



DAMAGES FOR LATE REDELIVERY

Lessons from Hapag-Lloyd v Skyros “The SKYROS” (2024)

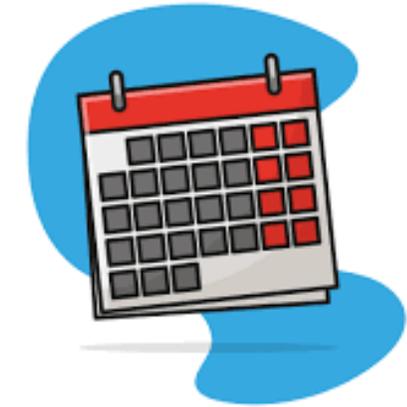
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With thanks to Aphiwan Natasha King

INTRODUCTION: DAMAGES FOR LATE REDELIVERY

Normal Measure of Damages

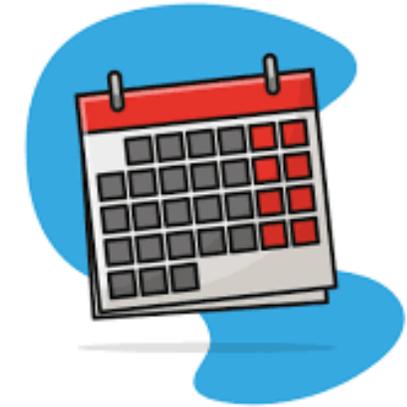
- **Market Rate** less **Hire Rate**
- **Overrun Period:** Latest time of lawful redelivery to actual time of redelivery: *The Paragon* [2009] 2 Lloyd's Rep. 688
- **Market Rate:** Based on charters of similar length, although see dissent of Lord Denning in *The Johnny* [1977] 2 Lloyd's Rep. 1
- Compensatory Principle in *Robinson v. Harman* (1848) 1 Exch 850 / the "expectation" interest



INTRODUCTION: DAMAGES FOR LATE REDELIVERY

Other Claims in Late Redelivery Cases

- **Reliance Basis:** E.g., wasted expenses. See *The Mamola Challenger* [2010] EWHC 2026
- **Quantum Meruit:** E.g., illegitimate voyage requests. See *Steven v. Bromley* [1919] 2 KB 722.
- **Consequential Losses:** E.g., follow-on charters. Usually too remote to be recoverable. See *The Achilleas* [2008] UKHL 48; [2009] 1 A.C. 61; *Sylvia Shipping Co Ltd v Progress Bulk Carriers Ltd* (The 'Sylvia') [2010] EWHC 542 (Comm), at [36]-[39]. But sometimes it's worth a go!



CASE SUMMARY: HAPAG-LLOYD V SKYROS (2024)

1. The Facts

- Two vessels chartered under NYPE Time Charters
- Both vessels redelivered late
- Market rates exceeded hire rates at stipulated redelivery time
- Vessels were being sold and would not have been chartered out by Owners even if redelivered on time



MV "Skyros"

2 days late



MV "Agios Minas"

7 days late



Introduction



Case Summary



Conclusions



CASE SUMMARY: HAPAG-LLOYD V SKYROS (2024)

2. The Arbitration Awards

- The preliminary issue for the Tribunal was:

“On the basis of the facts as alleged in the agreed Assumed Facts, are Owners entitled to recover from Charterers:- (i) substantial damages, compensation, remuneration or other monetary relief (as Owners allege); or (ii) only nominal damages (as Charterers allege)?”
- The Tribunal’s answer to this question was:

“On the basis of the facts as alleged in the agreed Assumed Facts, the Owner is entitled to recover from the Charterer substantial damages, compensation, remuneration or other monetary relief.”



CASE SUMMARY: HAPAG-LLOYD V SKYROS (2024)

3. The High Court Decision ([2024] EWHC 3139 (Comm))

- **First Issue:** Quantum Meruit. Not available
- **Second Issue:** User Damages. Not available.
- **Third Issue:** Negotiating Damages. Not available.
- **Fourth Issue:** Remoteness & Res Inter Alios Acta in the *Achilleas*. Wrongly applied.
- **Fifth Issue:** *Rodocanachi v Milburn s* [1886] 18 QBD 67 and line of cases including *Slater v Hoyle & Smith Ltd* [1920] 2 KB 11. Wrongly applied.
- **Conclusion:** Owners were only entitled to nominal damages.



CONCLUSIONS

4. Conclusions and Recommendations

- An unusual case confined to its very specific facts.
- The appeal could be more relevant for broader law on assessment of damages
- To the extent relevant, the case provides the following further arguments to charterers:
 - To contest owners' claims on the basis that owners have not in fact suffered any loss
 - To contest quantum meruit arguments (other than in illegitimate final voyage cases)
 - To contest damages claimed on the "user" or "negotiating" basis
- The case remains under appeal:
https://casetracker.justice.gov.uk/getDetail.do?case_id=CA-2025-000152
- So what might the Court of Appeal do?



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