge of the debt when the goods were delivered.

Subsection 3. Any person who delivers goods which are subject to a maritime lien for contribution in general average shall not, however, be personally liable for this debt if the owner of the goods has accepted personal liability and has placed adequate security for this, cf. section 465.

Section 64. Maritime liens on cargo shall be extinguished one year after the claim arises.

Subsection 2. The period of limitation shall be suspended if legal proceedings commence within the term of the time limit.

Sections 65-70. (Not used).

Miscellaneous provisions

Section 71. When a debt secured by maritime lien is assigned or transferred, the maritime lien shall pass to the new creditor.

Section 72. Maritime liens shall not cover claims for compensation for loss of or damage to a ship or cargo. This shall also apply to claims under insurance contracts.

Section 73. Legal actions to satisfy maritime liens on ships may be brought against the owner of the ship or the master.

Subsection 2. Legal actions to satisfy maritime liens on cargo may be brought against the master. The shipowner^{*)}, or a person to whom the shipowner^{*)} has given leave to use the ship in maritime shipping at his own expense, shall however not bring such legal action against the master.

Section 74. A mortgage on a foreign ship shall be recognised as valid in the Realm provided

- 1) the mortgage has been established and registered in accordance with legislation in the state in which the ship is registered,
- 2) the register and the documents which shall be filed are available to the public and transcripts of the register and copies of these documents can be obtained from the register, and
- 3) the register or the documents mentioned contain information on
 - a) the name and address of the mortgagee or information that the mortgage is issued to the bearer,
 - b) the amount secured by the mortgage, and
 - c) the date and the other conditions which, pursuant to legislation in the country of registry, determine the ranking of the mortgage in relation to the registered mortgages and liens.

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

Subsection 2. Property rights and mortgages on a ship being built abroad shall be recognised as valid in the Realm provided the rights are registered in accordance with legislation in the state in which the ship is being built.

Section 75. The regulations in section 51-56, sections 71-73 and sections 76 and 77 shall apply in all cases where maritime liens, mortgages and other rights in a ship are claimed before Danish courts, cf. however, subsections 2 and 3.

Subsection 2. The following shall be determined in accordance with the legislation in the state in which the ship is registered:

- a) the mutual ranking between mortgages on a foreign ship which are recognised pursuant to section 74 and their effect in relation to third parties, and
- b) questions regarding maritime liens on the ship with ranking after registered mortgages.

Subsection 3. The provisions of subsection 2 shall apply correspondingly for ships under construction. The mutual ranking between right of retention and other charges on a ship under construction shall be determined in accordance with the legislation of the state in which the ship is being built.

Section 76. If a ship is sold in Denmark by forced sale, maritime liens, mortgages and other rights in the ship shall cease.

Subsection 2. If a ship is declared irreparable, the owner of the ship may require that it be sold at public auction pursuant to the regulations stipulated in the act for the Faroe Islands on the administration of justice act with the effect that maritime liens, mortgages and other rights in the ship cease.

Subsection 3. In the distribution of the sales proceeds, maritime liens, mortgages, and other rights in the ship shall be subordinate to the costs stipulated by the court in connection with arrest or the seizure and subsequent forced sale. The holders of maritime liens shall be entitled to demand payment of the sales proceeds in proportion to the full amount of their claim, although not so that they receive more than they are owed pursuant to the regulations on limitation of liability.

Subsection 4. If a ship is sold through forced sale in a foreign state, maritime liens, mortgages and other rights in the ship shall cease provided that at the time of the sale the ship is located in the state in question and the sale is effected in accordance with the law of the state and the provisions in the International Convention of 1967 for the Unification of Certain Rules Relating to Maritime Liens and Mortgages.

Section 77. Anyone holding maritime liens in several objects may claim from each of them for the entire debt.

Subsection 2. If the person in question has sought repayment in an object of an amount which is more than is proportionately due on it, the owner who thus suffers a loss as well as the holder of the maritime lien whose lien thus becomes insufficient shall take over the surplus part of the claimant's maritime lien in the other objects.

Sections 78-90. (Not used).

Part 4

Regarding arrest of ship

Section 91. In this act, maritime claims shall mean claims arising out of one or more of the following:

- 1) Damage to property caused by a ship through collision or in some other way,
- 2) personal injury caused by a ship or arising in connection with operation of a ship,
- 3) salvage,

- 4) agreements contained in a chartering agreement or otherwise for the use or hire of a ship,
- 5) agreements contained in a chartering agreement or otherwise for the carriage of goods on board a ship,
- 6) loss of or damage to goods, including luggage, which is carried on board a ship,
- 7) general average,
- 8) bottomry,
- 9) towage,
- 10) port, canal and other waterway dues and charges as well as pilotage,
- 11) delivery of goods or materials to a ship, irrespective of the delivery location, for use in its operation or maintenance,
- 12) construction and repair or delivery of equipment for a ship as well as costs and docking fees,
- 13) wages for masters and other members of the ship's complement,
- 14) masters' disbursements, including disbursements paid by shippers, charterers or agents on behalf of the ship or its owner,
- 15) disputes on property rights to a ship,
- 16) disputes between co-owners of a ship on property rights, possession, use or revenues of the ship, or
- 17) mortgages on a ship.

Section 92. Arrest of ship pursuant to this act shall only be carried out for security for a maritime claim. In this act arrest of ship shall mean detention of a ship in presence.

Subsection 2. The regulations stipulated in the act for the Faroe Islands on the administration of justice shall apply to arrest of ship without prohibition against the ship sailing for security for a maritime claim or other claims.

Section 93. Arrest of ship may only be carried out of the particular ship in respect of which the maritime claim arose. If the claim arises from one of the causes mentioned in section 91(i)-(xiv), arrest may also be carried out of another ship owned by the person who owned the ship subject to the claim when the claim arose.

Subsection 2. If the owner of the ship is not liable for a claim which is related to the ship and which arises from a cause mentioned in section 91(i)-(xiv), arrest may be carried out of the ship as well as of another ship belonging to the person who is liable for the claim.

Subsection 3. Ships shall have the same owner when all the ship's shares belong to the same person or persons.

Subsection 4. Notwithstanding the provisions in subsections 1 and 2 arrest shall not take place of ships against which it will not be possible to levy execution for the claim.

Subsection 5. A claimant shall not arrest a ship more than once for the same claim. The same shall apply when security is provided to avoid arrest or release the ship. This shall not, however, apply if the claimant proves that the security was finally released before the later arrest was granted or there is another specific reason to carry out the arrest.

Section 94. Before arrest is commenced or arrest is carried out, the enforcement court may determine that, as a condition for the arrest, the claimant shall provide security for the damage or nuisance which the debtor may suffer as a result of the arrest, although generally not in excess of an amount corresponding to five days' loss of earnings for the ship.

Subsection 2. After arrest has been carried out, the enforcement court may, as a condition for upholding the arrest, decide that the security shall be increased.

Section 95. Arrest in respect of claims mentioned in section 91(i)-(xiv) and (xvii) may be avoided and the arrest shall be lifted if security is provided which is deemed by the enforcement court as sufficient to

cover the claimant's claim including interest due and estimated future interest as well as likely costs of the arrest procedure, the arrest action, and the action regarding the claim.

Subsection 2. For arrest in respect of claims mentioned in section 91(xv) and (xvi), against the provision of security, the person in possession of the ship may be permitted to continue using the ship, or other decisions may be made for use of the ship over the period the arrest has effect.

Section 96. The provisions regarding arrest in the administration of justice act (*retsplejeloven*) shall otherwise apply correspondingly for arrest of ship.

Sections 97-100. (Not used).

II

Shipping companies

Part 5

Regarding part-owner shipping undertakings

Section 101. The provisions in this part may, by agreement, be derogated from, except for sections 103-105 and section 115(2).

Section 102. If a ship is owned by part owners, each of these shall only be liable for its obligations in proportion to his share in the ship.

Section 103. A managing owner shall be elected for a ship owned by part owners.

Subsection 2. A person, a limited company or a responsible company may be elected as managing owner, provided it meets the conditions for being registered as the owner of the ship.

Section 104. In relation to third parties, the managing owner shall be entitled to conclude all legal transactions usually undertaken by a shipping enterprise. The managing owner may therefore engage, dismiss and instruct the master, take out ordinary insurance, and receive monies paid to the shipping company. The managing owner shall not, without special authorisation, sell or mortgage the ship or charter out the ship for more than one year.

Section 105. The managing owner may institute legal proceedings on behalf of the part-owner shipping undertaking and may be sued on its behalf.

Subsection 2. If a managing owner has not been elected, any part owner may be sued on behalf of the shipping company. The case may be brought in the jurisdiction of the defendant or the jurisdiction in which the ship has its home port.

Section 106. The managing owner shall inform the part owners in an appropriate manner of the business of the part-owner shipping undertaking and should confer with them on all important matters.

Section 107. When the part owners are to make decisions, they shall be invited to a meeting with appropriate notice, usually of no less than one week. The invitation shall be sent by registered post or telegram to the last known address of a part owner. If the matter is of such an urgent nature that holding the meeting at appropriate notice is not possible, the part owners may make decisions in some other way.

Subsection 2. If a part owner so requests, minutes shall be taken of the negotiations and resolutions at the meeting. The minutes shall be kept by the managing owner. Any part owner shall be entitled to inspect the minutes and take a copy of them.

Subsection 3. A part owner may meet by proxy or express his position in writing. The managing owner shall report the resolutions taken to the part owners who were not represented at the meeting in an appropriate manner.

Section 108. In a vote, a decision shall apply which is resolved by the part owner or part owners who own(s) more than a half share of the ship. In an election of a managing owner, it shall be sufficient that the part owner or part owners who own(s) the half share of the ship vote for the person in question. If two proposals receive an equal number of votes, the vote shall be determined by lot. Section 116 shall apply for the dissolution of the part-owner shipping undertaking.

Subsection 2. Decisions which conflict with the contents of the shipping company contract or are outside the objects of the shipping company shall not be valid unless all part owners agree.

Section 109. The managing owner may be dismissed at any time by a resolution of the part owners who own more than a half share of the ship. If the person in question owns a half share or more, the court in the jurisdiction in which the managing owner is resident may, at the request of a part owner, issue an order to dismiss the managing owner if there are reasonable grounds to do so and appoint a temporary managing owner.

Section 110. The managing owner shall keep separate accounts of his administration of the business of the part-owner shipping undertaking. He shall submit financial statements for each calendar year no less than two months after the end of the calendar year. The financial statements shall be sent to all part owners. Any part owner shall have access to the financial records and vouchers.

Subsection 2. Unless it is claimed that the managing owner has acted fraudulently, objections shall be submitted within six months after submission of the financial statements.

Section 111. Each part owner shall contribute to paying the costs of the shipping company's activities in proportion to the share in the ship owned by the part owner. If a part owner omits to pay a contribution on demand and the amount is paid by the managing owner or a joint part owner, the part owner with a duty to pay the contribution shall pay interest on the amount. The interest rate shall correspond to the litigation interest stipulated in the interest act applicable to the Faroe Islands.

Subsection 2. A creditor shall have a lien in that part of the profit of the enterprise which falls due to the part owner with a duty to pay a contribution and a creditor may demand payment of this amount up to an amount necessary to cover the amount due to the creditor.

Section 112. Profits and losses from the shipping company's activities shall be distributed to the part owners in proportion to their shares in the ship.

Subsection 2. If the financial statements of the shipping company show a profit, this shall be paid to the part owners to the extent it is not required for the activities of the shipping company.

Section 113. The managing owner and the joint part owners shall be informed immediately of the transfer of a ship's share. If the transfer is carried out by agreement with the part owner, the part owner shall notify of this. In other circumstances notification shall be given by the acquirer.

Section 114. The joint part owners shall have first refusal to buy a share on a transfer, unless the transfer takes place at public auction, including forced sale, or the transfer is to the spouse or a descendent of the part owner.

Subsection 2. In the situation where the joint part owners have first refusal, the transferor shall notify them in advance of the terms of any transfer of the share. If the transfer is by inheritance or legal proceedings, notification shall be given by the probate court, the inheritors or the creditors. If the transfer is through inheritance or a gift, the purchase sum for the joint part owners shall be set as the value of the ship's share.

Subsection 3. The joint part owners shall effect their right to first refusal no later than 14 days after the notification is received. If more than one joint part owner want to effect the right to first refusal, the right to first refusal shall be exercised in proportion to their shares in the ship.

Subsection 4. The provisions of subsections 1-3 shall not apply to part-owner shipping undertakings established before 1 January 1973.

Section 115. When the ship's share of a part owner is transferred to another party, the part owner shall not be released from liability towards the joint part owners for the obligations which rested with the shipping company on the transfer until the joint part owners are notified pursuant to section 113. On the transfer of a ship's share, the acquirer shall be vested with the rights and obligations of the previous owner towards the joint part owners. The acquirer shall be bound by previous decisions. The joint part owners may set off against claims by the acquirer, claims which, according to the circumstances of the shipping company, they have against the previous owner, provided the acquirer's claim originates from the circumstances of the shipping company.

Subsection 2. For obligations which rested with the shipping company at the time of the transfer, claimants on the part-owner shipping undertaking may only hold the previous part owner liable. For obligations which arise after the transfer, only the acquirer shall be liable. In the event that the transfer has not been reported to the register of shipping, however, the previous part owner shall be liable to third parties who have entered into agreements with the shipping company and did not know and should not have known about the transfer.

Section 116. A part owner or part owners who own more than a half share of the ship may decide to dissolve the part-owner shipping undertaking. Furthermore, with six months' written notice to the joint part owners, any part owner may demand the part-owner shipping undertaking dissolved.

Subsection 2. Any part owner may, without notice, require the shipping company dissolved,

- 1) when, at no fault of the part owner and without his consent, the ship loses the right to fly the Danish flag and this right is not regained by release pursuant to subsection 3,
- 2) when the managing owner has been dismissed pursuant to section 109, the 2nd clause,
- 3) when the estate of a part owner is subject to bankruptcy proceedings, when a part owner has suspended payments or has declared himself unable to meet his obligations,
- 4) when the rights of a part owner have been violated by substantial breach of the shipping-company contract or otherwise by the way the business of the shipping company is administered.

Subsection 3. When a demand to dissolve the shipping company has been raised, a part owner shall be entitled to buy out the part owner or part owners who have requested dissolution pursuant to subsection 1 or who have been party to occasioning one of the conditions mentioned in subsection 2(i)-(iv). If several part owners want to exercise the right to release, this shall be exercised in proportion to their shares in the ship.

Subsection 4. If agreement on the release sum cannot be achieved, this shall be set by experts appointed by the court in whose jurisdiction the ship has its home port. The assessment of the experts may be brought before the courts. A case shall be brought no later than three months after receipt of the statement by the experts.

Subsection 5. The provision in subsection 1, the 2nd clause, shall not apply to part-owner shipping undertakings established before 1 January 1973.

Section 117. If the part-owner shipping undertaking is dissolved, the ship shall be sold at public auction. In the event of disagreement as to where the ship is to be sold, or on the terms of the sale, this shall be decided by the court in whose jurisdiction the ship has its home port.

Section 118. A part owner who owns more than a half share of the ship shall be entitled to take over command of the ship. If terms of remuneration cannot be agreed upon, this shall be decided by the court in whose jurisdiction the ship has its home port.

Subsection 2. A master who owns more than a half share of the ship may, at the request of a joint part owner, be relieved of command by the court in whose jurisdiction the ship has its home port if there are reasonable grounds to do so.

Sections 119-130. (Not used).

Part 6

Regarding the master

Section 131. Before the commencement of a voyage, the master shall ensure that the ship is in seaworthy condition, including that it is adequately crewed, provisioned and equipped and in appropriate condition to receive, transport and store the cargo. The master shall ensure that the cargo is appropriately stowed, that the ship is not overloaded and that it is adequately stable, and the master shall ensure that hatches are appropriately closed and battened down, unless conditions allow otherwise.

Subsection 2. During the voyage the master shall do everything in his power to keep the ship seaworthy. If the ship runs aground or some other incident occurs which could be considered to have caused damage, the master shall investigate whether the ship is still seaworthy.

Section 132. The master shall ensure that the ship is navigated and treated in a manner which is consistent with good seamanship.

Subsection 2. The master shall, as far as possible, acquaint himself in advance of the rules and regulations which apply for shipping in the waters in which the ship is to sail and the places at which the ship is to call.

Section 133. (left out)¹⁸

Section 134. The master shall ensure that loading and unloading is carried out and that the voyage is completed with appropriate despatch and promptness. Before the master commences salvage operations of a ship or goods, the master shall consider carefully whether this is consistent with his duties towards those whose interests he shall safeguard.

Section 135. If the ship comes into distress, the master shall do everything within his power to save those on board and safeguard the ship and cargo. The master shall ensure that the log books and ship's papers, if necessary, are brought into safety. The master shall also ensure salvage of the ship and cargo as far

¹⁸ Reference is made to lögtingslóg um trygd á sjónum.

as possible. Unless there is serious danger for the life of the person in question, the master shall not leave the ship while there are reasonable prospects for saving it.

Section 136. If the master leaves the ship, the master shall provide the senior ship's mate present, or if no mate is present another member of the crew, with the necessary reports and orders.

Subsection 2. When the ship is not moored in a port or at anchor at a safe anchorage, the master shall not leave the ship unless this is necessary. This shall also apply in situations posing danger.

Subsection 3. In the event that the master dies or because of sickness or other essential reason he is unable to take charge of the ship, or if the master leaves the service, the senior ship's mate shall replace the master until a new master takes up duties. In these circumstances the shipowner^{*)} shall be notified immediately of what has happened.

Section 137. The master shall have power of attorney to enter into agreements on behalf of the shipowner^{*)} with regard to preserving the ship or performing the voyage, or receiving goods during the voyage and, if the ship is so configured, passengers, as well as to act as plaintiff in cases regarding the ship.

Subsection 2. If money is required for the purposes mentioned in subsection 1 and if it is not possible to await orders from the shipowner^{*)}, the master shall attempt to raise the money in the best manner. According to the circumstances, the master may take out a loan or mortgage or sell some of the shipowner^{*)}'s goods or, if necessary, the cargo. If it proves to have been unnecessary to make such a transaction, the transaction shall, however, be binding on the shipowner^{*)} if the third party acted in good faith.

Subsection 3. The master shall keep the shipowner^{*)} notified at all times about the condition of the ship, the course of the voyage, contracts entered into, and any other event which could be of interest to the shipowner^{*)}. For all important matters, as far as circumstances allow, the master shall obtain orders from the shipowner^{*)} or a person referred to the master by the shipowner^{*)}.

Section 138. During the voyage the master shall protect the cargo and in general safeguard the interests of the cargo owner. In this respect the master may, without special power of attorney, enter into contracts and act as plaintiff on behalf of the cargo owner pursuant to the regulations applicable for the carrier, cf. sections 266 and 267.

Section 139. The master shall not be personally liable for the obligations which he enters into in this capacity on behalf of the shipowner^{*)} or the cargo owner.

Section 140. The master shall be liable to compensate for damage which he causes through fault or negligence in the course of service to the shipowner^{*)}, cargo owner or others.

Section 141. The master shall have a duty to present financial statements as often as the shipowner^{*)} demands. If the shipowner^{*)} wishes to make an objection to the financial statements, this shall be within six months of receipt of the financial statements. Objections may, however, be raised after expiry of this period, if the master has acted fraudulently.

Subsection 2. In the financial statements the master shall credit the shipping company with each separate amount which he has received from a charterer, cargo owner, supplier or others with whom the master has come into contact in his capacity as master.

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

Section 142. To the extent and on the terms stipulated by the Minister for Business and Growth, the master shall carry seafarers entitled to free passage to their domicile pursuant to the lögtingslóg um sjómenn or for whose journey home a Danish consul or the authorities in Greenland are responsible. The master shall, without payment, carry the ashes and property of deceased seafarers provided this can be done without detriment.

Subsection 2. On the condition of reciprocity, the Minister for Business and Growth may extend these provisions to apply also for other seafarers, their ashes and property.

Section 143. Without the permission of the shipowner^{*)}, the master shall not carry goods to be sold for his own or others' account. If the master does this, he shall pay freight and shall be liable for any damage caused.

Sections 144-150. (Not used).

III

Liability

Part 7

General provisions

Section 151. The shipowner^{*)} shall be liable for damage caused through fault or negligence in their service by the master, crew members, pilot or others who carry out work in the service of the ship.

Subsection 2. Amounts the shipowner^{*)} has to pay as a consequence may be claimed by the shipowner^{*)} from the person who has caused the damage.

Section 152. In this act tonnage shall mean the gross tonnage of the ship calculated in accordance with the tonnage measurement regulations contained in Annex 1 of the International Convention on Tonnage Measurement of Ships, 1969.

Subsection 2. In this act SDR shall mean the Special Drawing Rights applied by the International Monetary Fund. Conversion of SDR into Danish currency shall be carried out according to the exchange rate on the date on which security is furnished for the liability. If security cannot be furnished, conversion shall be carried out according to the exchange rate on the date of payment. If a limitation fund is constituted according to parts 9, 9a, 10 or 11, conversion shall, however, be carried out according to the exchange rate on the date when the limitation fund is considered as constituted according to section 234(3), unless security for the liability has been furnished before the constitution of the fund.

Part 7a

On insurance for maritime claims

Section 153. The shipowner of a ship carrying the Danish flag with a gross tonnage of or above 300 shall take out insurance covering maritime claims. The ship shall not be engaged in trade unless it has a certificate confirming that such insurance has been taken out. The certificate shall be kept on board and be presented to the authorities upon request.

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

Subsection 2. Insurance shall be equal to a bank guarantee or any other financial security with similar conditions of coverage.

Subsection 3. Subsection 1 shall also apply to a ship not carrying the Danish flag and calling at or departing from a Danish port or any other place of loading or unloading in Denmark or on the Danish continental shelf or carrying out activities in Danish territorial sea if the ship has a gross tonnage of or above 300.

Subsection 4. The insurance stipulated in subsections 1 and 2 shall make it possible to acquire compensation within the limits of liability stipulated in section 175.

Subsection 5. The Danish Maritime Authority may lay down regulations on the certificate mentioned in subsection 1, including on the information to be contained in the certificate.

Section 154. If a ship does not hold the certificate mentioned in section 153, the Danish Maritime Authority or other authorities authorised to do so by the Minister of Business and Growth may expel the ship from Danish ports.

Subsection 2. A ship that has been expelled from a port in a country that is a member of the EU due to a lack of certificate shall not call at a Danish port until the ship holds a valid certificate.

Section 155. This part shall not apply to warships or other ships that are owned or used by a State and that are used for State, non-commercial activities.

Subsection 2. This part shall not affect the requirements on insurance stipulated in parts 9a and 10.

Subsection 3. This part shall not affect the requirements on insurance stipulated in part 11.

Subsection 4. This part shall not affect the requirements on limitation of liability stipulated in part 11.

Subsection 5. This part shall not affect the right to limitation of liability under the *løgtingslóg um kolvetnisvirksemi*.

Sections 156-160. (Not used).

Part 8

Regarding damage from collision

Section 161. When damage is caused to a ship, goods or persons by collision between ships and the fault lies exclusively on the one side alone, the one who has committed the fault shall pay compensation for all the damage caused.

Subsection 2. If the fault lies on both sides, each party shall pay damages in proportion to the degree of the faults respectively committed. If the circumstances do not allow for apportionment in a specific proportion, the damages shall be apportioned equally

Subsection 3. Each of the parties in fault shall solely be liable for that part of the damages attributable to the party in question, except for when death or injury to body or health are caused, in which case the person entitled to damages may claim the whole damages from each of the guilty parties.

Subsection 4. If one of the guilty parties has had to pay more than the party is liable for, said party may claim the surplus from the other party. With regard to this claim the other party may apply the right to exemption from liability or limitation of liability which this party could apply with regard to the injured party pursuant to legislation or pursuant to contractual reservations. Reservations shall not, however, be applied to the extent that they exempt from liability to a greater extent than the regulations in sections 274-285, 287-289 and 418-424 or similar regulations in foreign law which apply in relation to the injured party.

Subsection 5. In determining the question of fault, the court shall take particular account of whether or not there was time to react with deliberation.

Section 162. If the collision is a consequence of an accidental act, or if it cannot be determined that it was caused through the fault of any of the parties, each ship shall bear its own damage.

Section 163. Provisions on collisions between ships in this part shall also apply in circumstances in which, through its navigation or in a similar manner, a ship causes damage to another ship or persons on board or goods without the occurrence of a collision between the ships.

Section 164. (repealed)

Sections 165-169. (Not used).

Part 8a
(Repealed)

Section 170. (Repealed).

Part 9
Regarding limitation of liability pursuant to the regulations of the London Convention of 1976 as amended by the Protocol of 1996 (the 1996 Protocol)

Section 171. Shipowners^{*)} may limit their liability pursuant to the regulations in this part. An owner of a ship who is not a shipowner^{*)}, a user, charterer, manager and anyone who provides services in direct connection with salvage operations, including the operations mentioned in section 172(1)(iv), (v) and (vi) shall have the same right.

Subsection 2. Persons for whose acts the shipowner^{*)} or the others mentioned in subsection 1 is responsible may also limit their liability pursuant to the regulations in this part.

Subsection 3. An insurer of the liability for claims subject to limitation shall have the same rights to limit the liability as the insured himself.

Section 172. The right to limit liability shall prevail whatever the basis of liability, cf. however, section 174, for the following claims:

- 1) claims in respect of personal injury or damage to property occurring on board or in direct connection with the operation of the ship or with salvage operations,
- 2) claims in respect of loss resulting from delay in the carriage by sea of cargo, passengers or their luggage,
- 3) claims in respect of loss resulting from infringement of rights other than contractual rights occurring in direct connection with the operation of the ship or salvage operations,
- 4) claims in respect of raising, removal, destruction or the rendering harmless of a ship which is sunk, wrecked, stranded or abandoned, including anything that is or has been on board such ship,
- 5) claims in respect of the removal, destruction or the rendering harmless of the cargo of the ship,

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

- 6) claims in respect of measures taken to avert or mitigate loss which is or would be subject to limitation of liability as well as loss caused by such measures.

Subsection 2. If the person liable has a counterclaim against the claimant and if the claim and counterclaim have arisen out of the same occurrence, the person liable may only limit his liability for that part of the claim which exceeds the counterclaim.

Section 173. The right to limit liability shall not apply to:

- 1) claims for reward for salvage, including claims for special compensation pursuant to section 449, compensation pursuant to contracts for the measures mentioned in section 172(1)(iv), (v) or (vi) or contribution in general average,
- 2) claims arising from damage or costs of the nature mentioned in section 191 and which are covered by section 206(1),
- 3) claims subject to any international convention or national legislation governing or prohibiting limitation of liability for nuclear damage,
- 4) claims arising from nuclear damage caused by a nuclear-powered ship,
- 5) claims arising from personal injury or damage to property caused to employees of the persons mentioned in section 171(1) who carry out work in the service of the ship or in connection with salvage operations,
- 6) claims for interest and costs awarded by the courts.

Section 174. A person liable shall not be entitled to limit his liability if it is proved that the loss or damage resulted from his personal act or omission committed with the intent to cause such loss or damage, or recklessly and with the knowledge that such damage would probably result.

Section 175. For claims arising from the death or injury of the ship's own passengers, the limitation amount shall be 175,000 SDR multiplied by the number of passengers the ship is authorised to carry pursuant to the ship's certificate.

Subsection 2. For other claims arising from death or personal injury the limitation amount shall be 2 million SDR for ships with a tonnage not exceeding 2,000 tons. For a ship with a tonnage in excess hereof the limitation amount shall be raised as follows:

- 1) For each ton from 2,001 to 30,000 tons by 800 SDR,
- 2) for each ton from 30,001 to 70,000 tons by 600 SDR, and
- 3) for each ton in excess of 70,000 tons by 400 SDR.

Subsection 3. The limitation amount for all other claims as well as any claims with insufficient cover as mentioned in subsection 2 shall be 1 million SDR for ships with a tonnage not exceeding 2,000. For a ship with a tonnage in excess hereof the limitation amount shall be raised as follows:

- 1) For each ton from 2,001 to 30,000 tons by 400 SDR,
- 2) for each ton from 30,001 to 70,000 tons by 300 SDR, and
- 3) for each ton in excess of 70,000 tons by 200 SDR.

Subsection 4. The limits of liability in subsections 1-3 shall apply to the aggregate of all claims which arise from the same distinct occasion, against the shipowner^{*)}, the owner, the user, the charterer and the manager as well as the persons for whom they are responsible.

Subsection 5. If salvors do not operate from a ship or operate solely from the ship for which the salvage services are rendered, the limits of liability shall be calculated in accordance with a tonnage of 2,000

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

tons. The limits of liability shall apply to the aggregate of all the claims which arise from the same distinct occasion against the salvors and persons for whom they are responsible.

Subsection 6. The Minister for Business and Growth may change the limits of liability in subsections 1-3 in accordance with decisions taken pursuant to article 8 of the 1996 Protocol. The Minister for Business and Growth may also lay down special limits of liability for ships not exceeding 300 tons.

Section 176. Each limitation amount shall be divided between the claimants in proportion to their claims.

Subsection 2. If the amount pursuant to section 175(2) is not sufficient to pay the claims mentioned therein in full, the unpaid balance of claims shall rank in equal proportion with other claims on the limitation of liability mentioned in section 175(3).

Subsection 3. Any person who has settled a claim in full or in part before the limitation amounts are allocated shall acquire by subrogation the claimants' rights to payment in proportion to the amount paid.

Subsection 4. If a person establishes that he may be compelled to pay a claim in whole or in part at a later date and such person will thus be subrogated to the claimants' rights to payment, the court may decide that a sufficient sum shall be provisionally set aside to enable such person at such later date to enforce his claim pursuant to subsection 3.

Section 177. If arrest is applied for, an action is brought, or other legal proceedings are instituted in this country with respect to claims which according to their nature may be limited, a limitation fund may be constituted with the Maritime and Commercial Court.

Subsection 2. The fund shall be deemed as constituted for all the persons who may invoke limitation of liability and to cover all the claims for which the limitation of liability applies. The fund shall only be available for payment of claims in respect of which limitation of liability may be invoked.

Subsection 3. Separate actions on claims which are subject to limitation of liability, or on the extent to which persons for whose benefit the fund was constituted are to be entitled to limitation of liability, may not be brought in this country after the limitation fund has been constituted pursuant to subsection 1.

Subsection 4. More detailed regulations on the constitution and distribution, etc. of the fund appear in part 12.

Section 178. If a claim has been made against a limitation fund which has been constituted pursuant to section 177, cf. part 12, or pursuant to similar regulations in another State Party, no arrest or seizure or exercise of other rights over a ship or property which belongs to a person on behalf of whom the fund has been constituted, and who is entitled to limitation of liability, may be exercised in respect of said claim.

Subsection 2. After a limitation fund has been constituted in the Realm or in Finland, Norway or Sweden, no arrest or seizure or exercise of other rights over a ship or property which belongs to a person on behalf of whom the fund has been constituted and who is entitled to limitation of liability for claims which may be raised against the fund, cf. however, section 180(2), may be exercised in respect of said claim. If arrest of ship or property has been carried out or if security has been given to avoid arrest, in such circumstances the arrest shall be lifted or the security released.

Subsection 3. After a limitation fund has been constituted in another State Party, the court may refuse an application for arrest or seizure, cf. however, section 180(2). If arrest has been carried out or security has been given to avoid arrest, the arrest may be lifted or the security released. An application for arrest shall always be refused, an arrest carried out after the constitution of the fund shall always be lifted and security to avoid such arrest shall always be released, if the fund has been constituted:

- 1) at a port where the incident leading to liability took place, or, if it did not take place in a port, at the first port of call thereafter,
- 2) at the port of disembarkation in respect of claims for personal injury,

3) at the port of discharge in respect of claims for damage to cargo.

Subsection 4. The regulations in subsections 1 and 3 may apply correspondingly if it is established that a limitation fund which is constituted in a state which is not a State Party can be considered equal to a limitation fund as mentioned in section 177.

Subsection 5. The regulations of subsections 1-4 shall apply only if the claimant may bring a claim against the fund before the court administering that fund and the fund is actually available and freely transferable in respect of that claim.

Subsection 6. In this part the 1996 Protocol shall mean the Protocol of 1996 to the London Convention on Limitation of Liability for Maritime Claims (1976). In this part, a State Party shall mean a state which is bound by the 1996 Protocol.

Section 179. After a limitation fund has been constituted, appeals against refusal by the enforcing officer to carry out arrest shall be to the Maritime and Commercial Court. The time limit for appeals shall be four weeks. Part 53 of the administration of justice act for the Faroe Islands shall apply correspondingly.

Subsection 2. If arrest is carried out despite constitution of a limitation fund, the arrest action shall be brought before the Maritime and Commercial Court.

Subsection 3. If arrest is refused or lapses because a limitation fund has been constituted pursuant to section 177, the matter of the legality of the requested arrest as well as of any damages arising from the application for arrest shall be determined by the Maritime and Commercial Court, cf. section 240.

Section 180. A person liable may invoke limitation of liability notwithstanding that a limitation fund has not been constituted. The court shall then only consider the claims which are pleaded under the case. If the person liable so claims, the judgement shall, however, include a reservation that other claims which are subject to limitation of liability shall be included in the calculation of the limitation of liability.

Subsection 2. A judgement pursuant to subsection 1 may be enforced pursuant to the ordinary provisions hereon of the administration of justice act for the Faroe Islands. If a reservation as mentioned in subsection 1 is included in the judgement, and if a limitation fund has been constituted prior to the expiry of the period in which it is not possible to enforce the judgement, section 178 shall, however, apply.

Section 181. Limitations of liability shall under no circumstances be calculated for a tonnage of less than 5,000 tons in respect of war ships and other ships which are used for state, non-commercial purposes. Liability may not be limited for loss or damage arising from the special nature or use of the ship while it is being used for state non-commercial purposes. The provisions of the 1st and 2nd clauses shall not apply to ice-breakers as well as ships mainly used in connection with salvage operations.

Subsection 2. Special limitations of liability shall apply for drilling ships and floating offshore installations, cf. the lögtingslóg um kolvetnisvirksemi, while the drilling ships or offshore installations are being used for exploration or extraction of minerals, etc. from beneath the seabed in Danish territorial waters or the area of the Danish continental shelf.

Section 182. Sections 171-181 shall apply in all cases where limitation of liability is claimed before a Danish court. In respect of claims mentioned in section 173(v), the question of whether liability is limited, and if so to what amount, shall be determined in accordance with the legislation of the country whose legislation shall apply to the service agreement, provided the country in question is a State Party.

Subsection 2. Sections 171-181 shall not prevent application of otherwise valid regulations on access to mitigate the liability of a wrongdoer toward an injured person.

Part 9a

Regarding liability for damage caused by bunker oil

Section 183. The owner of a ship shall, irrespective of who is at fault, be liable for any pollution damage. If an incident consists of a series of occurrences having the same origin, the liability shall attach to the owner at the time of the first of such occurrences.

Subsection 2. In this part pollution damage shall mean loss or damage outside the ship by contamination resulting from the escape or discharge of bunker oil from the ship provided that compensation for impairment of the environment, other than loss of profit from such impairment, shall be limited to costs of reasonable measures of reinstatement actually undertaken or to be undertaken. Pollution damage shall also mean costs, damage or loss caused by reasonable preventive measures undertaken to avoid or limit pollution damage after the incident which causes pollution damage or causes serious and immediate risk of pollution damage has taken place.

Subsection 3. In this part bunker oil shall mean any hydrocarbon mineral oil, including lubricating oil, used or intended to be used for operation or propulsion of the ship, however not such bunker oil covered by the regulations of part 10.

Subsection 4. In this part owner shall mean the owner of the ship, including the registered owner, shipowner, bareboat charterer, manager or other persons operating the ship instead of the owner.

Subsection 5. In this part registered owner shall, for registered ships, mean the person registered as the owner of the ship, or in absence of registration, the person owning the ship. If a ship is owned by a state and operated by a company which in that state is registered as the ship's operator, that company shall be considered as the owner of the ship.

Subsection 6. When more than one person are liable in accordance with the regulations of this provision, their liability shall be joint and several.

Subsection 7. Bunkers Convention shall mean the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001.

Section 184. No liability for pollution damage shall attach to the owner if the owner proves that the damage:

- 1) resulted from an act of war, hostilities, civil war, insurrection or a natural phenomenon of an exceptional, inevitable and irresistible character,
- 2) was wholly caused by an act or omission done with intent to cause damage by a third party, or
- 3) was wholly caused by the negligence or other wrongful act of any public authority for the maintenance of lights or other navigational aids.

Subsection 2. If the owner proves that the pollution damage resulted from an act or omission done with intent or to cause damage by the person who suffered the damage or from negligence of that person, the owner may be exonerated wholly or partially from liability to such person.

Section 185. No claim for compensation for pollution damage shall be made against the owner otherwise than in accordance with this part. This part shall not affect the right to limit liability in accordance with part 9.

Subsection 2. No claim for compensation for pollution damage may be made against

- 1) any person for whom the owner is responsible or the members of the complement,
- 2) the pilot or any other person who performs services for the ship,

- 3) any person performing salvage operations with the consent of the owner, the shipowner* or the master, or on the instructions of a competent public authority,
- 4) any person taking preventive measures to avoid or limit pollution damage, or
- 5) employees or other persons acting for the persons mentioned in (ii)-(iv), unless the damage resulted from their intentional act or gross negligence.

Subsection 3. There shall be no right of recourse for pollution damage against the persons mentioned in subsection 2(i)-(v), unless the damage resulted from their intentional act or gross negligence and with knowledge that such damage would probably result. Regarding recourse in general, ordinary legal rules shall apply.

Section 186. The registered owner of a Danish ship having a tonnage greater than 1,000 shall have approved insurance or other guarantee to cover the liability mentioned in section 183 and within the limitation of liability stated in section 175. A certificate attesting that such insurance or guarantee is in force shall be issued. The ship shall not be used without a valid certificate.

Subsection 2. The provisions of subsection 1 shall apply correspondingly to ships which are not domiciled in the Realm and which enter or leave a Danish port or other loading or unloading place in Denmark or on the Danish continental shelf, provided such ships have a tonnage of more than 1,000 GT. Ships registered in a State Party to the Bunkers Convention shall have the certificate stipulated in the Convention which states that the insurance or other guarantee is in force.

Subsection 3. With the exceptions consequential upon section 190b, the provisions of subsections 1 and 2 shall also apply to ships owned by the Danish state or another state, as such ships, instead of being provided with the insurance or guarantee mentioned above, may be provided with a certificate issued by the appropriate authority stating that the ship is owned by the state and that the ship's liability is covered within the limits prescribed in section 175.

Subsection 4. The Minister for Business and Growth, in accordance with the Bunkers Convention, may lay down more detailed regulations on insurance and guarantees, including on the requirements to be met by the insurance contract or guarantee in order to be approved as well as on the certificate, its form, content, issue and validity. The Minister for Business and Growth may leave the issue of certificates to others, including private persons.

Subsection 5. The Minister for Business and Growth may issue certificates for ships the owners of which are registered in Denmark, but are bareboat registered in the register of a foreign country.

Subsection 6. The Minister for Business and Growth may lay down more detailed regulations on the use of electronic registers in connection with the certificates referred to in this provision.

Subsection 7. The Minister for Business and Growth may lay down more detailed regulations on fees for issuing certificates.

Section 187. If a ship is not provided with the insurance or guarantee or the certificate required by section 186, the Danish Maritime Authority or other authorities duly authorised by the Minister for Business and Growth may refuse the ship access to, or refuse exit from a Danish port or other place of loading and discharge in Denmark or on the Danish continental shelf and take the necessary measures to prevent pollution damage.

Section 188. Any claim for compensation for pollution damage may be brought directly against the insurer, including the person providing a guarantee for the registered owner's liability to pay compensation.

* Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

The insurer may avail himself of the provisions on limitation of liability under section 175, even in the event the owner is not entitled to limitation of liability. The insurer may further avail himself of the provisions on exemption from liability which the owner himself would have been entitled to invoke. The insurer may not, however, avail himself of defences against the claimant which the insurer would be entitled to invoke against the registered owner except for the defence that the damage resulted from the wilful misconduct of the registered owner himself.

Section 189. Actions against the owner or the insurer regarding liability for pollution damage may be brought before a Danish court provided the pollution damage arose in Danish territory or exclusive economic zone or in the area where it is possible to establish an exclusive economic zone at the Faroe Islands or measures have been taken to avert or minimise pollution damage in such an area notwithstanding where said measures have been taken.

Subsection 2. When a Danish court is competent under subsection 1, such court shall also have competence in any action in respect of pollution damage resulting from the same incident or series of occurrences with the same origin and which occurred in a foreign state which is a State Party to the Bunkers Convention or in the exclusive economic zone of this state or any other area stipulated in accordance with international law or which results from measures taken to avert or minimise pollution damage in the territory of such a state, notwithstanding where such measures have been taken.

Subsection 3. Actions for pollution damage according to the regulations of this part shall not otherwise be brought in this country.

Subsection 4. When a Danish court is competent under subsection 1, the action shall be brought before the Maritime and Commercial Court.

Section 190. Enforceable decisions against the owner of the ship or the registered owner's insurer issued in a State Party to the Bunkers Convention shall be binding and may be enforced in the Realm when the decision is issued by a court which is competent under article 9 of the Bunkers Convention.

Section 190a. The provisions of sections 183-185 and 188-190 on liability for pollution damage shall apply to pollution damage arising in the Realm or in the Danish exclusive economic zone or in the area at the Faroe Islands where it is possible to establish an exclusive economic zone, or in another State Party to the Bunkers Convention, or in the exclusive economic zone of this state or any other corresponding area stipulated in accordance with international law, and to measures taken to avert or minimise such pollution damage notwithstanding where such measures are taken.

Section 190b. This part shall not apply to warships or other ships owned or operated by a state, and which at the time of the oil escape or discharge from the ship exclusively were used on Government non-commercial service. However, sections 175 and 183-185 shall apply in cases where pollution damage has occurred in the Realm or in the area where it is possible to establish an exclusive economic zone at the Faroe Islands.

Section 190c. The provisions in this part shall not apply if this would violate Denmark's convention obligations to states which are not State Parties to the Bunkers Convention.

Part 10

Regarding liability and compensation for oil pollution damage pursuant to the regulations in the 1992 Liability Convention, the 1992 Fund Convention and the 2003 Fund Protocol

Section 191. The owner of a ship shall be liable for any pollution damage, irrespective of fault. If pollution damage is caused by a series of occurrences having the same origin, liability shall attach to the person who, at the time of the first of such occurrences, was owner of the ship.

Subsection 2. In this part pollution damage shall mean loss or damage caused outside the ship by contamination resulting from the escape or discharge of oil from the ship provided that compensation for impairment of the environment other than loss of profit from such impairment shall be limited to costs of reasonable measures for reinstatement actually undertaken or to be undertaken. Pollution damage shall also mean costs, damage or loss caused by reasonable preventive measures undertaken to prevent or minimize pollution damage after the incident has taken place which causes pollution damage or causes serious and immediate risk of pollution damage.

Subsection 3. In this part, cf. however section 206(2), ship shall mean any floating unit constructed or adapted for the carriage of oil in bulk as cargo, provided that a ship capable of carrying oil and other cargoes shall be regarded as a ship only when it is actually carrying oil in bulk as cargo and during any voyage following such carriage unless it is proved that it has no residues of such carriage of oil in bulk aboard.

Subsection 4. In this part oil shall mean any persistent hydrocarbon mineral oil such as crude oil, fuel oil, heavy diesel oil and lubricating oil.

Subsection 5. Owner shall mean, for registered ships, the person registered as owner or, if the ship is not registered, the person who is the owner of the ship. If a ship is owned by a state and operated by a company which in that state is registered as the ship's operator, that company shall be considered as the owner of the ship.

Subsection 6. The 1992 Liability Convention shall mean the International Convention on Civil Liability for Oil Pollution Damage (1992).

Subsection 7. The 1992 Fund Convention shall mean the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (1992). The 1992 Fund shall mean the International Fund for Compensation (1992) established pursuant to the 1992 Fund Convention.

Subsection 8. The 2003 Fund Protocol shall mean the Protocol of 2003 to the 1992 Fund Convention on the Establishment of a Supplementary International Fund for Compensation of Oil Pollution Damage. The Supplementary Fund shall mean the Supplementary International Fund for Compensation (2003) established pursuant to the 2003 Fund Protocol.

Section 192. The owner shall not be liable if he proves that the damage:

- 1) resulted from an act of war, hostilities, civil war, insurrection or a natural phenomenon of an exceptional, inevitable and irresistible character,
- 2) was wholly caused by an act or omission done with intent to cause damage by a third party, or
- 3) was wholly caused by the negligence or other wrongful act of any public authority for the maintenance of lights or other navigational aids.

Subsection 2. If the owner proves that the damage resulted either from an intentional act by the person who suffered the damage or from the negligence of that person, the owner may be exonerated wholly or partially from his liability.

Section 193. No claim for compensation for pollution damage shall be made against the owner otherwise than pursuant to this part.

Subsection 2. No claim for pollution damage may be made against

- 1) the servants or agents of the owner or the members of the crew,

- 2) the pilot or any other person who performs services for the ship,
- 3) the shipowner* or manager where this is not the owner of the ship, any charterer, shipper, consignee, owner or consignee of the cargo,
- 4) any person performing salvage operations with the consent of the shipowner,* the ship owner or the master or on the instructions of a competent public authority,
- 5) any person taking preventive measures to avoid or limit pollution damage,
- 6) employees or other persons acting for the persons mentioned in (ii)-(v), unless the damage resulted from their intentional act or gross negligence.

Subsection 3. There shall be no right of recourse for pollution damage against any person mentioned in subsection 2(i), (ii), (iv), (v) or (vi) unless the damage resulted from such person's intentional act or gross negligence and with knowledge that such damage would probably result. Regarding recourse in general, ordinary legal rules shall apply.

Section 194. The owner shall be entitled to limit his liability under section 191 to 3 million SDR for a ship with a tonnage of no more than 5,000 units of tonnage. For a ship with a tonnage in excess thereof, this amount shall be raised by 420 SDR for each additional unit of tonnage. The aggregate amount of compensation shall not, in any event, however, exceed 59.7 million SDR, cf. subsection 3. The owner shall have unlimited liability for interest and costs awarded by the courts.[ARI]

Subsection 2. The limits of liability mentioned shall apply for all liability in respect of any one incident or in respect of a number of occurrences with the same origin.

Subsection 3. Liability may not, however, be limited if it is proved that the pollution damage resulted from the intentional act or omission or gross negligence of the owner and with the knowledge that such damage would probably result.

Subsection 4. The Minister for Business and Growth may change the limits of liability in subsection 1 in accordance with decisions pursuant to article 15 of the 1992 Liability Convention, cf. part 10.

Section 195. If the owner wishes to limit his liability pursuant to section 194, the owner shall constitute a limitation fund with a court or other competent authority with which action is brought or may be brought. In Denmark this shall take place at the Maritime and Commercial Court.

Subsection 2. The fund shall be distributed proportionately between all claims arising from the same incident or series of occurrences of the same origin. Section 176(3) and (4) shall apply correspondingly.

Subsection 3. Claims in respect of expenses reasonably incurred for preventive measures or sacrifices reasonably made by the owner voluntarily to prevent or minimize pollution damage shall rank equally with other claims in the distribution of the fund.

Subsection 4. More detailed regulations on the constitution and distribution, etc. of the fund are in part 12.

Subsection 5. If, pursuant to the 1992 Liability Convention, the owner has constituted a limitation fund in a foreign state which is a State Party to the Convention, this shall have the same effect for the right of the owner to limitation of liability as constitution of a fund with the Maritime and Commercial Court.

Section 196. If the owner is entitled to limit liability pursuant to section 194, and if the owner has constituted a fund pursuant to section 195, the ship may not be arrested or seized and no person may exercise

* Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

* Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

any other rights against the ship or any other property belonging to the owner for claims which may be raised against the fund. If arrest for such a claim of the ship or any other property belonging to the owner has been carried out or security has been given to avoid arrest, in such circumstances the arrest shall be lifted or the ship or property released.

Subsection 2. The provision of subsection 1 shall apply correspondingly when, pursuant to the 1992 Liability Convention, the owner has constituted a limitation fund in a foreign state which is a State Party to this Convention, provided the claimant has access to the court or other authority administering the fund and the fund is actually available to him.

Section 197. The owner of a Danish ship carrying more than 2,000 tons of oil in bulk as cargo shall have approved insurance or other guarantee to cover the liability mentioned in section 191 and within the limitation amount stated in section 194. A certificate attesting that such insurance or guarantee is in force shall be issued. The ship shall not be used without a valid certificate.

Subsection 2. The provision in subsection 1 shall apply correspondingly to ships which do not have their home port in the Realm and which enter or leave a Danish port or other loading or unloading place in Denmark or on the Danish continental shelf provided such ships are carrying more than 2,000 tons oil in bulk as cargo. Ships registered in a State Party to the 1992 Liability Convention shall have the certificate stipulated in the Convention stating that the insurance or security is in force.

Subsection 3. With the exceptions consequential upon section 207, the provisions of subsections 1 and 2 shall also apply to ships owned by the Danish state or another state, although such ships, instead of being provided with the insurance or guarantee mentioned above, may be provided with a certificate issued by the appropriate authority stating that the ship is owned by the state and that the ship's liability is covered within the limits prescribed by section 194.

Section 198. The Minister for Business and Growth, pursuant to the 1992 Liability Convention, shall lay down more detailed regulations on insurance and guarantees, including on the requirements to be met by the insurance or guarantee in order to be approved as well as on the certificate, its form, content, issue and validity. The Minister for Business and Growth may leave the issue of certificates to other persons, including private persons.

Subsection 2. The Minister for Business and Growth may issue a certificate for a ship the owner of which is registered in the Faroe Islands, but bareboat registered in the register of a foreign country.

Subsection 3. The Minister for Business and Growth may lay down more detailed regulations on the use of electronic registers in connection with the certificates referred to in this provision.

Subsection 4. The Minister for Business and Growth may lay down more detailed regulations on fees for the issue of certificates.

Section 199. If a ship does not have the insurance or guarantee or the certificate required by section 197, cf. section 198, the Danish Maritime Authority or other authorities duly authorised by the Minister for Business and Growth may refuse the ship access to, or refuse exit from a Danish port or other loading and unloading place in Denmark or on the Danish continental shelf or order that the ship be unloaded or towed.

Section 200. Any claim for compensation for pollution damage may be brought directly against the insurer, including any other person providing a guarantee for the owner's liability to pay compensation. The insurer may avail himself of the provisions on limits of liability under section 194, even in the event the owner is not entitled to limitation of liability. The insurer may further avail himself of the provisions on exemption from liability which the owner himself would have been entitled to invoke. The insurer may not, however, avail himself of defences against claimants which the insurer would be entitled to invoke against the owner except for the defence that the damage resulted from the wilful misconduct of the owner himself.

Subsection 2. The insurer may constitute a limitation fund pursuant to section 195 with the same legal effect as if it had been constituted by the owner himself. Such a fund may be established notwithstanding that the owner has no right to limit liability, but in such circumstances the constitution of the fund shall not limit the claims of the claimant against the owner.

Section 201. The regulations of the 1992 Fund Convention and the 2003 Fund Protocol shall apply in the Realm.

Subsection 2. The provisions on right of recourse in section 193 shall apply correspondingly to claims for recourse by the 1992 Fund and the Supplementary Fund against others than the ship's owner and his insurer.

Subsection 3. If the aggregate amounts of compensation mentioned in article 4(4) of the 1992 Fund Convention are raised pursuant to the procedure of article 33 of the Convention, the Minister for Business and Growth may lay down regulations on the new aggregate amounts of compensation.

Subsection 4. The aggregate amounts of compensation under article 4(2) of the 2003 Fund Protocol shall amount to 750 million SDR. If this amount is raised pursuant to the procedure of article 24 or article 25 of the Protocol, the Minister for Business and Growth may lay down regulations on the new aggregate amounts of compensation.

Section 202. Anyone who annually receives in a Danish port or oil terminal more than 150,000 tons crude oil, heavy fuel oil or heavy distillates as determined in article 1(3) of the 1992 Fund Convention shall pay a contribution to the 1992 Fund and to the Supplementary Fund. Determination of whether the quantity received exceeds 150,000 tons oil shall be pursuant to article 10(2) of the 1992 Fund Convention. The oil mentioned shall include oil which is transported by sea to Denmark or within Denmark.

Subsection 2. The obligation to contribute to the 1992 Fund shall also cover oil coming to Denmark in any other way than that mentioned in subsection 1, but which has been carried by sea to a state that has not acceded to the 1992 Fund Convention and from there has been transported on to Denmark without being reloaded in a reception facility in another State Party to the Convention.

Subsection 3. The obligation to contribute to the Supplementary Fund shall also cover oil coming to Denmark in any other way than that mentioned in subsection 1, but which has been carried by sea to a state that has not acceded to the 2003 Fund Protocol and from there has been transported on to Denmark without being reloaded in a reception facility in another State Party to the Protocol.

Subsection 4. Anyone who receives oil in this country shall have a duty to provide information about the quantity received. The Minister for Business and Growth shall lay down more detailed regulations for the obligations to submit communication and to pay contributions. If the company is of a corporate nature, the members of the board of managers or anyone equal hereto shall ensure that the reporting obligation is observed. In case of lacking timely compliance with the reporting obligation, the Minister for Business and Growth may estimate and report the estimated imported quantities.

Section 203. Actions against the owner or the insurer regarding liability for pollution damage may be brought before a Danish court provided the pollution damage arose in Danish territory or the Danish exclusive economic zone in the area where it is possible at the Faroe Islands to establish an exclusive economic zone, or measures have been taken to prevent or minimise pollution damage in such an area notwithstanding where said measures have been taken.

Subsection 2. When a Danish court is competent under subsection 1, such court shall also have competence over any action in respect of pollution damage resulting from the same incident or series of occurrences with the same origin and which occurred in a foreign state which is a State Party to the 1992 Liability Convention or in its exclusive economic zone or any other area stipulated pursuant to public international

law, or which results from measures taken to prevent or minimise pollution damage in the territory of such a state notwithstanding where such measures have been taken.

Subsection 3. Actions for pollution damage according to the regulations of this part shall not otherwise be brought in Denmark.

Subsection 4. Claims in respect of distribution and payments by a limitation fund mentioned in section 195 shall not be brought before Danish courts if the fund has been constituted in another State Party to the 1992 Liability Convention.

Subsection 5. When a Danish court is competent under this section, the action shall be brought before the Maritime and Commercial Court.

Section 204. Actions for compensation under the 1992 Fund Convention may be brought before a Danish court in the circumstances mentioned in section 203(1) and (2), and only if actions in respect of the same pollution damage against the owner or the insurer have not been brought in another State Party to the 1992 Fund Convention. Actions for compensation under the Supplementary Fund Protocol of 2003 may be brought before a Danish court in the circumstances mentioned in section 203(1) and (2), and only if actions in respect of the same pollution damage against the owner or the insurer have not been brought in another State Party to the Supplementary Fund Protocol of 2003.

Subsection 2. When actions for compensation against the 1992 Fund have been brought before a court in a State Party to the 1992 Fund Convention but not to the Supplementary Fund Protocol of 2003, actions for compensation according to the Supplementary Fund Protocol of 2003 concerning the same incident may, notwithstanding subsection 1, be brought before a court in this country in the circumstances mentioned in section 203(1) and (2).

Subsection 3. Actions for pollution damage according to the regulations of this part may not otherwise be brought before a Danish court.

Subsection 4. Actions against the 1992 Fund and the Supplementary Fund in this country shall be brought before the Maritime and Commercial Court.

Subsection 5. The 1992 Fund and the Supplementary Fund may be, or be brought in as, a party in any actions for compensation under this part against the owner of the ship or the owner's insurer.

Subsection 6. When actions are brought against the owner of the ship or the owner's insurer, each of the parties may inform the 1992 Fund and the Supplementary Fund about the actions. The decision shall become binding on the fund in question in the sense that the decision may not be disputed by the fund when the decision is enforceable, and if the information has been effected promptly so that the fund could effectively represent its interests.

Section 205. Enforceable judgements against the owner of the ship or his insurer delivered in a State Party to the 1992 Liability Convention shall be binding and may be enforced in the Realm when the judgement is delivered by a court which is competent under article IX of the 1992 Liability Convention.

Subsection 2. The same shall apply correspondingly to judgements delivered against the 1992 Fund in a State Party to the 1992 Fund Convention or, where the Fund has its seat, by a court which is competent under article 7(i) and (iii) of the 1992 Fund Convention.

Subsection 3. The same shall apply correspondingly to judgements delivered against the Supplementary Fund in a State Party to the 2003 Fund Protocol or in the state where the Fund has its seat by a court which is competent under article 7(i) and (ii) of the 2003 Fund Protocol.

Section 206. The provisions of sections 191-196, 200 and 203-205 on liability for pollution damage shall apply to pollution damage arising in the Realm or in exclusive economic zones or in the area where it is possible at the Faroe Islands to establish an exclusive economic zone or another State Party to the 1992 Liability Convention or in its exclusive economic zone or any other area stipulated pursuant to public

international law as well as to measures taken to prevent or minimise such pollution damage notwithstanding where the said measures are taken.

Subsection 2. Furthermore, the provisions of sections 191 and 192 shall apply correspondingly in all circumstances where in the Realm or in exclusive economic zones or in the area where it is possible to establish in the Faroe Islands an exclusive economic zone pollution damage occurs as mentioned in section 191(2) which is discharged or escapes from another ship than those mentioned in section 191(3) or where measures have been taken to prevent or minimise such damage notwithstanding where said measures have been taken.

Subsection 3. Subsection 2 shall not apply to the extent that special provisions of this act on liability for pollution damage as referred to in section 191(2) regulate the circumstance.

Subsection 4. (left out).

Subsection 5. Part 9 of this act shall apply to situations mentioned in subsections 2-3.

Section 207. For warships or any other ship owned or used by a state which at the time the oil is discharged or escapes from the ship is used exclusively for state, non-commercial purposes, this part shall not apply. Sections 191-194 and section 206(2) shall, however, apply in circumstances where, in the Realm or in the area where it is possible around the Faroe Islands to establish an exclusive economic zone, oil pollution damage arises as mentioned in section 191(2) or where measures have been taken to prevent or limit such damage notwithstanding where the said measures have been taken.

Section 208. The provisions of this part shall not apply if this would contravene Danish obligations under conventions to states which are not State Parties to the 1992 Liability Convention.

Section 209. (Not used).

Part 10a
(Repealed)

Sections 210-227. (Repealed).

Section 228. (Not used).

Part 10b
(Repealed)

Section 229. (Repealed).

Part 11
(Left out)

Part 11a

Regarding insurance of ships registered in a Danish bareboat register

Section 229a. For ships registered in the bareboat register pursuant to section 22(1) or section 11a(1) of the act on the Danish International Register of Shipping (*lov om Dansk Internationalt Skibsregister*) or in the Faroese bareboat register pursuant to the lagtingslov um Føroyska Altjóð Skipaskrá, the regulations of this act on the duty to be insured and certificates shall apply, including provisions on liability to pay compensation for damage caused by such ships.

Subsection 2. The bareboat charterer shall ensure and guarantee compliance with the duty to have approved insurance or other guarantee to cover liability pursuant to this act. The bareboat charterer shall be liable for the consequences of this duty not being met.

Subsection 3. The Minister for Business and Growth shall lay down more detailed regulations on the duty to be insured and certificates pursuant to the provisions of this act on liability to pay compensation caused by such ships, including the consequences of no insurance.

Section 230. (Repealed).

Part 12

Regarding limitation funds

Section 231. The regulations in this part shall apply to limitation funds constituted pursuant to sections 177, 195 and 217.

Subsection 2. A limitation fund shall be constituted with the Maritime and Commercial Court.

Section 232. A limitation fund pursuant to section 177 shall be constituted in the sum of the full limitation amount pursuant to section 175 for the claims in respect of which limitation of liability is invoked and which arise from the same incident. The fund shall also include interest on the limitation amount from the date of the incident giving rise to the liability until the date of the constitution of the fund at a rate corresponding to the litigation interest stipulated in the interest act (*renteloven*).

Subsection 2. A limitation fund pursuant to section 195 shall be constituted in the limitation amount pursuant to section 194.

Section 233. The person requesting constitution of a limitation fund shall deposit the fund amount, cf. section 232, in cash with the court, or by providing other adequate security for the amount.

Subsection 2. The person shall also notify the court of all persons who could be expected to invoke claims against the fund as well as a report on the background for constitution of the fund.

Section 234. The court shall, by court order, stipulate the size of the fund amount as well as whether any security offered can be approved.

Subsection 2. The court order shall stipulate that security shall also be provided for an additional amount to cover the costs of administering the fund, including costs awarded by the courts, as well as to cover any interest claims. In connection with a limitation fund pursuant to section 177, security shall only be claimed for interest arising subsequent to the constitution of the fund.

Subsection 3. If the court order states that the amounts pursuant to sections 232 and 234(2) have been deposited in cash or that adequate security has been provided, the fund shall be considered as constituted when the court order has been served. Otherwise the fund shall be considered as constituted when the court confirms that the payment has been made or the security has been provided by endorsing the order.

Subsection 4. By a later order the court may raise the security for the additional amount pursuant to subsection 2.

Section 235. The court shall immediately insert an announcement in the Gazette used for public announcements in the Faroe Islands that the fund has been constituted and the announcement shall invite any claimants, within a time limit stipulated in the invitation of no less than two months, to notify claims against the fund. The invitation shall draw attention to the contents of sections 177(3), 238 and 245.

Subsection 2. The invitation may also be announced in this country in some other way stipulated by the court and should, when the circumstances so warrant, be announced in states where damage or loss could have arisen. Separate invitations should be sent to all known claimants by registered letter.

Section 236. The court may appoint an administrator for the fund.

Section 237. Any person who notifies a claim shall provide the court with necessary information about the claim, including the basis for the claim and the amount of the claim and on whether it is or has been the subject matter of separate legal proceedings.

Section 238. Section 245 shall apply for claims which are not notified before distribution of the fund is set down for judgement by the court of first instance.

Section 239. The court may, by court order, release the fund if the time limit for notifying claims has lapsed, and with the consent of the person who has constituted the fund and the claimants for the claims notified.

Section 240. After the time limit for notification has lapsed, at the request of the person who constituted the fund, the insurer against the liability, or the person with a claim against the fund, the court shall invite the interested parties to a hearing (meeting of the fund) to deal with questions regarding the basis of liability, the right to limitation of liability as well as the size of the amounts mentioned in section 232 and the claims which have been notified.

Section 241. On determination of the fund amount the Maritime and Commercial Court may reverse the decision pursuant to section 234(1).

Section 242. Objections to the right to limitation of liability, the size of the fund, or the claims notified shall be decided by the Maritime and Commercial Court by judgement pursuant to the regulations in the administration of justice act for the Faroe Islands on civil actions.

Section 243. After the time limit for notification has lapsed the court may decide that a preliminary distribution is to be made.

Section 244. When all disputes have been settled, the court shall deliver a judgement to distribute the fund pursuant to section 176 or 195.

Subsection 2. The fund and the additional amount shall be distributed notwithstanding there is no right to limitation of liability. On application the court may deliver a judgement providing for enforcement for the part of the claim which is not covered by the fund.

Section 245. When the question of the distribution of the fund has been set down for judgement by the court, the decisions made by the court regarding limitation rights, the size of the fund, the claims notified,

and the distribution of the fund shall be binding on all those who may invoke claims against the fund, irrespective of whether they have notified claims against the fund.

Section 246. Appeals against decisions by the Maritime and Commercial Court shall be to the Supreme Court pursuant to the relevant regulations in the Administration of Justice act (*retsplejeloven*).

Sections 247-250. (Not used).

IV

Contracts

Part 13

Regarding carriage of goods

Section 251. In this part

- 1) Carrier shall mean any person who concludes a contract with a shipper on carriage of goods by sea.
- 2) Sub-carrier shall mean any person to whom the performance of the carriage or of part of the carriage has been entrusted by contract with the carrier.
- 3) Shipper shall mean any person who concludes a contract with the carrier on carriage of goods by sea.
- 4) Consignor shall mean any person who delivers goods for carriage.
- 5) Transport document shall mean the bill of lading or any other document issued to evidence a contract of carriage.
- 6) The Convention shall mean the International Convention on the Unification of Certain Rules of Law relating to Bills of Lading (Brussels 1924) as amended by the Protocols of 1968 and 1979.
- 7) State Party shall mean a state bound by the Convention.

Section 252. The provisions of this part shall apply to all contracts on domestic carriage by sea in Denmark and trade between Denmark, Norway, Finland and Sweden. The law of the country in which the carriage takes place shall apply for domestic carriage in Norway, Finland and Sweden.

Subsection 2. For other trade, the provisions shall also apply to contracts of carriage by sea for trade between two different states, if

- 1) the port of loading as provided in the contract of carriage by sea is located in a State Party, or
- 2) the port of discharge as provided in the contract of carriage by sea is located in Denmark, Norway, Finland or Sweden,
- 3) several ports of discharge are provided in the contract of carriage by sea and one of these is the actual port of discharge and such port is located in Norway, Denmark, Finland or Sweden,
- 4) the transport document is issued in a State Party,
- 5) the transport document provides that the provisions of the Convention or the legislation of any State Party giving effect to them are to apply.

Subsection 3. If neither the agreed port of loading nor the agreed or actual port of discharge are located in Denmark, Norway, Finland or Sweden, it may, however, be agreed that the contract of carriage by sea shall be governed by the legislation of a State Party.

Section 253. The provisions of this part shall not apply to chartering agreements for whole or part charters. Where a bill of lading is issued pursuant to a chartering agreement, the provisions of this part shall apply to such bill of lading only in so far as it governs the legal relationship between the carrier and the holder of the bill of lading.

Subsection 2. If a contract provides for carriage of goods by ship in a series of shipments during an agreed period, the provisions of this part shall apply to each shipment. However, where a shipment is made under a chartering agreement, the provisions of subsection 1 shall apply.

Section 254. Any provision in a contract of carriage or a transport document shall be void to the extent it derogates from the provisions of this part as well as the part regarding limitation of actions, cf. however, subsection 2. That such a provision is void shall not affect the validity of the other provisions of the contract or document. A provision entitling the carrier to the benefit of insurance regarding the goods or any similar contract shall be void.

Subsection 2. The provision of subsection 1 shall not, however, apply to sections 255, 258-261 and 264-273 and neither shall it prevent inclusion of provisions on general average in the contract of carriage. Notwithstanding subsection 1, the carrier may extend the scope of his liability and his obligations.

Subsection 3. If the contract of carriage is subject to the Convention or the legislation to implement the Convention of a specific state, the transport document shall contain a statement on this and that any provision which derogates from such provisions to the detriment of the shipper, consignor or consignee shall be void.

Subsection 4. If, because of the unusual character or condition of the goods or the special circumstances or conditions under which the carriage is to be performed, it is reasonable to agree to limit the obligations of the carrier or to extend his rights pursuant to this part, such agreement shall be valid.

Delivery of goods

Section 255. The goods shall be delivered at the place and within the time period stipulated by the carrier. They shall be delivered in such a way and in such a condition that they can be loaded, stowed, carried and discharged easily and safely.

Section 256. The carrier shall make reasonable efforts to investigate whether the goods are packed so that they cannot be damaged or cause injury or damage to property. If the goods are delivered in a container or similar, the carrier shall not be obliged to inspect this internally unless he has reason to believe that it is inadequately packed.

Subsection 2. Any inadequacies discovered by the carrier shall be reported by the carrier to the shipper. The carrier shall not be obliged to carry the goods unless, using reasonable means, he can make them suitable for carriage.

Section 257. Dangerous goods shall be marked or labelled as dangerous in a suitable manner. The shipper shall inform the carrier and the sub-carrier to whom the goods are delivered in good time of the dangerous character of the goods and, if necessary, state the precautions to be taken.

Subsection 2. In the event the shipper otherwise is aware that the goods are of such a character that their carriage could cause danger or serious nuisance to persons, vessel or cargo, the carrier shall also provide information about this.

Section 258. If the goods are to be treated with special care, the shipper shall inform of this in good time and state the measures which may be necessary. If necessary, the goods shall be marked or labelled in a suitable manner.

Section 259. The consignor may demand a receipt(s) for receipt of the goods as they are delivered.

Subsection 2. The provisions on issuance of bills of lading and other transport documents are in sections 292-309.

Section 260. Unless otherwise agreed, current freight at the time of delivery shall be paid. Payment of freight may be demanded when the goods are received.

Subsection 2. For goods which no longer exist at the conclusion of the carriage, freight may not be demanded unless the goods have been lost through their own characteristics, inadequate packing or error or negligence on the part of the shipper, or the carrier has sold them at the expense of the owner or has discharged them, rendered them innocuous or destroyed them pursuant to section 291.

Subsection 3. Freight paid in advance shall be refunded if, pursuant to subsection 2, the carrier has no right to demand freight.

Section 261. If the shipper withdraws from the contract of carriage before commencement of the carriage, the carrier may demand compensation for the loss of freight and other damage.

Subsection 2. If the goods are not delivered at the right time, the carrier may terminate the contract of carriage if the delay constitutes a substantial breach of contract. If the carrier wishes to terminate the contract, he shall notify this without undue delay on request from the shipper and no later than on receipt of the goods for carriage. If the carrier fails to do this, the right to terminate the contract shall lapse. If the contract is terminated, the carrier may demand compensation for the loss of freight and other damage.

Subsection 3. If the shipper or consignee demands that the carriage be interrupted and the goods be delivered to another place than the place of destination, the carrier may demand compensation for loss of freight and other damage. Interruption of the carriage may not be demanded if this will cause substantial damage or nuisance for the carrier or other shippers.

Subsection 4. The regulations in section 352(2)-(4) shall apply correspondingly.

Carriage

Section 262. The carrier shall perform the carriage with appropriate care and dispatch, take care of the goods and otherwise safeguard the interests of the owner from receipt to delivery of the goods.

Subsection 2. The carrier shall ensure that the ship to be used for the carriage is seaworthy, including that it is properly manned and equipped and that the holds, refrigerating and freezer chambers and all other parts of the ship in which goods are loaded, are in good condition for their reception, carriage and preservation.

Subsection 3. If the goods are lost or damaged or delayed, the carrier shall notify the person appointed by the shipper as soon as possible. If such notification cannot be given, the cargo owner, or in the event that this person is not known, the shipper shall be notified. The same shall apply if the carrier is not able to complete the carriage as expected.

Section 263. Goods shall only be carried on deck if such carriage is allowed in the contract of carriage or with the trade usage or other custom of the particular trade or is required by statutory regulations.

Subsection 2. If the contract states that the goods shall or may be carried on deck, the carrier shall insert a statement to this effect in the transport document. In the absence of such a statement the carrier shall have the burden of proof that an agreement for carriage on deck has been entered into. However the carrier shall not be entitled to invoke such an agreement against a third party which has acquired the bill of lading in good faith.

Subsection 3. Special provisions on liability for deck cargo are in section 284.

Section 264. The shipper may terminate the contract of carriage because of delay or other breach of contract by the carrier when such breach of contract is substantial. After the goods have been delivered, the shipper may not terminate the contract if delivery of the goods causes substantial damage or nuisance for other shippers.

Subsection 2. If the shipper wishes to terminate the contract, the shipper shall give notice of this without undue delay as soon as the shipper can be considered to have become acquainted with the breach of contract. If the shipper fails to do so, the right to terminate the contract shall lapse.

Section 265. The duty of the carrier to perform the carriage shall not cease if the ship which carries or is to carry the goods is lost or is declared irreparable.

Subsection 2. If the ship is prevented from entering the port of discharge and discharging the goods, or if this is not possible without undue delay, the carrier may choose an alternative reasonable port of discharge instead.

Subsection 3. When the contract of carriage is terminated because of acts of war, etc., sections 358 and 360 shall apply correspondingly.

Subsection 4. If part of the carriage is performed after the contract of carriage is terminated or lapses, or if for some other reason the goods are discharged in a port other than the port agreed, the carrier may demand distance freight pursuant to section 341.

Section 266. If it becomes necessary to take special measures to preserve or carry the goods or in any other way safeguard the interests of the cargo owner, the carrier shall obtain instructions from said owner.

Subsection 2. If time constraints or other conditions do not allow for such instructions to be obtained, or if these are not received in time, the carrier may make the necessary commitments on behalf of the cargo owner and represent said owner in matters regarding the goods. Commitments which are not necessary shall, however, be binding on the cargo owner if the third party acted in good faith.

Subsection 3. Notification of what has occurred shall be given pursuant to section 262(3).

Section 267. The cargo owner shall be liable for the commitments made by the carrier and for the disbursements the carrier has incurred in connection with the goods. If the carrier has not acted under instructions, however, the cargo owner shall not be liable for an amount exceeding the value of the goods covered by the commitment or disbursement at the commencement of the carriage.

Delivery of the goods

Section 268. At the port of destination, the consignee shall receive the goods at the place specified and within the period stipulated by the carrier. The goods shall be delivered in such way as to facilitate easy and safe receipt.

Subsection 2. Any person who identifies himself as the consignee may inspect the goods before receipt.

Section 269. If the goods are delivered pursuant to a bill of lading, on receipt of the goods the consignee shall be obliged to pay freight and other claims due to the carrier pursuant to the bill of lading.

Subsection 2. If the goods are delivered in some other way than pursuant to a bill of lading, the consignee shall only be liable for freight and other claims pursuant to the contract of carriage when the consignee has received notice of such claims on delivery, or knew or should have known that the carrier had not received payment.

Section 270. If the carrier has claims pursuant to section 269 or other claims which are secured by maritime lien on the goods, cf. section 61, the carrier shall not be obliged to deliver the goods before the consignee has either paid the claims or provided security for them. When the goods have been delivered, the carrier may demand release of the security unless the consignee prevents this through arrest or injunction.

Section 271. If the goods are not collected within the period stipulated by the carrier, or otherwise within a reasonable period, they may be stored under safe-keeping at the expense of the consignee.

Subsection 2. Notification that the goods have been put into storage shall be issued pursuant to the regulations of section 262(3). A reasonable time limit shall be stipulated, after which the goods may be sold or disposed of pursuant to section 272.

Section 272. When the time limit stipulated in the notification has expired, cf. section 271(2), the carrier may sell the goods in storage to the extent necessary to cover his costs and the claims mentioned in section 270. The carrier shall exercise due diligence in connection with the sale.

Subsection 2. If it is not possible to sell the goods, or it is apparent that it will not be possible to cover the costs of the sale by the sales proceeds, the carrier may take charge of the goods in some other appropriate manner.

Section 273. If the goods are delivered to the consignee without payment of the claims against the shipper which the consignee should have paid, the shipper shall remain liable unless the delivery causes loss for the shipper and the carrier realised this.

Subsection 2. The carrier shall not be obliged to sell goods in storage in order to cover claims against the shipper which the consignee should have paid. If the goods are sold without the claims being covered, the shipper shall be liable for the uncovered claims.

Liability of the carrier

Section 274. The carrier shall be liable for the goods during the period in which he has the goods in his charge at the port of loading, during carriage and at the port of discharge.

Subsection 2. The carrier shall be deemed to have the goods in his charge, cf. subsection 1, from the time he has taken over the goods from the consignor or an authority or other third party to whom, pursuant to law or regulations applicable at the port of loading, the goods must be delivered for shipment.

Subsection 3. The carrier shall be deemed to no longer have the goods in his charge, cf. subsection 1,

- 1) when he has delivered the goods to the consignee,
- 2) if the consignee does not take delivery of the goods from the carrier, when the goods are stored at the expense of the consignee pursuant to the contract or with the law or practice at the port of discharge, or
- 3) when the carrier has handed over the goods to an authority or other third party to whom, pursuant to law or regulations applicable at the port of discharge, the goods must be handed.

Section 275. The carrier shall be liable for losses resulting from loss of or damage to the goods while the goods are in his charge, unless the carrier proves that fault or neglect by him or any person for whom he is responsible have not caused or contributed to the loss.

Subsection 2. The carrier shall not be liable for losses caused by measures to save persons or reasonable measures to salvage a ship or other property at sea.

Subsection 3. Where fault or neglect on the part of the carrier combines with another cause to produce loss, the carrier shall only be liable to the extent that the loss or damage is attributable to such fault or neglect. The carrier shall prove the amount of the loss which is not attributable to fault or neglect on his part.

Section 276. The carrier shall not be liable if he can prove that loss or damage arose or resulted from

- 1) fault or neglect in the navigation or management of the ship by the master, crew, pilot or others who work in the service of the ship, or
- 2) fire, unless caused by fault or neglect of the carrier himself.

Subsection 2. The carrier shall, however, be liable for loss arising from unseaworthiness, provided this is a result of the carrier himself or any person for whom he is responsible, not ensuring with due diligence that, at the beginning of the voyage, the ship was seaworthy. The burden of proof that due diligence was exercised rests upon the carrier.

Section 277. The carrier shall not be liable for loss or damage to live animals resulting from any special risks inherent in that kind of carriage.

Subsection 2. If the carrier proves that he has complied with any special instructions given to him and that the loss or damage could be attributed to such risks, the carrier shall not be liable unless there is proof that all or a part of the loss or damage resulted from fault or neglect on the part of the carrier, or any person for whom he is responsible.

Section 278. The carrier shall be liable pursuant to sections 275-277 for loss arising from delay in delivery of the goods.

Subsection 2. Delay in delivery shall occur when the goods have not been delivered at the port of discharge provided for in the contract of carriage within the time agreed upon or, in the absence of such agreement, within the time which it would be reasonable to require of a diligent carrier, having regard to the circumstances of the case.

Subsection 3. If the goods are not delivered within 60 days following the expiry of the time for delivery pursuant to subsection 2, compensation may be claimed for loss of goods, cf. section 275.

Section 279. Compensation for loss of or damage to the goods shall be calculated by reference to the value of equivalent goods at the place and time at which the goods were delivered, or should have been delivered, pursuant to the contract of carriage.

Subsection 2. The value of the goods shall be fixed pursuant to the commodity exchange price, or, if there is no such price, pursuant to the current market price. If there is no commodity exchange price or market price, the value shall be fixed by reference to the normal value of goods of the same kind and quality.

Section 280. The liability of the carrier shall not exceed 667 SDR for each package or other shipping unit or 2 SDR per kilogram of gross weight of the goods lost, damaged or delayed, whichever is the higher. SDR shall mean the monetary unit dealt with in section 152(2).

Subsection 2. The liability of the carrier for delay in delivery shall be limited to an amount equivalent to two-and-a-half times the freight payable for the goods delayed. Liability shall not, however, exceed the total freight payable under the contract of carriage.

Subsection 3. The aggregate liability of the carrier under subsections 1 and 2 shall not exceed the limitation which would be established under subsection 1 for total loss of the goods with respect to which such liability was incurred.

Section 281. Where a container, pallet or similar article of transport is used to consolidate goods, each package or other shipping units enumerated in the transport document, as packed in such article of transport

shall be deemed a package or a shipping unit with respect to section 280. Except as aforesaid the goods in such article of transport shall be deemed one shipping unit. In cases where the article of transport itself has been lost or damaged, that article of transport, if not owned or otherwise supplied by the carrier, shall be considered one separate shipping unit.

Section 282. The provisions on defences and limits of liability of the carrier shall apply, notwithstanding that the claim is not founded in the transport agreement.

Subsection 2. The provisions on defences and limits of liability of the carrier shall apply correspondingly if the claim is brought against any person for whom the carrier is responsible, if such person proves that he acted within the scope of his employment or to complete the task.

Subsection 3. The aggregate of the amounts recoverable from the carrier and from any person for whom he is responsible shall not, in any circumstances, exceed the limits of liability provided for in section 280.

Section 283. The person liable may not limit his liability if it is proved that the loss resulted from an act or omission of the person done with the intent to cause such loss, or recklessly and with knowledge that such loss would probably result.

Section 284. If goods are carried on deck contrary to the provisions of section 263, notwithstanding sections 275-278, the carrier shall be liable for damage resulting solely from carriage on deck. Special provisions on said liability are in sections 280 and 283.

Subsection 2. If goods are carried on deck contrary to an express agreement for carriage under deck, there shall be no right to limitation of liability pursuant to this part.

Section 285. If carriage is wholly or partly performed by a sub-carrier, the carrier shall nevertheless remain responsible for the entire carriage pursuant to the provisions of this part as if the carrier himself had performed the entire carriage.

Subsection 2. If it is expressly agreed that a specific part of the carriage shall be performed by a named sub-carrier, the contract may reserve a right not to be liable for loss caused by an occurrence which takes place while the goods are in the charge of the sub-carrier. The burden of proving that the loss has been caused by such an occurrence shall rest upon the carrier.

Subsection 3. A reservation pursuant to subsection 2 shall, however, be void in the event that legal proceedings cannot be initiated against the sub-carrier in a court which is competent pursuant to sections 310 and 311.

Section 286. A sub-carrier who performs carriage by ship shall be liable for that part of the carriage he performs pursuant to the same provisions as the carrier. Sections 282 and 283 shall apply correspondingly.

Subsection 2. If the carrier has assumed liability which is not imposed by this part, or if the carrier has waived rights conferred by this part, the sub-carrier may only be bound if agreed to by him in writing.

Section 287. Where both the carrier and sub-carrier are liable, their liability shall be joint and several.

Subsection 2. The aggregate amounts recoverable from the carrier, the sub-carrier and any person for whom they are responsible shall not exceed the limits of liability provided for in section 280 unless otherwise is consequential upon section 283.

Subsection 3. The provisions of this part on liability shall not prejudice any agreement on recourse as between the carrier and the sub-carrier.

Section 288. In the event that the goods are delivered without the consignee giving the carrier written notice of loss or damage which the consignee has discovered, or should have discovered, and notice of the general nature of such loss or damage, all goods shall be deemed as delivered in the condition described in the transport document unless evidence is produced to the contrary. If the loss or damage is not apparent at the time of delivery, the same shall apply if the written notice is not given within three days of the delivery.

Subsection 2. Written notice shall not, however, be required if the state of the goods has, at the time of their delivery, been subject to joint survey or inspection.

Subsection 3. The carrier shall not be liable for loss arising from delays in delivery unless written notice has been given within 60 days after the goods were transferred to the consignee.

Subsection 4. Notice may be given to the sub-carrier who has delivered the goods, or to the carrier.

Section 289. The provisions of sections 274-288 on the liability of the carrier for loss of or damage to goods shall also apply to the right of the consignee to refuse to pay contribution in general average and to the duty of the carrier to refund contributions in general average or reward for salvage which the consignee has paid.

Liability of the shipper

Section 290. The shipper shall not be liable under this act for loss sustained by the carrier or the sub-carrier, including damage sustained by the ship, unless such loss or damage was caused by the fault or neglect of the shipper or any person for whom he is responsible. Nor shall any person for whom the shipper is responsible be liable for such loss or damage unless the loss was caused by fault or neglect on the part of the shipper or on the part of any person for whom he is responsible.

Section 291. Where the shipper hands over dangerous goods to the carrier or a sub-carrier without informing him of the dangerous character of the goods and, if necessary, of the precautions to be taken, cf. section 257, and if the recipient of the goods does not otherwise have knowledge of their dangerous character, the shipper shall be liable to the carrier and any sub-carrier for costs and any other loss resulting from the carriage of such goods. The carrier or sub-carrier may unload, render innocuous or destroy the goods, as the circumstances may require, without obligation to pay compensation.

Subsection 2. Any person who takes the goods in his charge with knowledge of their dangerous character may not invoke subsection 1.

Subsection 3. Goods which become an actual danger to person or property may be unloaded, destroyed or rendered innocuous by the carrier, as the circumstances may require, without obligation to pay compensation.

Bills of lading and sea waybills

Section 292. A bill of lading (*konnossement*) shall mean a document,

- 1) which is evidence of a contract of carriage of goods by sea and that the carrier has received the goods, and
- 2) which is called a bill of lading or which contains a provision that the carrier only undertakes to deliver the goods against surrender of the document.

Subsection 2. A bill of lading may only be issued to a specific person or order or to a bearer. A bill of lading issued to a specific person shall nonetheless be considered a bill of lading to order unless the issuer has made a reservation against transfer with the words "not to order" or similar.

Subsection 3. In the relationship between the carrier and a holder of the bill of lading who is not the shipper, the bill of lading shall determine the terms of carriage and delivery of the goods. Provisions in the contract of carriage which are not included in the bill of lading may not be invoked against such a holder, unless the bill of lading makes reference to them.

Section 293. A through bill of lading shall mean a bill of lading in which it is stipulated that carriage of the goods shall be performed by more than one carrier.

Subsection 2. Any person issuing a through bill of lading shall ensure that a separate bill of lading issued for a part of the carriage states that the goods are being carried under a through bill of lading.

Section 294. When the carrier has received the goods, the carrier shall, if the consignor so demands, issue a received-for-shipment bill of lading.

Subsection 2. After the goods are loaded the consignor may demand a shipped bill of lading be issued. If a received-for-shipment bill of lading has been issued, this shall be surrendered at the same time as the issue of the shipped bill of lading. A received-for-shipment bill of lading with an amendment with the name or names of the ship or ships on which the goods have been loaded and the date or dates of loading shall constitute a shipped bill of lading.

Subsection 3. The consignor may demand separate bills of lading for parts of the goods unless this would cause significant nuisance.

Section 295. A bill of lading signed by the master of the ship carrying the goods shall be deemed to have been signed on behalf of the carrier.

Section 296. A bill of lading shall include the following particulars:

- 1) the general nature of the goods, including its dangerous character, as well as the leading marks necessary for identification of the goods, the number of packages or pieces, and the weight of the goods or their quantity otherwise expressed, all such particulars as provided by the consignor,
- 2) the apparent condition of the goods and packaging,
- 3) the name and principal place of business of the carrier,
- 4) the name of the consignor,
- 5) the consignee if named by the consignor,
- 6) the port of loading under the contract of carriage and the date on which the goods were taken over by the carrier at the port of loading,
- 7) the port of discharge under the contract of carriage and, if agreed, the time for delivery of the goods there,
- 8) the number of originals of the bill of lading, if more than one have been issued,
- 9) the place of issuance of the bill of lading,
- 10) the freight to the extent payable by the consignee or other indication that freight is payable by him, and the other terms of the carriage and delivery of the goods,
- 11) a statement that the carriage is subject to the Convention, cf. section 254(3),
- 12) if applicable, a statement that the goods shall or may be carried on deck, and
- 13) any increased limit or limits of liability agreed by the parties.

Subsection 2. A shipped bill of lading shall also include the name and nationality of the ship, the port of loading and the date of completion of the loading.

Subsection 3. The bill of lading shall be signed by the carrier or a person acting on his behalf. The signature may be made by mechanical or electronic means.

Section 297. Any document meeting the requirements mentioned in section 292(1) shall be a bill of lading, notwithstanding the absence of one or more of the particulars mentioned in section 296.

Section 298. The carrier shall make reasonable efforts to check whether the particulars concerning the goods contained in the bill of lading pursuant to section 296(1) are correct. If the carrier has reasonable grounds to doubt the correctness of the particulars, or if the carrier had no reasonable means of checking such particulars, the carrier shall insert in the bill of lading a reservation specifying this.

Section 299. The bill of lading evidences that the carrier has taken over the goods or, if a shipped bill of lading has been issued, has loaded the goods as described in the bill of lading, except for particulars in respect of which a reservation as mentioned in section 298 has been entered, or unless there is proof to the contrary. If the particulars of the apparent condition of the goods and packaging are absent from the bill of lading, unless evidence to the contrary is produced, this shall be evidence that the goods are in apparent good condition.

Subsection 2. A bill of lading which does not set forth the freight or otherwise indicate that freight is payable by the consignee, cf. section 296(1)(x), unless evidence to the contrary is produced, this shall be evidence that no freight is payable by the consignee. The same shall apply if the amount payable for demurrage is not stated in the bill of lading.

Subsection 3. If a third party in good faith has taken up the bill of lading in reliance that the particulars contained therein are correct, proof to the contrary pursuant to subsections 1 and 2 shall not be allowed. If the carrier knew, or if he should have realised, that the particulars on the goods are incorrect, he may not invoke the reservations mentioned in section 298 unless the reservation expressly states that the particulars are incorrect.

Section 300. If a third party suffers loss by taking up the bill of lading in reliance on the particulars contained therein being correct, the carrier shall be liable provided he knew, or should have realised that, because of these particulars, the bill of lading was misleading for the third party. The right to limitation of liability pursuant to this part shall not be available hereafter.

Subsection 2. If the goods do not correspond to the particulars hereof in the bill of lading, at the demand of the consignee the carrier shall divulge whether the shipper has issued a statement indemnifying the carrier for incorrect or incomplete particulars (letter of indemnity). In such event, the carrier shall inform the consignee of the contents of such a statement.

Section 301. The consignor shall be liable to the carrier for the accuracy of the particulars on the goods which have been entered in the bill of lading at his request.

Subsection 2. If the consignor has undertaken to compensate the carrier for losses consequential upon the bill of lading being completed with incorrect particulars or without reservation, the consignor shall not, however, be liable if this was done with a view to misleading the acquirer of the bill of lading. In such event the consignor shall not be liable pursuant to subsection 1.

Section 302. Any person who presents a bill of lading and in the text contained therein, or for bills of lading to order in a consecutive series of transfers or transfer in blank, appears as the rightful holder of the bill of lading shall be entitled to take delivery of the goods.

Subsection 2. If the bill of lading has been issued in several originals for delivery at the place of destination, it shall be sufficient for the consignee to identify himself by presenting one original. If the goods are delivered at some other place than the place of destination, the other originals shall also be returned or security shall be provided for any claims the holder may invoke against the carrier.

Section 303. In the event that more than one consignee come forward and identify themselves by presenting separate originals of the bill of lading, the carrier shall store the goods in safe custody at the expense of the rightful party. This shall be notified without delay to the persons who have come forward.

Section 304. The consignee may only demand goods to be delivered by depositing the bill of lading and providing a receipt as the goods are being delivered.

Subsection 2. When all the goods have been delivered, the bill of lading shall be returned to the carrier duly receipted.

Section 305. On the cancellation of a lost bill of lading, the regulations in the legislation regarding cancellation of securities shall apply. Delivery of the goods may be required against security for claims which the holder of the lost bill of lading may invoke against the carrier when notice has been made available to the public or by special order of the court.

Section 306. If the person who appears as the rightful holder, cf. section 302(1), transfers separate originals of a bill of lading to order or a bearer bill of lading to several persons, the transferee who has received in good faith his original first shall be entitled to the goods. If the holder of another original has received the goods in good faith at the place of destination, said person shall not, however, be obliged to send on the goods.

Subsection 2. Any person who has acquired a bill of lading to order or a bearer bill of lading in good faith shall not be obliged to transfer it to the person from whom it was lost.

Section 307. The rights of a seller in the event of default by the buyer to prevent delivery of the goods to the buyer or his estate, or to demand return of the goods, shall apply notwithstanding that the bill of lading has been transferred to the buyer.

Subsection 2. The right of stoppage may, however, not be exercised against a third party who has acquired a bill of lading to order or a bearer bill of lading in good faith.

Section 308. A sea waybill (*søfragtseddel*) shall mean a document,

- 1) which is proof of a contract of carriage by sea and that the carrier has received the goods, and
- 2) which contains an undertaking by the carrier to deliver the goods to the consignee stated in the document.

Subsection 2. After the sea waybill has been issued the shipper may decide that the goods are to be delivered to someone other than the consignee stated in the document, if the shipper has not waived this right towards the carrier, or the consignee has not already invoked his rights.

Subsection 3. A bill of lading may be required to be issued pursuant to section 294, unless the shipper has waived his right to change consignee.

Section 309. A sea waybill shall contain information on the goods which have been received for carriage, the shipper, the consignee of the goods and the carrier, on the terms of carriage as well as freight and costs to be paid by the consignee. The provisions of section 296(3) and 298 shall apply correspondingly.

Subsection 2. Unless proven otherwise, the document shall evidence the contract of carriage and that the goods have been received as stated in the document.

Jurisdiction and arbitration

Section 310. Any prior agreement which restricts the plaintiff's right to have disputes regarding carriage of goods pursuant to this part decided by civil legal proceedings shall be void to the extent that it restricts the plaintiff's right, at his option, to institute an action with a court at one of the following places:

- 1) the principle place of business, or in the absence thereof, the habitual residence of the defendant, or
- 2) the place where the contract was made, provided that the defendant has there a place of business, branch or agency through which the contract was made, or
- 3) the port of loading agreed in the contract of carriage, or
- 4) the agreed or actual port of discharge pursuant to the contract of carriage.

Subsection 2. Subsection 1 shall not prevent,

- 1) a party from instituting an action with a court at the place stated in the contract of carriage, or
- 2) the parties from agreeing how a dispute is to be settled once it has arisen.

Subsection 3. If a bill of lading has been completed pursuant to a chartering agreement, and such chartering agreement contains provisions on competent court or jurisdiction, unless the bill of lading expressly states that these provisions are binding on the holder of the bill of lading, the carrier may not invoke the provisions against a holder of the bill of lading who has acquired it in good faith.

Subsection 4. In the Realm, civil proceedings regarding contracts for carriage of goods in trade between two states may in all cases be instituted at the place or at one of the places to which the matter has links as mentioned in subsection 1 or in some other place in the Realm agreed by the parties.

Subsection 5. Subsections 1 and 4 shall not apply if neither the agreed place of delivery nor the actual place of delivery under section 252(3) is situated in Denmark, Finland, Norway or Sweden.

Subsection 6. The provisions of subsections 1-5 shall not prevent institution of preliminary legal proceedings in the Realm.

Section 311. Notwithstanding the provision of section 310(1), the parties may agree in writing that disputes are to be decided by arbitration, if, at the option of the plaintiff, the proceedings can be brought in one of the states where the place mentioned in section 310(1) is situated.

Subsection 2. The arbitration tribunal shall apply the provisions of this part. The provisions of subsection 1 shall apply as part of the arbitration agreement.

Subsection 3. The provisions of section 310(2), (3) and (6) shall apply correspondingly.

Subsection 4. If neither the agreed port of loading nor the agreed or actual port of discharge is situated in Denmark, Finland, Norway or Sweden, the parties may similarly agree that disputes are to be decided by arbitration at some other place and that other provisions than those set out in subsections 1 and 2 be applied.

Sections 312-320. (Not used).

Part 14

Regarding charter of ship

Section 321. The regulations on chartering shall apply for full charters and part charters of a ship. The regulations on voyage charters shall also apply for consecutive voyages, unless otherwise stipulated.

Subsection 2. In this part the following definitions shall apply:

- 1) **Owner**
shall mean any person who contracts to charter a ship to another (the charterer).

- 2) **Consignor**
shall mean any person who delivers goods for loading.
- 3) **Voyage charter**
shall mean a charter in which the freight pursuant to the agreement shall be calculated per voyage.
- 4) **Consecutive voyages**
shall mean a certain number of voyages performed after each other pursuant to a chartering agreement for a specific ship.
- 5) **Time charter**
shall mean a charter in which the freight pursuant to the agreement shall be calculated per unit of time.
- 6) **Part charter**
shall mean a charter for less than a whole ship or a full cargo and which uses a chartering agreement.

Subsection 3. The provisions of this part shall apply to all agreements on chartering of ships on domestic trade in Denmark and trade between Denmark, Norway, Finland and Sweden. The law of the country in which the carriage takes place shall apply for domestic carriage in Norway, Finland and Sweden.

Subsection 4. For charters in trade not covered by subsection 3, the regulations in this part shall apply when Danish law shall apply.

Section 322. The provisions of this part shall not apply if otherwise provided in the agreement, practice which has become established between the parties, by trade usage, or any other custom which is deemed binding between the parties.

Subsection 2. For voyage charters for domestic trade in Denmark as well as trade between Denmark, Norway, Finland and Sweden, the provisions of section 347 may not be derogated from by agreement to the detriment of a consignor, voyage charterer or consignee. The same shall apply for the provisions of section 501(1)(vi) and (2), the 1st clause. Regarding restrictions on the freedom of contract in domestic trade in Denmark, Finland, Norway and Sweden, the law of the country in which carriage is performed shall apply.

Subsection 3. For chartering as mentioned in section 252(1) and (2), the provisions of section 338 on issue of bills of lading may not be derogated from by agreement to the detriment of a consignor.

Subsection 4. The provisions of this part may not be derogated from by agreement when this is consequential upon section 325, cf. section 347(2) and 383(2).

Section 323. If the chartering agreement relates to a specific ship, the owner may not perform the agreement with another ship. If the agreement entitles the owner to replace the agreed ship with another ship or otherwise use other ships, the owner may only use other ships which are equally suitable as the agreed ship. This right may be exercised more than once.

Subsection 2. If the agreement relates to a whole ship or a full cargo, the owner may not carry goods for others than the charterer. This shall apply even in the event that the ship is forced to sail in ballast in order to commence a new voyage.

Section 324. If the charterer transfers his rights under the chartering agreement to another, or if he sub-charters the ship, the charterer shall remain liable for compliance with the agreement.

Subsection 2. The owner may not transfer obligations under the chartering agreement without the consent of the charterer. If the charterer has given consent, the liability of the owner under the agreement shall cease.

Section 325. If the owner issues a bill of lading for goods which are carried by the ship, such bill of lading shall determine the terms of the carriage and discharge of the goods in the relationship between the owner and a third party who is the holder of the bill of lading. Provisions of the chartering agreement which

are not included in the bill of lading may not be invoked against the third party unless the bill of lading refers to such provisions.

Subsection 2. The provisions on bills of lading in sections 295-307 shall also apply to bills of lading as mentioned in subsection 1. If, consequential upon section 253, the bill of lading is subject to the regulations in the part on carriage of goods, the liability and rights of the owner in relation to third parties shall be determined by the provisions of sections 274-290, cf. section 254.

Voyage chartering

Section 326. If the freight does not appear in the agreement, current freight on the date of the agreement shall be paid.

Subsection 2. If different or more goods than agreed in the chartering agreement are loaded, current freight at the time of loading, however, no less than the agreed freight, shall be paid in respect hereof.

Section 327. The voyage owner shall ensure that the ship is seaworthy, including that it is properly manned and equipped and that the holds, refrigerating and freezer chambers and all other parts of the ship in which goods are loaded are in good condition for their reception, carriage and preservation.

Section 328. If the chartering agreement allows the voyage charterer the right to choose the port of loading or port of discharge, the ship shall sail to the port nominated by the charterer, provided there is free access and that the ship can lie safely and afloat and enter or depart with the cargo without hindrance. The choice of the port of discharge shall be made no later than on the completion of loading.

Subsection 2. The voyage charterer shall be liable for damage to the ship arising because the voyage charterer ordered the ship to an unsafe port, unless the voyage charterer proves that the loss was not due to fault or neglect on his part or on the part of any person for whom he is responsible.

Subsection 3. For consecutive voyages, the right to decide which voyages the ship shall make shall be exercised in such a way that the aggregate length of the loaded and ballast voyages remains substantially the same pursuant to the chartering agreement. Failing this, the voyage charterer shall be liable to pay compensation for the freight loss.

Subsection 4. The voyage charterer may not reverse the choice of port or voyage.

Section 329. If a specific place of loading is not agreed, the ship shall be berthed at a place nominated by the voyage charterer, provided there is free access and that the ship can lie safely and afloat and depart with the cargo without hindrance.

Subsection 2. If a place of loading is not nominated in time, the ship shall be berthed at a usual place of loading. If this is not possible, the voyage owner shall choose a place where loading can reasonably be performed.

Subsection 3. Irrespective of whether a specific place of loading is agreed, the voyage charterer may require that the ship be shifted from a place of loading to another place at his own expense.

Section 330. The voyage owner has a duty to allow the ship to be berthed for a certain loading time comprising laytime and demurrage. For charters on liner terms (*linjefartsvilkår*), there shall be no demurrage in the loading time.

Section 331. Laytime shall be the time loading may reasonably be expected to take at the time of conclusion of the chartering agreement. The calculation shall take account of the nature and size of the ship and the cargo, loading equipment on board and in port and other similar conditions.

Subsection 2. Laytime is calculated by the clauses

- 1) fac (fast as can), on the basis that loading shall take place as fast as the ship can receive the cargo with undamaged loading equipment;
- 2) faccop (fast as can custom of the port), on the basis that loading shall take place as fast as the customary way of loading at the port allows;
- 3) liner terms (*linjefartsvilkår*), on the basis that loading shall take place as fast as customary loading in the port of ships in liner trade with addition of the time lost due to congestion at port.

Subsection 3. If the times for loading and discharge are stipulated together as one, laytime shall not expire before expiry of the total time.

Subsection 4. Laytime shall be calculated in working days and working hours. A working day shall be weekdays where the usual number of hours is worked in the port, and a working hour shall be every hour which on a weekday can be used for loading. For days on which fewer hours are worked than a working day, the particular number of hours usually spent on that day shall be included in calculations.

Section 332. Laytime shall not commence before the ship is at the place of loading and ready to receive cargo and the voyage owner has notified this.

Subsection 2. Notification may be given in advance, but not before the ship has arrived at the port of loading. In the event that it later becomes apparent that the ship was not ready to receive cargo, that time which is lost while the ship is being made ready shall not be included in the laytime.

Subsection 3. Notification shall be given to the consignor or, if the consignor is not available to the voyage charterer. If neither the consignor nor the voyage charterer is available, notification shall be deemed to have been given when it has been issued in an appropriate manner.

Subsection 4. The time shall be calculated either from the time work at the port usually begins in the morning, or from the end of the lunchtime break. In the former situation notification shall be given no later than one hour before the end of office hours on the previous working day, and in the latter situation no later than 10.00 am on the same day.

Section 333. If the ship cannot be berthed at the place of loading due to impediment on the part of the voyage charterer, it may, however, be notified ready for loading with the effect that laytime commences. The same shall apply in the event of congestion and also in the event of other impediments which the voyage owner could not reasonably take into consideration at the time of the conclusion of the agreement.

Subsection 2. Laytime shall not include the time lost due to impediment on the part of the voyage owner. The same shall apply for the time lost because the ship, due to circumstances which the voyage owner could reasonably take into consideration at the time of the conclusion of the agreement, is berthed at a place of loading which is not a usual place of loading. However time while the ship is being shifted shall be included.

Section 334. Demurrage shall comprise the time in which, after expiry of the laytime, the ship has to remain berthed in order to be loaded, unless the length of demurrage is stipulated by agreement.

Subsection 2. Demurrage shall be calculated as consecutive days and hours from the expiry of the laytime. The provision of section 333(2) shall apply correspondingly.

Section 335. The voyage owner shall be entitled to claim separate compensation for time on demurrage. The compensation shall be set taking into account the freight and the increase or decrease in the costs incurred by the owner as a result of the ship not sailing.

Subsection 2. The compensation shall fall due on demand.

Subsection 3. If the compensation is not paid or if security is not provided, the voyage owner may add the claim to the bill of lading. If he does not do this, he may instead stipulate a reasonable payment date. If

the amount is not paid by this due date, the voyage owner may terminate the chartering agreement and claim compensation pursuant to ordinary regulations in contract for losses arising from cancellation of the voyage.

Section 336. Unless otherwise determined by the usual practice at the port, the voyage charterer shall deliver the goods alongside the ship and the voyage owner shall take them on board. By the clauses

- 1) *fio* (free in and out) the voyage charterer shall be responsible for loading,
- 2) liner terms (*linjefartsvilkår*) the voyage owner shall be responsible for loading.

Subsection 2. The voyage owner shall be responsible for bedding and other measures required for stowage and shall perform such stowage.

Subsection 3. Section 263 shall apply correspondingly for deck cargo.

Subsection 4. If, due to circumstances which could reasonably have been foreseen by the voyage owner at the time of conclusion of the agreement, the ship is berthed at a place of loading which is not a usual place of loading, the voyage owner shall be liable for any additional costs which this may involve.

Section 337. The goods shall be delivered and loaded with due despatch. The goods shall be delivered in such a way and in such a condition that they can be loaded, stowed, carried and discharged easily and safely.

Subsection 2. The provisions of sections 256-259 shall apply correspondingly.

Section 338. When the goods have been loaded, the voyage owner or the master or any person otherwise authorised by the voyage owner shall, at the request of the consignor, issue a shipped bill of lading when the necessary papers and information are available.

Subsection 2. The consignor may demand a separate bill of lading for each part of the goods, unless this would cause significant nuisance.

Subsection 3. If a bill of lading is issued with other terms than those laid down in the chartering agreement, and if this increases the liability of the voyage owner, the voyage charterer shall indemnify the voyage owner for this.

Section 339. The voyage shall be carried out with due despatch and in an otherwise appropriate manner. The provisions of sections 262, 266 and 267 shall apply correspondingly.

Section 340. Deviation may only be made to save life or to salvage a ship or goods or for some other reasonable ground.

Subsection 2. If an impediment arises which means that the ship is unable to call at the port of discharge and discharge the cargo or if this is not possible without unreasonable delay, the voyage owner may instead choose an alternative reasonable port of discharge.

Section 341. If part of the voyage has been completed when the agreement is terminated or lapses, or when the goods are otherwise discharged in another port than that agreed, the voyage owner may demand distance freight. Section 344 shall apply correspondingly.

Subsection 2. Distance freight shall be the amount remaining of the agreed freight after deduction of an amount based on the ratio between the length of the remaining voyage and the agreed voyage. The duration and the particular costs of such voyages shall be taken into account. Distance freight may not exceed the value of the goods.

Subsection 3. Either of the parties may claim distance freight to be laid down by an average adjuster. Disputes regarding the correctness of the decision of the average adjuster may be brought before the courts.

Section 342. If dangerous goods are loaded without the voyage owner knowing of the dangerous character of the goods, the voyage owner may unload, render innocuous or destroy the goods, as the circumstances may require, without liability to pay compensation. The same shall apply if the voyage owner knows of the dangerous character of the goods in the event that, at a later time, danger arises for persons or property which makes it unsafe to keep the goods on board.

Section 343. The provisions of sections 329-337 shall apply correspondingly with regard to the place of discharge, the time for discharge and discharge of the goods. That which is determined for the voyage charterer shall apply for the consignee of the goods.

Subsection 2. Any person who identifies himself as consignee shall be entitled to inspect the goods prior to receipt.

Subsection 3. If there is more than one consignee of goods which are carried under the same chartering agreement, they may not nominate a place of discharge or demand the ship to be shifted, unless they all agree.

Subsection 4. Additional costs resulting from the goods being damaged, or having to be disposed of as the result of damage, shall be paid by the voyage charterer, if the damage is due to the character of the goods or fault or neglect on the part of the voyage charterer. In the event of a *fio* (free in and out) clause, the voyage charterer shall pay the costs unless the voyage owner is liable for the damage pursuant to section 347.

Section 344. For goods which no longer exist at the conclusion of the carriage, freight may not be demanded unless the goods have been lost through their own characteristics, inadequate packing or error or negligence on the part of the voyage charterer or the voyage owner has sold them at the expense of the owner or has discharged them, rendered them innocuous or destroyed them pursuant to section 342.

Subsection 2. Freight paid in advance shall be refunded if, pursuant to subsection 1, the voyage owner has no right to demand freight.

Section 345. By taking delivery of the goods, the consignee shall become liable for the freight and other claims pursuant to the provisions of section 269.

Subsection 2. The voyage owner may in all circumstances claim payment from the voyage charterer pursuant to the provisions of section 273.

Subsection 3. The voyage owner shall have a right of retention pursuant to the provisions of section 270.

Section 346. If the consignee fails to fulfil the terms of delivery of the goods, or if the consignee delays discharge such that it cannot be completed by the time agreed or otherwise without unreasonable delay, the voyage owner shall be entitled to discharge the goods and store them under safe-keeping at the expense of the consignee. The voyage owner shall notify the consignee of such storage of the goods.

Subsection 2. If the consignee refuses to receive the goods, or if the consignee is not known or not available, the voyage owner shall notify the voyage charterer as soon as possible. If the consignee fails to come forward promptly so that discharge can be completed at the right time, the voyage owner shall discharge and store the goods. The consignee and the voyage charterer shall be notified of such storage of the goods.

Subsection 3. Notification pursuant to subsections 1 and 2 shall stipulate a reasonable time limit, after which the voyage owner may sell the goods in storage or dispose of them in some other way. For sale or some other disposal of the goods, section 272 shall apply correspondingly.

Section 347. The voyage owner shall be liable pursuant to the regulations in sections 274-285 and 287-289 for losses resulting from goods being lost, damaged or delayed while they are in the charge of the voyage owner. The regulations in section 286 shall apply correspondingly.

Subsection 2. A consignee who is not the voyage charterer may also claim compensation pursuant to subsection 1. If the consignee is the holder of a bill of lading issued by the voyage owner, the consignee may also invoke the provision in section 325.

Section 348. If the ship shall be ready for loading before a specific time (cancellation time), the voyage charterer may terminate the chartering agreement if the ship is not ready for loading or not notified ready for loading prior by the expiry of the time limit.

Subsection 2. If the voyage owner notifies that the ship will arrive after the expiry of the time limit and states when the ship will be ready for loading, the voyage charterer shall, if he wishes to terminate, do so without undue delay. If the agreement is not terminated, the new time stated shall be the new cancellation time.

Section 349. The voyage charterer may terminate the chartering agreement because of delay or other breach of contract on the part of the voyage owner, if such breach is substantial.

Subsection 2. If loading has taken place, the voyage charterer may not terminate the contract if discharging the goods will cause substantial damage or nuisance for other charterers. For consecutive voyages, the voyage charterer may not terminate for a single voyage, unless performance of this is of no consequence for the voyage owner in relation to the remaining voyages.

Subsection 3. If the voyage charterer wishes to terminate the contract, the voyage charterer shall notify this without undue delay after he is deemed to have acquired knowledge of the breach of contract. If the voyage charterer fails to do this, the right to terminate the contract shall lapse.

Section 350. If the chartering agreement relates to a named ship and this ship is lost or declared irreparable, the voyage owner shall not be obligated to carry out the voyage. In this case the voyage owner may not demand to carry out the voyage with another ship, notwithstanding that the chartering agreement allows the voyage owner to substitute with another ship than agreed.

Section 351. In the event that, because of delay or other breach of contract on the part of the voyage owner, losses arise which are not covered by section 347, sections 275 and 276 shall apply correspondingly.

Section 352. If the voyage charterer withdraws from the chartering agreement before loading has commenced, or if, on completion of loading, the voyage charterer has not delivered all the goods covered by the agreement, the voyage owner may claim compensation for loss of freight and other damages. For consecutive voyages, withdrawal from a single voyage may only take place if performance of this is of no consequence for the voyage owner in relation to the remaining voyages.

Subsection 2. The calculation of the amount of the compensation shall take into account whether the voyage owner has failed to carry other goods without reasonable grounds.

Subsection 3. Compensation may not be claimed, if the possibility of delivering or carrying the goods or importing them to the place of destination must be considered as excluded by circumstances of such a character that the voyage charterer should not have taken them into consideration when the agreement was concluded, such as import or export bans or other measures by public authorities, accidental loss of all goods of the type covered by the agreement or similar circumstances. The same shall apply if the specific goods covered by the agreement are destroyed in an accident.

Subsection 4. If the voyage charterer wishes to avail himself of the circumstances mentioned in subsection 3, the voyage charterer shall, without undue delay, notify this. In the event the voyage charterer fails to do so, he shall be liable for any damage consequential upon this.

Section 353. If the voyage charterer may withdraw from the chartering agreement without liability to pay compensation, cf. section 352(3), the voyage owner may terminate the agreement if he issues notification of this without undue delay.

Subsection 2. If the voyage charterer fails to deliver all the goods covered by the agreement, the voyage owner may stipulate a reasonable time limit for the voyage charterer to pay compensation or to provide security. If this is not done before expiry of the time limit, the voyage owner may terminate the agreement. The voyage owner may also claim compensation pursuant to section 352, unless the voyage charterer is not responsible for not delivering the outstanding goods.

Section 354. If loading has been completed, the voyage charterer may not demand the goods discharged or the voyage interrupted, if this will cause substantial damage or nuisance for the voyage owner or other charterers. The provisions of sections 352 and 353 shall apply correspondingly.

Section 355. If the time on demurrage is agreed, and if, on the expiry of the loading time, the voyage charterer has not delivered the goods or only delivered part of the goods, the provisions of sections 352 and 353 shall apply correspondingly. The same shall apply if the chartering agreement contains a liner terms clause and laytime has been used up.

Subsection 2. If the length of the time on demurrage has not been agreed, but loading is so delayed as to cause substantial loss or nuisance for the voyage owner, even though demurrage is paid the voyage owner may terminate the agreement, or, if part of the goods have already been delivered, declare loading completed. In these circumstances the provisions of sections 352 and 353 shall apply correspondingly.

Section 356. If the ship is delayed after loading or during the voyage as a result of circumstances pertaining to the voyage charterer, the voyage owner may claim compensation, unless the delay is not due to fault or negligence on the part of the voyage charterer or any person for whom he is responsible. The same shall apply when the ship is delayed during discharge because it is not possible for the voyage owner to store the goods pursuant to section 346.

Subsection 2. In the event of consecutive voyages, if freight, demurrage or other claims pursuant to the chartering agreement are not paid when due, the voyage owner may stipulate a reasonable time limit for payment. If the claim is not paid by the expiry of the time limit, the voyage owner may suspend performance of or terminate the agreement. The voyage owner may claim compensation under general contract law for losses caused by the suspension or, if the agreement is terminated, losses caused by termination of the remaining voyages.

Section 357. If the goods have caused loss for the voyage owner or damage to the ship, the voyage charterer shall pay compensation if he himself or any person for whom he is responsible is liable through fault or negligence. The same shall apply for damage to other goods on board the ship.

Section 358. If, after conclusion of the chartering agreement, it becomes evident that performance of the voyage will cause danger for the ship, persons on board, or cargo as a consequence of war, blockade, revolt, civil unrest, piracy or other armed assault, or such danger becomes substantially more acute, both the voyage owner and the voyage charterer may terminate the contract without liability to pay compensation, even if the voyage has commenced. The person who wishes to terminate the chartering agreement shall no-

tify this without undue delay. In the event said person fails to do so, said person shall be liable for damage consequential upon this.

Subsection 2. If the danger can be averted by allowing part of the goods to remain or be discharged, the agreement may only be terminated for this part of the goods. The voyage owner may, however, when this does not cause substantial damage or nuisance to other charterers, terminate the whole agreement, if, on demand, compensation is not paid or security provided for loss of freight or other damage.

Section 359. For consecutive voyages, the contract may only be terminated pursuant to section 358 for a single voyage, if performance of this voyage is of no consequence in relation to the remaining voyages.

Subsection 2. If the chartering agreement entitles the voyage charterer to choose which voyages the ship is to perform, the contract may only be terminated pursuant to section 358 if the danger is substantial for fulfilment of the agreement.

Section 360. If, after commencement of loading, the ship is delayed due to danger as mentioned in section 358, either in the port of loading or in another port called at during the voyage, the costs of the delay shall be considered as general average expenditure to be apportioned between the ship, freight and cargo pursuant to the regulations on general average. If the chartering agreement is terminated, however, this shall not apply for costs incurred thereafter.

Section 361. If the ship is chartered for as many voyages as it can complete within a given period of time, and if, before the expiry of the charter period, the voyage charterer receives notification that the ship is ready to receive cargo, the voyage shall be completed notwithstanding that part or all of the voyage will take place after expiry of the charter period.

Subsection 2. If it is clear that the ship cannot reach the port of loading and be ready for loading before expiry of the charter period, the voyage owner shall not be obliged to send the ship to the port of loading.

Subsection 3. If the voyage owner gives notice that the ship may arrive too late at the port of loading and requests specific instructions, the voyage charterer may either decide to demand completion of the voyage pursuant to the chartering agreement, or to discontinue the agreement. The chartering agreement shall be discontinued if the charterer fails to demand, without undue delay after having received notification, that the voyage shall be performed.

Volume contracts

Section 362. The regulations on volume contracts shall apply for carriage by ship of specified quantities of goods divided between several voyages within a specified period of time.

Subsection 2. If it is agreed that the voyages are to be performed consecutively by a named ship, these regulations shall, however, not apply.

Section 363. If the contract stipulates a range for the total quantity of goods to be carried, the charterer shall be entitled to choose.

Subsection 2. If the contract stipulates a range for the total quantity of goods to be carried on the particular voyage, the owner shall be entitled to choose.

Section 364. The charterer shall prepare a shipment programme for periods of reasonable length taking into account the period in which the contract applies, and notify the owner of this in good time.

Subsection 2. The charterer shall ensure that the quantity covered by the contract is reasonably distributed over the period of the contract. In this respect he shall take account of the size of the ships to be used.

Section 365. The charterer shall, in reasonable time, notify of shipments. The notification shall state the time at which, at the latest, the goods will be ready for loading.

Section 366. When notification of a shipment is given, the owner shall procure a ship which is suitable to perform the voyage at the appropriate time. The owner shall, within a reasonable time, notify the charterer of which ship is to perform the voyage and of its cargo capacity and estimated time of arrival at the port of loading.

Subsection 2. The owner shall not be obliged to procure a ship for goods which are not ready for loading within the expiry of the period of the contract unless the overrun is due to circumstances outside the control of the charterer and it is not substantial.

Section 367. When the owner has notified pursuant to section 366, the regulations on voyage charters or carriage of goods shall apply for the carriage to be performed.

Subsection 2. If the duty of the owner to perform a single voyage lapses because of circumstances for which the owner is responsible, the charterer shall be entitled to demand that the goods or a corresponding quantity of new goods be carried.

Subsection 3. If cancellation of the voyage gives reason to believe that later voyages will not be completed without significant delay, the charterer may terminate the contract for the remaining part.

Section 368. If the charterer fails to notify of a shipment in due time, the owner may stipulate a reasonable time limit. If this time limit is exceeded, the owner may notify about the ship pursuant to section 366 pursuant to the current shipment programme or instead terminate the contract for the voyage in question.

Subsection 2. If the delay gives reason to believe that there will be substantial delay in notification on later shipments, the owner may terminate the contract for the remaining part.

Subsection 3. The owner may claim compensation unless the delay is due to circumstances mentioned in section 352(3).

Subsection 4. If the charterer fails to notify the owner of the shipment programme in due time, the owner may stipulate a reasonable time limit. If this time limit is exceeded, the owner may terminate the contract for the remaining part. The provisions of subsection 3 shall apply correspondingly.

Section 369. If the owner fails to notify of the ship in due time, the charterer may stipulate a reasonable time limit. If this time limit is exceeded, the charterer may terminate the contract for the relevant voyage.

Subsection 2. If the delay gives reason to believe that there will be substantial delay in notification on ships for later shipments, the charterer may terminate the contract for the remaining part.

Subsection 3. The charterer may claim compensation unless the delay is due to an impediment outside the control of the owner and which he could not reasonably have been expected to take into consideration when the contract was concluded, or the effects of which he could not reasonably be expected to overcome or avoid.

Section 370. If freight, demurrage or other claims for which the charterer is liable pursuant to the contract are not paid by the due date, the owner may stipulate a reasonable time limit for payment. If the claim is not paid by the expiry of the time limit, the owner may suspend performance of the contract, or, if the delay constitutes substantial breach of contract, terminate the contract.

Subsection 2. The owner may claim compensation under general contract law for losses caused by the suspension of the contract or, if the contract is terminated, losses caused by termination of the remaining voyages.

Subsection 3. At the conclusion of a voyage pursuant to the contract, the owner shall have a right of retention in the cargo for the outstanding claims pursuant to the contract. In respect of third parties, this shall only apply if the claim has been entered in the bill of lading, cf. section 325.

Section 371. If war or hostilities break out during the period of the contract or there is a substantial increase in the threat of war, and this is of significance for performance of the contract, both the owner and the charterer may terminate the contract with no liability to pay compensation.

Subsection 2. Any person who wishes to terminate the contract shall give notice of this without undue delay. If such person fails to do this, the person shall be liable for any damage consequential upon this.

Time chartering

Section 372. The time owner shall make the ship available to the time charterer at the place and at the time agreed.

Subsection 2. On delivery, the time owner shall ensure that the condition of the ship, the required certificates, manning, provisioning and other equipping of the ship fulfil the requirements for ordinary carriage trade within the trading limits stipulated in the chartering agreement.

Subsection 3. The ship shall also have adequate bunkers on board to reach the nearest useable bunkering port. The time charterer shall take over and pay for bunkers in accordance with the price at this port.

Section 373. On delivery of the ship both the time owner and the time charterer may request an ordinary survey of the ship, its equipment and its supply of bunkers.

Subsection 2. Costs, including costs of any time lost during such survey shall be divided equally between the two parties.

Subsection 3. The survey report shall serve as evidence regarding the condition of the ship and its equipment and the size of its supply of bunkers unless evidence to the contrary is produced.

Section 374. If the parties have agreed that the ship is to be delivered at sea, the time owner shall notify the time charterer of the delivery and of the position of the ship as well as the time of delivery.

Subsection 2. Survey as mentioned in section 373 shall be carried out in the first port of call after the delivery. If deficiencies are ascertained, freight shall not be paid for the time lost in remedying such deficiencies. If the chartering agreement is terminated by the time charterer, cf. section 376, the 1st clause, the time owner's claim for freight from the delivery shall lapse.

Section 375. If, pursuant to the chartering agreement, the ship shall be ready for loading before a specific time (cancellation time), the time charterer may terminate the agreement if the ship is not ready for loading or not reported ready for loading prior to the expiry of the time limit. The same shall apply if the ship shall otherwise be delivered within a specified period of time stipulated in the agreement.

Subsection 2. If the time owner notifies that the ship will be delayed and states when the ship will be ready for loading or will be delivered, the time charterer may, without undue delay, terminate the agreement. If the agreement is not terminated, the time stated shall be the new cancellation time.

Subsection 3. If the ship is delivered late under other circumstances, the time charterer may terminate the agreement if the delay constitutes substantial breach of contract.

Section 376. If the ship or its equipment is defective on delivery, the time charterer shall be entitled to claim a reduction in the time freight or, if the defect is substantial, terminate the chartering agreement. This shall not apply if the defect is remedied by the time owner without such delay as would entitle the time charterer to terminate the contract under section 375.

Section 377. The time charterer may claim compensation for losses resulting from delay in or defects at the time of the delivery, unless the delay or defect was not due to fault or neglect of the time owner or on the part of any person for whom he is responsible. The time charterer may also claim compensation for losses arising from the ship not having characteristics or equipment which are deemed to have been guaranteed at the time of the conclusion of the chartering agreement.

Section 378. During the period of the charter, the time owner shall perform the voyages which the time charterer demands pursuant to the chartering agreement. Section 372(2) shall apply correspondingly.

Subsection 2. The time owner shall not, however, be obliged to carry out a voyage whereby the ship, persons on board or the cargo will be exposed to danger as a consequence of war or hostilities, ice or other danger or substantial nuisance which the time owner could not reasonably have foreseen at the time of conclusion of the agreement.

Subsection 3. The time owner shall not be obliged to carry goods of a highly flammable, combustible or corrosive nature or other dangerous goods unless they are delivered in a suitable manner so they can be carried and delivered pursuant to the requirements and recommendations imposed by the authorities in the country in which the ship is registered, in the country in which the shipowner^{*)} has his principal place of business, or in the ports to be called at during the voyage. Neither shall the time owner be obliged to allow the ship to carry live animals.

Section 379. The time owner shall be obliged to keep the time charterer notified of all circumstances regarding the ship and the voyages of importance for the time charterer. The time charterer shall similarly notify the time owner of the expected trade programme of the ship.

Section 380. The time charterer shall be obliged to ensure supply of bunkers and water for the ship's machinery. The time charterer shall guarantee that the bunkers delivered are pursuant to the agreed specifications.

Section 381. The time charterer shall be responsible for receipt, loading, stowage, trimming, securing, discharge and delivery of the cargo. Stowage shall be performed in such a manner that the ship is safely stabilised and the cargo secured. The time charterer shall comply with instructions from the time owner regarding the distribution of the cargo to the extent warranted by consideration of the safety and stability of the ship.

Subsection 2. The time charterer may demand such assistance from the master and crew as is customary for the trade in question. Overtime allowances and other extra costs of such assistance shall be paid by the time charterer.

Subsection 3. If the time owner is liable for compensation for losses resulting from loading, stowing, trimming, securing, discharge or delivery of the cargo, the time charterer shall indemnify the time owner for this, unless the losses are due to assistance by the master or crew or other circumstances for which the time owner is responsible.

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

Section 382. The time owner shall, on request, issue a bill of lading for the goods loaded for the voyage the time owner is to perform, with the terms of carriage that are customary for the trade in question. If, as a result of this, the time owner incurs liability towards the holder of the bill of lading in excess of his liability pursuant to the chartering agreement, the time charterer shall indemnify the time owner.

Subsection 2. The time owner shall have no duty to comply with a request from the time charterer to deliver the goods to a consignee without identification or to otherwise act in contravention to the contents of the bill of lading, if this would be dishonest or contrary to good faith. At all events he may demand security for the liability he may incur from such delivery.

Section 383. The time owner shall be liable to the time charterer pursuant to the regulations of sections 274-285 and 287-289 for losses resulting from goods being lost, damaged or delayed while they are in the charge of the time owner. The regulation of section 286 shall apply correspondingly.

Subsection 2. A consignee who is not the time charterer may also claim compensation pursuant to subsection 1. If the consignee is the holder of a bill of lading issued by the time owner, the consignee may also invoke the provision in section 325.

Section 384. If the ship is not maintained in seaworthy or otherwise in contractual condition, or if the voyages are performed late, or in the event of other breach of contract on the part of the time owner, the time charterer may terminate the chartering agreement if these circumstances mean that the object of the agreement becomes substantially frustrated. If the time charterer wishes to terminate the agreement, he shall notify this without undue delay after he has, or could be expected to have, become aware of the breach. If the time charterer fails to do this, the right to terminate shall lapse.

Subsection 2. The time charterer may claim compensation for damage resulting from the ship being lost or becoming irreparable, or from it not being maintained in seaworthy or otherwise in contractual condition when this is due to fault or neglect by the time owner or any person for whom he is responsible. The same shall apply for losses due to fault or neglect in connection with assistance, cf. section 381(2), in carrying out the instructions of the time charterer or in other breach of contract.

Section 385. The time owner shall be entitled to compensation for damage to the ship resulting from the fault or neglect of the time charterer or any person for whom he is responsible.

Subsection 2. The time charterer shall be liable for damage to the ship resulting from him ordering the ship to an unsafe port, unless the time charterer proves that the loss is not due to his own fault or neglect nor that of any person for whom he is responsible.

Section 386. The contribution of the voyage freight to general average shall be borne by the time charterer. The same shall apply for contribution for bunkers and other equipment which the time charterer has on board. If the general average statement provides for compensation for costs or losses incurred by the time charterer, the compensation shall accrue to him.

Subsection 2. The time owner may, without the consent of the time charterer, participate in the rescue of persons. The time owner may also salvage ships or other property, if this would not seem unreasonable to the time charterer. One-third of the part of the net rewards for salvage accruing to the time owner shall accrue to the time charterer.

Section 387. The time charterer shall bear the costs of performing the voyages which do not accrue to the time owner pursuant to the provisions of this part.

Section 388. The time charterer shall redeliver the ship to the time owner at the place and at the time agreed.

Subsection 2. On redelivery of the ship, the provisions of sections 372(3), 373 and 374(1) and (2), the 1st clause, shall apply correspondingly. This shall also apply in the event that the chartering agreement is terminated or lapses before the expiry of the charter period.

Section 389. Unless a time interval for the redelivery has been agreed, the time owner shall allow the ship to commence a new voyage notwithstanding that this will mean that the agreed time for return is exceeded. This shall not apply if the time limit would be exceeded by more than can be considered reasonable.

Subsection 2. For allowed delay in redelivery, cf. subsection 1, the time charterer shall pay the agreed time freight. For other delays the time charterer shall pay the current time freight, though no less than the agreed time freight, as well as compensation pursuant to general regulations for compensation for the losses incurred by the time owner after the redelivery as a result of the delay.

Section 390. Time freight shall be paid in advance for 30-day periods.

Subsection 2. If the time charterer claims set-off with a disputed claim, the time charterer shall nonetheless pay the time freight if the time owner provides security for the claim. The time charterer may, however, not demand security for an amount greater than the time freight he pays.

Section 391. If the time freight is not paid by the due date, the time charterer shall pay interest for late payment from the due date. The interest for late payment shall be paid no later than with the payment of the next instalment of the time freight.

Subsection 2. If the time freight is not paid by the due date, the time owner shall notify the time charterer in this regard. When the notification has been sent, the time owner may suspend performance of the chartering agreement, including by refusing to load goods or to issue bills of lading. If payment is not received within 72 hours after the notification has been sent, the time owner may terminate the agreement.

Subsection 3. If the time owner has suspended performance of the agreement, or terminated it, the time owner may claim compensation, unless the time charterer proves that the delay in payment was due to statutory measures, interruption in communications systems, or similar impediment outside of his control and which he should not reasonably have foreseen when the agreement was concluded and the consequences of which the time charterer should not reasonably have avoided or overcome.

Subsection 4. If the time charterer does not pay the time freight due, the time owner may demand that claims for outstanding voyage freight and other freight to which the time charterer may be entitled under a sub-charter of the ship shall be assigned by the time charterer to the time owner.

Section 392. Time freight shall not be paid for the time lost for the time charterer in salvage operations, maintenance of the ship or repairing damage for which the time charterer is not responsible, or otherwise due to circumstances pertaining to the time owner.

Subsection 2. The same shall apply to the duty of the time charterer to cover costs relating to operating the ship.

Section 393. If the ship is lost or if it is declared irreparable, the chartering agreement shall lapse notwithstanding that pursuant to the agreement the time owner may substitute with another ship than that agreed. The same shall apply for requisitioning or similar intervention when this will have significance for fulfilment of the agreement.

Subsection 2. If the ship goes missing and it is not possible to ascertain when the accident took place, time freight shall be paid for the time up to 24 hours after the last report of the ship.

Section 394. If the ship is in a port or other area in which there is an outbreak of war or hostilities or a substantial increase in the threat of war, the time owner may demand that the ship shall leave the area immediately and be brought into safety.

Subsection 2. In addition to the time freight, the time charterer shall pay for the increase in the premium for the war insurance for the ship as a result of the voyages ordered by the time charterer. The same shall apply for war-risk allowances for the complement.

Subsection 3. If war or hostilities break out during the period of the contract or there is a substantial increase in the threat of war, and this is of significance for performance of the contract, both the time owner and the time charterer may terminate the contract without liability to pay compensation.

Subsection 4. Any person who wishes to terminate the agreement shall notify of this without undue delay. If such person fails to do this, the person shall be liable for any damage consequential upon this.

Sections 395-400. (Not used).

Part 15

Regarding carriage of passengers and their luggage

Section 401. In this part carrier shall mean any person who commercially or in return for compensation undertakes to carry by ship passengers or passengers and their luggage. The carrier may be a shipowner^{*)}, charterer (sub-carrier) or another.

Subsection 2. Passenger shall mean any person who is carried or who is to be carried in a ship under a contract of carriage, as well as any person who, with the consent of the carrier, is accompanying a vehicle or live animals which are covered by a contract for the carriage of goods.

Subsection 3. Luggage shall mean any article, including vehicles carried by the carrier under a contract for the carriage of passengers as well as valuables as mentioned in section 419(2). Cabin luggage shall mean luggage which the passenger has in his custody or cabin or which the passenger has in or on his vehicle. The regulations on luggage shall not apply if the goods are carried pursuant to a chartering agreement or bill of lading or a document concerned with the carriage of goods.

Section 402. Except for section 408 and matters consequential upon sections 430 and 431, the provisions of this part shall only apply if otherwise has not been agreed or is customary.

Section 403. This part shall not apply if the carriage is subject to international convention concerning carriage by another mode of transport.

Section 403b. The owner of classes C and D passenger ships and ships carrying no more than 12 passengers engaged on domestic voyages shall take out liability insurance.

Subsection 2. The Danish Maritime Authority may lay down regulations on what ships shall be considered as carrying out transport with a maximum of 12 passengers, on the liability insurance requirements, etc. and to the effect that proof of the insurance shall be carried on board and be presented to the authorities upon request.

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

Section 404. If a person on board the ship who is not a passenger or a member of the complement is killed or suffers loss as mentioned in section 418 or 419, the provisions on defences and limits of liability in this part shall apply correspondingly to the benefit of any person who is made liable.

Section 405. The carrier shall ensure that the ship is seaworthy including that it is adequately crewed, provisioned and equipped and in appropriate condition to receive and carry passengers. The carrier shall ensure the safe carriage of the passenger and his luggage and otherwise safeguard the interests of the passenger in an appropriate manner.

Subsection 2. Unless authorised by agreement or custom, the carrier may not load luggage on deck.

Subsection 3. The voyage shall be performed with due despatch. Deviation may only be to save life or to salvage ship or goods or for some other reasonable ground.

Section 406. If the contract relates to a specific ship, the carrier may not perform the contract with another ship.

Section 407. If a specific person is stated as passenger in the contract, this person may not transfer his rights under the contract to another person. If the voyage has commenced, the passenger may not, under any circumstances, transfer his rights.

Section 408. The passenger shall comply with the instructions given for order and safety on board.

Subsection 2. The provisions of the seamen's act (*sømandsloven*) on access to take such measures against the complement as are necessary to maintain order on board, and on taking statements shall apply correspondingly.

Section 409. A passenger may take a reasonable amount of luggage.

Subsection 2. If the passenger knows that luggage could cause danger or substantial nuisance to the ship, life or other goods, the passenger shall provide information about this to the carrier before commencement of the voyage. The same shall apply if luggage other than cabin luggage is to be treated with special care. The character of the goods mentioned in the 1st and 2nd clauses shall as far as possible be stated on the goods before commencement of the voyage.

Section 410. The carrier may refuse the passenger permission to take luggage which could cause danger or substantial nuisance for the ship, life or other goods.

Subsection 2. If such luggage is loaded without the carrier knowing of its character, the carrier may unload, render innocuous or destroy the goods, as the circumstances may require, without liability to pay compensation for the damages or loss of the goods. The same shall apply notwithstanding that the carrier knew of the characteristics of the luggage on loading, if, at a later time, the luggage becomes the cause of such danger for the ship, life or goods that it is reckless to keep the luggage on board.

Section 411. If the luggage has caused damage or loss for the carrier, the passenger shall pay compensation if the passenger himself or any person for whom he is responsible has caused the damage or loss through fault or neglect.

Section 412. The carrier shall not deliver luggage other than cabin luggage before the passenger has paid for carriage and for board and disbursements during the voyage. If the passenger fails to pay, the goods may be stored under safe-keeping at the expense of the passenger, and the carrier may, at public auction, or in some other suitable manner, sell as much of the goods as is necessary to cover his claim and costs.

Section 413. If the contract relates to a named ship and this ship is lost or declared irreparable prior to the commencement of the voyage, the duty of the carrier to perform the carriage shall lapse.

Subsection 2. If the departure of the ship from the place where the voyage commences is substantially delayed, the passenger may terminate the contract.

Section 414. If, during the course of the voyage, there is such a delay that the passenger cannot reasonably be requested to wait, or if the ship is lost or declared irreparable after part of the voyage has been completed, the carrier shall ensure that the passenger and his luggage are carried onwards to the place of destination in a suitable manner and the carrier shall bear the related costs. If the carrier fails to do so within a reasonable time, the passenger may terminate the contract.

Subsection 2. If it is necessary for passengers to stay ashore in an intermediate port because of damage or breakdown or other circumstances relating to the ship, the carrier shall ensure that there is suitable board and lodging and he shall bear the costs related to such board and lodging.

Section 415. If the passenger fails to join the voyage or if the passenger interrupts his voyage, the carrier shall be entitled to the agreed fare, except for in the event of the death of the passenger or if the passenger is impeded by sickness or other reasonable grounds and the carrier is notified hereof without undue delay. Any savings attained by the carrier, or which should have been attained by the carrier, shall be deducted from the compensation.

Section 416. If, after conclusion of the contract of carriage, it becomes evident that performance of the voyage will cause danger for the passenger or the ship as a consequence of war, blockade, revolt, civil unrest, piracy or other armed assault, or such danger becomes substantially more acute, both the carrier and the passenger may terminate the contract without liability to pay compensation, even if the voyage has commenced. The person who wishes to terminate the contract shall notify this without undue delay. If said person fails to do this, the person shall be liable for damage consequential upon this.

Section 417. If the passenger interrupts the voyage for reasons for which he cannot be held responsible, cf. section 415, or if the contract of carriage is terminated pursuant to section 414, or after commencement of the voyage pursuant to section 416, the carrier shall be entitled to a proportionate part of the agreed compensation. Section 341(2) and (3) on calculation of distance freight shall apply correspondingly.

Subsection 2. If the carrier has received payment in excess of what is thus due to him, such excess shall be refunded by the carrier.

Section 418. The carrier shall be liable to compensate losses resulting from the death or injury of a passenger due to an incident during the carriage if the loss has been caused by fault or neglect by the carrier himself or any person for whom he is responsible. The same shall apply to losses or damage resulting from delay in connection with the carriage of passengers.

Section 419. The carrier shall be liable to compensate losses resulting from luggage being lost or damaged due to an incident during the carriage if the loss or damage has been caused by fault or neglect by the carrier himself or any person for whom he is responsible. The same shall apply to losses or damage resulting from delay in connection with the carriage or delivery of luggage.

Subsection 2. The carrier shall not be liable to compensate losses or damage to money, securities and other valuables such as silver, gold, watches, jewels, jewellery and art objects unless they have been received by the carrier for safekeeping.

Section 420. The liability of the carrier may be reduced or eliminated entirely, if the carrier proves that the loss or damage mentioned in sections 418 and 419 was contributed to by the fault or neglect of the passenger.

Section 421. Anyone claiming compensation shall have the burden of proving the extent of the loss or damage and that the loss or damage was caused by an incident during the carriage.

Subsection 2. In case of death or personal injury, anyone claiming compensation shall also have the burden of proving that the damage was caused by fault or neglect by the carrier himself or any person for whom he is responsible. If the damage occurred in connection with loss, collision, grounding, explosion, fire or as a consequence of defects in the ship, the carrier shall however have the burden of proving that it was not caused by fault or neglect.

Subsection 3. In case of loss or damage to hand luggage, the provision of subsection 2 shall also apply. In case of loss or damage to other luggage, the carrier shall have the burden of proving that it was not caused by fault or neglect.

Subsection 4. In case of loss caused by delay, the carrier shall have the burden of proving that the loss was not caused by fault or neglect by himself or any person for whom he is responsible.

Section 422. The liability of the carrier shall not exceed 175,000 SDR for each passenger who has died or been injured. The liability of the carrier for delay in connection with the carriage of the passenger shall not exceed 4,150 SDR.

Subsection 2. The liability of the carrier for loss caused by luggage being lost or delayed shall not exceed:

- 1) 1,800 SDR per passenger for hand luggage,
- 2) 6,750 SDR for valuables as mentioned in section 4919(2),
- 3) 10,000 SDR per vehicle, and
- 4) 2,700 SDR per passenger for other luggage.

Subsection 3. The limits of liability in subsections 1 and 2 shall apply for each individual voyage.

Subsection 4. The limits stipulated in subsections 1 and 2 for the amount of compensation are exclusive of interest and costs awarded by the courts.

Subsection 5. SDR shall mean the unit of account dealt with in section 152(2).

Subsection 6. A higher limit of liability than the one stipulated in subsections 1 and 2 may be determined through an agreement between the passenger and the carrier.

Section 423. The carrier may from the loss arisen deduct amounts of no more than

- 1) 150 SDR per vehicle for damage to the vehicle,
- 2) 20 SDR per passenger for loss or damage to other luggage,
- 3) 20 SDR per passenger for loss resulting from delay.

Section 424. The carrier shall not be entitled to limit liability pursuant to section 422 or make deductions as mentioned in section 423, if it is proved that the damage resulted from an act or omission of the carrier himself done with the intent to cause such damage, or recklessly and with the knowledge that such damage would probably result.

Section 425. The provisions on defences and limits of liability of the carrier shall apply, notwithstanding that the claim against the carrier is not founded in the contract of carriage.

Section 426. If a carriage or a part thereof is performed by another than the carrier, the carrier shall nevertheless be responsible as if he had performed the entire carriage himself. The provisions of this part shall thus apply correspondingly.

Subsection 2. For carriage by ship, the performing carrier shall only be liable for his part of the carriage pursuant to the same regulations as the carrier. Agreements by which the carrier accepts liability in addition to that stipulated by this part shall not be binding for the performing carrier except where the performing carrier has consented to this.

Subsection 3. The carrier and the one liable under subsection 2 shall have joint and several liability.

Section 427. The provisions on the defences and limits of liability of the carrier shall apply correspondingly to any person for whom the carrier is responsible pursuant to sections 151 and 426(1). The aggregate of the amounts recoverable from the carrier and any person for whom he is responsible may not exceed the limitation of liability stipulated for the carrier. Each individual shall only be liable up to the limit which applies to the individual.

Subsection 2. The provision in subsection 1 may not be invoked by any person who has caused the damage by an act or omission done with the intent to cause such damage or recklessly and with the knowledge that such damage would probably result.

Section 428. If a passenger has suffered personal injury or damage as a consequence of delay in connection with the carriage, the claim for compensation may only be raised by the passenger himself or by a person who is subrogated to the legal position of the passenger.

Subsection 2. Claims for compensation on the death of a passenger may be raised only the person subrogated to the rights of the person concerned or persons depending on this person.

Section 429. Actions arising on carriage of passengers and their luggage may only be brought before

- 1) the court of the place of permanent residence or principal place of business of the defendant, or
- 2) the court of the place of departure or that of the destination according to the contract of carriage.

Subsection 2. After the occurrence of a legal dispute, the parties may, however, agree to some other venue or refer the matter for settlement by arbitration.

Subsection 3. (Left out).

Section 430. The regulations of sections 411-429 as well as section 501(1)(iii)-(v), may not, by prior agreement, be derogated from to the detriment of the passenger under carriage between Denmark, Finland, Norway and Sweden and under domestic carriage in these states as well as other carriages to or from these states, notwithstanding that foreign law shall otherwise be applied to the carriage.

Section 431. Notwithstanding section 430, for the carriage of passengers, the carrier may reserve the right to be exempt from liability in connection with delay for the period prior to when the passenger embarks and after the passenger disembarks, but not for carriage by sea between the ship and the shore or in the opposite direction, if the ticket fare covers such carriage or if it is performed by a type of vessel made available by the carrier.

Subsection 2. With respect to cabin luggage which is not in or on an accompanying vehicle, the carrier may reserve the right to be exempt from liability in connection with delay for the period prior to when the goods are brought on board and after they are brought ashore, but not for carriage by sea between the ship and the shore as mentioned in subsection 1 or for the time in which the goods are in the charge of the carrier while the passenger is on a quay, in a terminal or in some other port installation.

Subsection 3. If the carriage is, according to the contract of carriage, to be partly performed by a specific other carrier than the carrier, the carrier may reserve the right to be exempt from liability in

connection with loss or damage during the part of the carriage performed by the other party. The same applies if the passenger is, according to the contract of carriage, entitled to be fully or partly carried by somebody else than the carrier.

Subsection 3. The carrier may, in all circumstances, reserve the right to be exempt from liability for the carriage of live animals which are carried as luggage.

Sections 432-440. (Not used).

V

Accidents at sea

Part 16

Regarding salvage

Definitions

Section 441. In this part:

- a) Salvage operation shall mean any act or activity undertaken to assist a vessel or any other property which is wrecked or in danger in navigable waters or in any other waters whatsoever.
- b) Vessel shall mean any ship or craft or any structure capable of navigation.
- c) Property shall mean any physical asset not permanently attached to the shoreline and shall include freight at risk.
- d) Damage to the environment shall mean substantial physical damage to human health or to marine life or resources in coastal or inland waters or areas adjacent thereto, caused by pollution, contamination, fire, explosion or similar major incidents.

Scope of application

Section 442. The provisions of this part, except for section 451, shall apply in all circumstances where cases relating to salvage operations are decided by a Danish court or arbitration tribunal.

Subsection 2. The provisions of this part shall apply notwithstanding that the salvaged vessel and the vessel which has performed the salvage operations belong to the same owner.

Subsection 3. The rights of the salvor to reward shall be determined by this part notwithstanding that the salvage operations were carried out by or under the control of public authorities.

Subsection 4. The provisions of this part shall not apply to fixed or floating platforms or to mobile offshore drilling units when such platforms or units are on location with a view to conduct exploration, exploitation or production of the seabed's mineral resources.

Salvage contracts

Section 443. The provisions of this part may be derogated from by agreement. There may not, however, be any agreement which limits the duty to prevent or minimize damage to the environment.

Subsection 2. A salvage contract or any clause thereof may be annulled or modified if the contract has been entered into under undue influence or the influence of danger and its terms are inequitable or if the reward for salvage under the contract is out of proportion to the services actually rendered.

Subsection 3. The master shall have the authority to conclude contracts for salvage operations on behalf of the owner. The master, shipowner^{*)}, and the owner shall have the authority to conclude such contracts on behalf of the owner of the cargo on board the vessel.

The duties of the salvor, the master, the owner, and the shipowner^{)}*

Section 444. The salvor shall owe a duty to the shipowner^{*)} and owner of the vessel or other property in danger:

- a) to carry out the salvage operations with due care,
- b) in performing the salvage operations, to exercise due care to prevent or minimize damage to the environment,
- c) whenever circumstances reasonably require, to seek assistance from other salvors, and
- d) to accept the assistance of other salvors when reasonably requested to do so by the master, shipowner^{*)} or owner of the vessel or the owner of other property in danger; provided, however, that the amount of his reward shall not be prejudiced should it be found that such a request was unreasonable.

Subsection 2. The owner of the ship, shipowner^{*)} and master of the vessel or the owner of other property in danger shall owe a duty to the salvor:

- a) to co-operate fully with the salvor during the course of the salvage operations,
- b) during the performance of the salvage operations, to exercise due care to prevent or minimize damage to the environment, and
- c) when the vessel or other property has been brought to a place of safety, to accept redelivery when reasonably requested by the salvor to do so.

Conditions for reward for salvage

Section 445. Only salvage operations which have had a useful result shall give right to a reward. Except for interest and costs, reward for salvage shall not exceed the value of the salvaged vessel or other property.

Subsection 2. Saving human life shall not in itself give entitlement to reward for salvage or special compensation. Any person who saves human life during the danger giving rise to salvage shall be entitled to a fair share of the reward for salvage or the special compensation awarded to the salvor for salvaging the vessel or other property or preventing or minimizing damage to the environment.

Criteria for fixing the reward for salvage

Section 446. The reward shall be fixed with a view to encouraging salvage operations, taking into account the following criteria:

- a) the salvaged value of the vessel and other property,
- b) the skill and efforts of the salvors in preventing or minimizing damage to the environment,
- c) the measure of success obtained by the salvor,
- d) the nature and degree of the danger,

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

- e) the skill and efforts of the salvors in salvaging the vessel, other property and human life,
- f) the time used and expenses and losses incurred by the salvors,
- g) the risk of liability and other risks run by the salvors or their equipment,
- h) the promptness of the services rendered,
- i) the availability and use of vessels or other equipment intended for salvage operations, and
- j) the state of readiness and efficiency of the salvor's equipment and the value thereof.

Liability for the reward for salvage

Section 447. The reward for salvage shall be paid by the owners of the vessel and the owners of the other property in proportion to their respective salvaged values. The owners of the vessel and the owners of the other property shall each be liable for their part of the reward for salvage.

Apportionment of reward for salvage between several salvors

Section 448. If the salvors disagree on the apportionment of the reward for salvage, such apportionment shall be made on the basis of the criteria contained in section 446.

Special compensation

Section 449. If the salvor has carried out salvage operations in respect of a vessel which by itself or its cargo threatened damage to the environment, he shall be entitled to special compensation from the owner of that vessel or the shipowner^{*)} equivalent to his expenses.

Subsection 2. If, in the circumstances set out in subsection 1, the salvor by his salvage operations has prevented or minimized damage to the environment, the special compensation payable by the owner or shipowner^{*)} to the salvor under subsection 1 may be increased up to a maximum of 30 per cent of the expenses incurred by the salvor. However, the tribunal, if it deems it fair and just to do so and bearing in mind the relevant criteria set out in section 446, may increase such special compensation further, but in no event shall the total increase be more than 100 per cent of the expenses incurred by the salvor.

Subsection 3. The total special compensation under this section shall be paid only if and to the extent that such compensation is greater than any reward recoverable by the salvor under sections 445 and 446.

Subsection 4. Salvor's expenses for the purpose of subsections 1 and 2 shall mean the out-of-pocket expenses reasonably incurred by the salvor in the salvage operation and a fair rate for equipment and personnel actually and reasonably used in the salvage operation, taking into consideration the criteria set out in section 446(h), (i) and (j).

Subsection 5. If the salvor has been negligent and has thereby failed to prevent or minimize damage to the environment, he may be deprived of the whole or part of any special compensation due under this section.

Subsection 6. Nothing in this section shall affect any right of recourse on the part of the owner of the vessel or the shipowner^{*)}.

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

Special exceptions

Section 450. No payment of reward for salvage or special compensation shall be due under the provisions of this part if the services rendered lie within what can be reasonably considered as due performance of a contract entered into before the danger arose.

Subsection 2. There shall be no entitlement to reward for salvage or special compensation for services rendered notwithstanding the express and reasonable prohibition of the owner of the ship, the shipowner or master. The same shall apply for services rendered notwithstanding the express and reasonable prohibition of the owner of any other property in danger which is not and has not been on board the vessel.

Subsection 3. A salvor may be deprived of the whole or part of the reward for salvage or special compensation to the extent that the salvage operations have become necessary or more difficult because of fault or neglect on his part or if the salvor has been guilty of fraud or other dishonest conduct.

Apportionment of the reward for salvage to the salving vessel

Section 451. If a vessel has salvaged something in the course of the voyage, priority compensation shall be granted from the reward for salvage for any damage which may have been caused by the salvage operation to the vessel, cargo or other property on board as well as the expenses for fuel and salaries and board for the master and crew incurred due to the salvage operation. Compensation pursuant to subsection 3 shall also have priority.

Subsection 2. Of the remaining reward for salvage, three-fifths shall fall due to the shipping company, while of the remainder hereafter one-third shall fall due to the master and two-thirds to the actual crew. The part due to the crew shall be apportioned in proportion to the individual's salary. The part due to the master shall, however, amount to no less than twice the amount due to the highest paid seafarer. A pilot on board the salving vessel shall participate in the apportionment notwithstanding that he is not employed in the service of the shipping company. In such case the same amount shall be due to the pilot as to the most senior ship's mate.

Subsection 3. If, during the salvage operation, a person deserves special recognition or exposes himself to extreme danger, such person may be awarded separate compensation. Reasoned requests for this shall be submitted to the shipowner^{*)} no later than one month after the conclusion of the salvage operation.

Subsection 4. The provisions of subsections 1 and 2 on the apportionment of the reward for salvage may, by prior agreement, be derogated from to the detriment of the master or crew when the agreement is entered into in connection with their engagement and applies to the performance of a specific salvage operation. The provisions of subsections 1 and 2 may also, by prior agreement, be derogated from when the persons in question are engaged on a vessel which is specially equipped or will be equipped for salvage operations or in some other way is suitable for salvage operations and these are or could be part of the ship's ordinary operations.

Subsection 5. The reward for salvage may be apportioned in another way than that specified in subsections 1 and 2, provided there is special reason for some other apportionment such as the use of the vessel or the manner in which those on board are paid.

Subsection 6. As soon as the reward for salvage has been set by agreement or by final, non-appealable judgement of the court, the shipowner^{*)} shall notify by registered letter anyone who is entitled to share in the

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

reward for salvage of the amount of the reward and of a plan for apportionment of the reward for salvage pursuant to the provisions of this section.

Subsection 7. Objections to the apportionment of the reward for salvage shall be presented to the shipowner^{*)} no later than three months after the notification dealt with in subsection 6 has been sent.

Subsection 8. The apportionment between the shipowner^{*)}, master and other persons in the service of each salving vessel shall be determined by the law of the flag of that vessel. If the salvage has not been carried out from a vessel, the apportionment shall be determined by the law governing the contract between the salvor and his servants.

Provision of security and interim payment

Section 452. Upon the request of the salvor a person liable for a payment due under this part shall provide security for the claim, including interest and costs. When such security is provided, the salvor may not enforce payment from his maritime lien.

Subsection 2. The shipowner^{*)} of the salvaged vessel shall contribute to ensuring that the cargo owner provides security for the claims against him including interest and costs before the cargo is released.

Subsection 3. The salvaged vessel and other property shall not, without the consent of the salvor, be removed from the port or place at which they first arrive after the completion of the salvage operations until security has been put up for the salvor's claim, including interest and costs against the relevant vessel or property.

Subsection 4. The court or arbitral tribunal having jurisdiction over the claim of the salvor may, by interim decision, order that the salvor shall be paid on account such amount as seems fair and just, and on such terms including terms as to security, as may be fair and just according to the circumstances of the case.

Damaged state-owned vessels as well as state-owned and humanitarian cargoes

Section 453. No provision of this part shall be used as the basis for legal proceedings against a foreign state on salvage of warships or other vessels owned or operated by said state and, at the time of salvage operations, used exclusively for state purposes of a non-commercial nature unless that state decides otherwise.

Subsection 2. No provision of this part shall be used as a basis for the seizure, arrest or detention of a non-commercial cargo owned by a State and entitled, at the time of the salvage operations, to sovereign immunity under generally recognized principles of international law, unless the foreign state consents to this.

Subsection 3. No provision of this part shall be used as a basis for the seizure, arrest or detention of humanitarian cargoes donated by a State, if such State has agreed to pay for salvage services rendered in respect of said cargoes.

Salving state-owned vessels

Section 454. If salvage operations are performed by Danish state-owned vessels used exclusively for state purposes of a non-commercial nature, the provisions of section 451 shall apply correspondingly. The

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

Minister for Industry, Business and Financial Affairs may, however, lay down special regulations on apportionment of the part of the reward for salvage not falling due to the state.

Subsection 2. The provision of subsection 1 shall also apply to the salvage of a vessel belonging to the Government of the Faroe Islands.

Sections 455-460. (Not used).

Part 17
Regarding average

Section 461. For general average, which is borne jointly by a ship, freight and goods, unless otherwise agreed, the York-Antwerp Rules of 1974, as amended in 1990, shall apply, including regulations on which damage, losses and costs are to be included in general average and how this shall be apportioned. The regulations shall be promulgated by order of the Minister for Industry, Business and Financial Affairs in their English wording and in Danish translation.

Section 462. Unless otherwise agreed, calculation and apportionment of the loss in general average shall be carried out at a place specified by the shipowner^{*)}.

Subsection 2. Average adjustment shall, in the Realm, be carried out by duly appointed average adjusters. Disputes regarding the correctness of an average statement shall be decided by the courts.

Section 463. Inspection to assess damage to a ship or goods in general average as well as assessment of the ship and cargo to set a contributory value shall be carried out by surveyors duly appointed according to the regulations in section 483(3).

Section 464. A request for general average adjustment shall be submitted by the shipowner^{*)} or a person responsible for operation of the ship on behalf of the shipowner^{*)}. If the shipowner^{*)} fails to submit a request for average adjustment within two weeks of receiving a request to do so from a person with a legal interest in the average, such person may submit a request for general average adjustment himself.

Subsection 2. All persons involved in the average shall notify all information and produce all documents which the average adjuster deems necessary.

Section 465. For contribution in general average of cargo or other goods, the owner shall be liable to the extent of the goods but not personally, cf. however, subsection 2.

Subsection 2. After a general average the shipowner^{*)} shall refuse to deliver the cargo or other goods unless the owner undertakes to be personally liable for any contribution in general average and provides satisfactory security for this.

Section 466. All damage to or costs for the ship and goods caused by an accidental act on a sea voyage and which do not constitute general average or pursuant to special rules are to be treated pursuant to the regulations on general average shall, as particular average, be borne by the property subject to the damage or costs.

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

Subsection 2. If costs attributed to particular average are incurred as one for a ship and cargo or for several parts of the cargo, these costs shall be apportioned in reasonable proportion to the property for which they were incurred. Costs incurred in salvaging cargo shall be borne proportionately by this and by the freight to be paid for the salvaged goods.

Subsection 3. When requested by a person with an interest in such average, adjustment and apportionment shall be carried out by average adjusters.

Sections 467-470. (Not used).

Part 18

Regarding log books, maritime inquiries, etc.

Section 471. (Left out).¹⁹

Section 472. The object of a maritime inquiry is to obtain information as soon as possible on the factual circumstances surrounding accidents, death or personal injury, including information on circumstances of significance for assessment hereof.

Section 473. A maritime inquiry may be held when an accident has taken place at sea or when the master or a member of the complement, outside a Danish port, dies or has suffered serious personal injury on board.

Section 474. Any person with a substantial legal interest herein may apply for a maritime inquiry to be held for a Danish ship.

Subsection 2. A maritime inquiry may be held in the Realm for a foreign ship when

- 1) an application for this is issued by the master or the shipowner^{*)} of the foreign ship or by the authorities of the country in which the ship is registered,
- 2) serious personal injury or damage to the environment has occurred in Danish territorial seas, in the exclusive economic zone, or in the area where an exclusive economic zone may be established in the Faroe Islands, or
- 3) outside the areas mentioned in (ii) an accident at sea occurs with substantial connection to Denmark and with serious personal injury as a consequence, provided an application is issued by the Sjóvinnustýrið, the Danish Maritime Authority and the Danish Maritime Accident Investigation Board and, at the time of the application, the ship is in a Danish port.

Subsection 3. The person who applies for a maritime inquiry for a foreign ship under subsection 2 shall have a substantial legal interest herein.

Section 475. An application for a maritime inquiry in the Faroe Islands shall be submitted to the court in the Faroe Islands. Application for a maritime inquiry at a Danish court may, furthermore, be submitted to

¹⁹ Refer to section 520(3) repealing the previous provision on ship's logs in section 300 of the merchant shipping act, no. 56 of 1 April 1892, cf. consolidated act no. 141 of 1 April 1985. Pursuant to section 300 of the said act, regulations have been laid down on ship's logs by order no. 170 of 16 March 1995 for the Faroe Islands on ship's logs. Such regulations can now be laid down pursuant to lögtingslóg um trygd à sjónum. The order mentioned shall continue to apply until the Faroese authorities stipulate otherwise.

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

one of the courts mentioned in section 476(1). At the application of the ship's shipowner^{*)} or the master, the court may refer an application to hold a maritime inquiry to another of the courts mentioned in section 476(1), unless the object of the maritime inquiry is thus lost.

Subsection 2. The court shall determine whether it is necessary to hold a maritime inquiry, taking into consideration the object mentioned in section 472.

Subsection 3. An application for a maritime inquiry in Finland, Norway or Sweden shall be submitted to a court which is competent to hold a maritime inquiry according to the legislation of the country in question.

Subsection 4. An application for a maritime inquiry in another place than the court in the Faroe Islands or in a country other than Denmark, Finland, Norway or Sweden issued by the Minister for Industry, Business and Financial Affairs, the Faroese authorities, the shipowner^{*)} or the master shall be submitted to a Danish foreign representation, cf. section 476(2). An application issued by any other party shall be submitted to the court in the Faroe Islands.

Section 476. A maritime inquiry shall be held before the district court. In the Faroe Islands, a maritime inquiry shall be held before the court in the Faroe Islands.

Subsection 2. Abroad a maritime inquiry may be held before a Danish foreign representation which is authorised by the Minister for Foreign Affairs to hold such inquiries, cf. however section 475(3). If no such Danish foreign representation is available in the country in question, a maritime inquiry may be held before a competent Finnish, Norwegian or Swedish foreign representation.

Section 477. The shipowner^{*)}, the master, members of the complement as well as others with direct knowledge of the incident shall provide explanations, present the necessary documentation of conditions pertaining to the ship and otherwise contribute to providing information on the factual circumstances of the accident or death, cf. section 473.

Subsection 2. All persons shall be summoned to the court hearing in which the maritime inquiry will be held who are presumed to be able to provide information in the case. Summons for the ship's complement may be through the master. The court shall notify to the extent possible the owner of the ship, shipowner^{*)}, cargo owners, insurers, the classification society and others who may have legal interests to safeguard at the maritime inquiry. The shipowner^{*)} shall provide information about the identities of these for the court.

Subsection 3. The court shall notify the Sjóvinnustýrið, the Danish Maritime Authority, the Danish Maritime Accident Investigation Board and administrative officer in the Faroe Islands (the commissioner of police) of the application to hold the maritime inquiry.

Subsection 4. Anyone who has a legal interest therein shall have access to acquaint themselves with the documents of the case and shall have the possibility to put questions during the maritime inquiry. This shall not apply in circumstances where, pursuant to section 479(3), it is decided to hold the maritime inquiry behind closed doors.

Section 478. The court should seek to remove lack of clarity, ambiguity or incompleteness in the explanations provided and discrepancies with the other information available. The court may order the shipowner^{*)}, the charterer, cargo owners or others to provide documentation regarding the ship or cargo to clarify the case. The court may summon further witnesses and it may invite those attending to allow surveys and estimates pursuant to the regulations of the administration of justice act for the Faroe Islands (*lov for Færøerne om rettens pleje*), or other steps to clarify the case.

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

Subsection 2. The provisions of part 18 of the administration of justice act for the Faroe Islands (*lov for Færøerne om rettens pleje*) on evidence from witnesses in civil cases shall apply correspondingly, with the necessary relaxations, to summoning and holding a maritime inquiry.

Subsection 3. A record shall be kept of such evidence as decided by the presiding judge. A note approving the record shall be made in the court records.

Section 479. In the event of collision, cf. section 163, as far as possible a maritime inquiry shall be held at the same time for both ships. In order to achieve this, the court may allow the maritime inquiry to be postponed.

Subsection 2. In the event of collision between a Danish and a foreign ship, a maritime inquiry may only be held regarding the Danish ship if the Sjóvinnustýrið, the Danish Maritime Authority, the Danish Maritime Accident Investigation Board or the shipowner^{*)} so request, or if, according to section 474(2) or the legislation of the home country of the foreign ship a maritime inquiry shall be held regarding the foreign ship.

Subsection 3. If a maritime inquiry regarding collision of ships, cf. section 163, is not held at the same time for both ships, at the application of the shipowner^{*)}, the master or another who has applied for the maritime inquiry for the ship for which the maritime inquiry is first held, the court may decide that the court hearing shall be held behind closed doors and that only representatives of public authorities and of the shipowner^{*)} may be present. This shall apply correspondingly if the maritime inquiry is only held for one of the ships. The provisions on closed doors in part 2 of the administration of justice act for the Faroe Islands (*rlov for Færøerne om rettens pleje*) shall apply correspondingly.

Subsection 4. The duty to keep the proceedings confidential under subsection 3 shall, however, no longer apply when a maritime inquiry has been held regarding the other ship, or when the person who has applied to hold the court hearing behind closed doors waives this protection before the court.

Subsection 5. When a maritime inquiry is held behind closed doors pursuant to subsection 3, until the maritime inquiry regarding the other ship has been held, transcripts of the court records and the documents regarding the case may only be reported to the public authorities and the shipowner^{*)}.

Section 480. Any person who applies for a maritime inquiry in the Faroe Islands or at a Danish court shall, as stipulated by the court, pay the costs incurred by the persons dealt with in section 477(2) who participate in the maritime inquiry. The court may decide that one or more of the persons covered by section 477(2) shall pay in full or in part the costs mentioned in the 1st clause.

Subsection 2. The court may demand that security be provided for the costs the maritime inquiry may entail.

Subsection 3. With regard to maritime inquiry abroad pursuant to section 475(4), the persons participating, cf. section 477(2), shall each pay their own costs. Payment of fees pursuant to the regulations on payment for services performed in the foreign service as well as travel and subsistence expenses for the Danish foreign representation shall be paid by the person who applies for the maritime inquiry. If a maritime inquiry is applied for by the Faroese authorities, however, these costs shall be paid by the shipowner^{*)}.

Section 481. If new information arises after the maritime inquiry has been held which is deemed to be of substantial significance, an application to hold a new maritime inquiry may be made, cf. sections 474 and 475.

^{*)} Throughout the translation the term "shipowner" is used to denote the Danish term "reder" for which there is no directly equivalent English term. The "reder" is the entity that operates the ship for its own account, typically the owner or demise charterer of the ship. Time and voyage charterers are not considered "reder".

Section 482. If neither the maritime inquiry nor other public investigations relating to the case have provided adequate information on the cause of the accident and the character of the accident or considerations of securing safety at sea so justifies, the Minister for Industry, Business and Financial Affairs may, in exceptional circumstances, particularly when further investigations are deemed to be exceptionally extensive and such investigations will require the assistance of experts in several fields, establish a special investigation commission to deal with the matter. The commission shall comprise a judge as chairman and a number of persons stipulated for the specific case by the Minister for Industry, Business and Financial Affairs who is in possession of the necessary nautical and technical expertise.

Subsection 2. The commission shall hear the case pursuant to the regulations on investigation commissions in which a judge is the chairman in parts 5, 7-9 and sections 29-31 of the investigation commissions act (*lov om undersøgelseskommisioner*).

Subsection 3. When the investigation has been completed, the commission shall issue a report on the information arising on the cause of the accident as well as any proposals for measures which would be appropriate to prevent accidents or risk of accidents of a similar nature. The report by the commission and any proposals may be made available to the press by the Minister for Industry, Business and Financial Affairs.

Section 483. If, during the voyage, the cargo has suffered not inconsiderable damage or there is reason to fear that this has happened, before the goods are delivered to the consignee the master shall institute a survey of the goods to be inspected to secure evidence of the cause and extent of the damage.

Subsection 2. In the event of damage to cargo of substantial extent, which may be due to inadequate stowage or securing of the goods, the condition of the hatches or similar, survey shall be completed before discharge is commenced.

Subsection 3. The cargo owner shall be informed immediately that survey will be carried out and he shall be entitled to take part in the survey.

Section 484. The general provisions on appeal in part 37 of the administration of justice act for the Faroe Islands (*lov for Færøerne om rettens pleje*) shall apply with regard to decisions by the court pursuant to this part.

Subsection 2. Decisions by the court on referral to another court pursuant to section 475(1), the 2nd clause, may not be appealed.

Subsection 3. Decisions by the court according to this part shall be by order.

Section 485. The Minister for Industry, Business and Financial Affairs may assign his authority according to this part to the Danish Maritime Authority.

Sections 486-500. (Not used).

VI

Final provisions

Part 19

Regarding limitation

Section 501. The limitation period for the following claims shall be

- 1) for claims for reward for salvage and special compensation, two years from the day on which the salvage operations were terminated,
- 2) for claims for compensation for damage from collision or accident at sea as mentioned in section 163, two years from the day on which the damage was caused,

- 3) for claims for compensation under section 418, the first clause, two years from the day on which the passenger disembarked, or if a death has occurred during the voyage, from the day on which the passenger should have disembarked. If the death has occurred after the disembarkation, the limitation period shall be two years from the day of death, however no later than three years from the day of the disembarkation,
- 4) for claims for compensation under section 419, two years from the day on which the luggage was disembarked, or if it has gone lost, from the day when the disembarkation should have taken place,
- 5) for claims for compensation under section 418, the second clause, two years from the day on which the passenger disembarked,
- 6) for claims for compensation for losses consequential upon goods being delivered without presentation of a bill of lading or to an incorrect person, one year from the day on which the goods should have been delivered or from the day on which they were delivered, if this takes place at a later date,
- 7) for claims for compensation under sections 275 and 276 or for incorrect or incomplete particulars in a bill of lading, one year from the day on which the goods were delivered or should have been delivered,
- 8) for claims for contribution in general average or to costs which are apportioned pursuant to section 360 or 466(2), one year from the date of the average statement,
- 9) for claims for which the debtor has limitation of liability pursuant to section 172(1)(iv), three years from the due date,
- 10) for claims on a person who has become personally liable under section 53 or section 63, the time limit set for limitation of the maritime lien, cf. sections 55 and 64.

Subsection 2. For claims for recourse in respect of claims as mentioned in subsection (1)(ii), (vi) and (vii), the period of limitation shall be one year from the day on which the claim was paid or the legal proceedings on it initiated. For right of recourse arising from claims consequential upon personal injury, cf. subsection 1(ii), the time limit for the claim for recourse shall be calculated from the day on which the compensation was paid.

Subsection 3. The period of limitation shall be interrupted if legal proceedings are commenced before the end of the time limit or, if an average adjuster is competent to decide the claim, on notification to the average adjuster.

Subsection 4. Any advance agreement on exclusion of a period of limitation or on longer periods of limitation than those mentioned in subsection 1 shall be void.

Subsection 5. Whether the period of limitation is interrupted or suspended shall be decided pursuant to the law of the country in which the case is brought. However, the claims mentioned in subsection 1(iii), (iv) and (v) shall be barred by limitation three years after the day on which disembarkation took place or should have taken place.

Subsection 6. Otherwise the general regulations on limitation of claims shall apply.

Section 502. Claims for damage or costs of the nature mentioned in sections 183, 190b and 191, section 206(2) or section 207 or for compensation or reimbursement from the 1992 Fund or the Supplementary Fund shall be barred by limitation if a case is not brought within three years from the day on which the damage or the costs arose. The time limit concerning claims against the 1992 Fund or the Supplementary Fund shall be suspended in addition to legal proceedings pursuant to section 204(6).

Subsection 2. Claims may not, in any event, however, be brought when a period of six years has passed from the day on which the incident causing the event mentioned occurred. If the damage or costs are caused by an incident which consists of a series of occurrences having the same origin, the six-year limit shall be calculated from the first of such occurrences.

Sections 503-504. (Not used).

Part 20
Communication

Section 505. (Repealed).

Section 505a. The Minister for Industry, Business and Financial Affairs may lay down provisions to the effect that written communication to and from authorities about conditions covered by this act or regulations issued pursuant to this act shall be made digitally.

Subsection 2. The Minister for Industry, Business and Financial Affairs may lay down more detailed regulations on digital communication, including on the use of specific computer systems, special digital formats and digital signatures or the like.

Subsection 3. A digital message shall be considered to have reached the recipient when it is available to the addressee of the message.

Section 505b. The Minister for Industry, Business and Financial Affairs may lay down provisions to the effect that the authorities may issue decisions and other documents pursuant to this decree or pursuant to regulations issued pursuant to this decree without a signature, with a mechanically or similarly reproduced signature or using a technique ensuring unambiguous identification of the one who has issued the decision or the document. Such decisions and documents shall be comparable with decisions and documents with a personal signature.

Subsection 2. The Minister for Industry, Business and Financial Affairs may lay down regulations to the effect that decisions and other documents that have exclusively been made or issued on the basis of electronic data processing may be issued solely giving the relevant authority as the sender.

Part 21
Regarding penalties

Section 506. If the master fails to ensure that a copy of this act and the regulations issued pursuant to this act are on board, the master shall be liable to a fine. The same shall apply if the master fails to ensure that a copy of the acts and regulations required pursuant to section 133(2), the 2nd clause, are on board.

Section 507. If the master, a ship's mate, the chief engineer, a marine engineer or the radio officer neglects to fulfil his obligations with regard to the ship's log book, engine log book or radio log book, he shall be liable to a fine or mitigated imprisonment.

Section 508. If the master refuses to carry seafarers, their ashes or property with the ship pursuant to section 142, he shall be liable to a fine.

Sections 509-512. (Repealed).

Section 513. Provisions in this part regarding the master shall also apply to any person who takes the place of the master.

Section 514. Any person violating section 153(1), (3) or (4), section 186(1)-(3), or section 197 shall be liable to a fine. A bareboat charterer who, in violation of section 229a(2) does not ensure that the obligation to have taken out an approved insurance or any other guarantee has been met shall be liable to a fine.

*Subsections 2-4. (Left out).*²⁰

Section 514a. In regulations issued pursuant to this decree, fines may be stipulated for violation of such regulations.

Section 514b. Any recipient covered by section 202 shall be liable to a fine or imprisonment for a term not exceeding 1 year unless stricter penalty is liable under other legislation if information is not provided or if the information is not provided timely in accordance with section 202(4) and the regulations issued in pursuance of this provision. Regulations issued pursuant to section 202(4) may stipulate penalty by fine or imprisonment for a term not exceeding 2 years, cf. subsection 2, for contraventions of the regulations.

Subsection 2. The penalty may be increased to imprisonment for a term not exceeding 2 years if the contravention has been committed intentionally or gross negligently.

Subsection 3. Should anyone not in due time comply with the reporting obligation stipulated according to section 202(4) or according to regulations issued pursuant hereto, the Minister for Industry, Business and Financial Affairs may as a sanction impose daily or weekly fines on the person in question.

Section 515. Companies, etc. (legal persons) may incur criminal liability according to the regulations in part 5 of the criminal code for the Faroe Islands (*lov for Færøerne om straffeloven*).

Section 515a. If a court order pursuant to section 478(1), the 2nd clause, is not fulfilled without legal grounds, the court may impose a fine, unless provision of the documentation will reveal information in respect of conditions about which one of the persons mentioned would be excluded from or released from providing explanations as a witness pursuant to the regulations in part 18 of the administration of justice act for the Faroe Islands (*lov for Færøerne om rettens pleje*).

Part 22

Regarding the scope and entry into force of the act

Section 515b. The Danish Maritime Authority shall inspect compliance with sections 153, 186, 197, 198 of this act.

Section 515c. For the purposes of this decree, "Denmark" and "Danish" shall also mean "the Faroe Islands" and "Faroese".

Section 516. If the Minister for Industry, Business and Financial Affairs assigns his authority according to this act to the Danish Maritime Authority, the Minister may lay down regulations on access to appeal, including that appeals may not be brought before another administrative authority.

Sections 517-519. (Left out).

Section 520. This decree shall enter into force on 1 March 2017, cf. however subsection 2.

Subsection 2. The date for the entry into force of sections 91-96 relating to the arrest of ships and sections 472-485 on maritime inquiries shall be determined by royal decree.

²⁰ The provisions on ship registration have been regulated by the lagtingslov since this area has been transferred.

Subsection 3. At the same time, the merchant shipping act, no. 56 of 1 April 1892, cf. consolidated act no. 141 of 1 April 1985, shall be repealed. However, the date of repeal of section 300 on ship's logs and sections 301-313 on maritime inquiries shall be determined by royal decree.

Amalienborg Castle, 8 February 2017

MARGRETHE R. / Brian Mikkelsen