

## Part I

The Norwegian liner carrier NorShip AS owned and operated the container ship m/v Even (3.000 tons). M/v Even was loading a cargo of containers of mixed contents at Ålesund, Norway. Some of the containers, loaded on deck, were stacked with bottles of propane gas.

There were strong winds when the ship was about to depart from Ålesund. The master realized that merely using m/v Even's thrusters (side propellers) would not suffice to pull the ship off the quay, so he ordered tug assistance from the local tug company NorTug AS. The tug m/v Petter (500 tons), owned and operated by NorTug, came to assist.

M/v Petter did pull m/v Even off the quay. However, after having pulled her off, gusts of strong winds caused the towing line of m/v Petter to break. M/v Even, now being on its own, had the strong winds blow the ship back towards the quay in an area where there was protruding onshore gear (cranes). When being pushed towards this area, some of the containers on deck were penetrated by iron bars of the land gear, and bottles of propane gas inside the containers were smashed. The resultant emission of gas was ignited by a cascade of sparks caused by the impact (metal against metal), and an explosion occurred, resulting in three persons standing on shore being seriously injured. Following the explosion, a fire developed onboard the ship. Due to the strong winds, the fire spread to the shore side, setting fire to an onshore petrol and diesel fuel facility owned by the company NorFuel AS, and spreading to nearby buildings, owned by the Municipality of Ålesund.

The fire brigade of the Municipality of Ålesund managed to restrict the extent of the fire and eventually extinguish it.

After the event, it was ascertained that the towing line used by m/v Petter was decayed, and that a fresh towing line would have withstood the pulling forces encountered, thus would have avoided the collision and the resultant explosion and fire. NorTug admitted that not to have onboard fresh towing lines constituted negligence on the part of the master of m/v Petter.

The following claims for damages were made against both NorShip and NorTug.:

The three persons suffering personal injury: NOK 2 mill. per person.

NorFuel: Property damage for destructed buildings of NOK 60 mill, plus loss of income (due to close down during re-building) of NOK 10 mill.

The Municipality: Property damage for destructed buildings of NOK 30 mill, plus loss of income (due to loss of rental earnings during re-building) of NOK 5 mill.

The amounts and nature of the claims were not in dispute. 1 SDR=10 NOK. (Claims made by owners of damaged cargo onboard m/v Even are outside the scope of this exam.)

Both NorShip and NorTug denied liability, alternatively invoked their right to limit liability.

Q1: Are NorShip and/or NorTug liable and if so in what amount?

## Part II

To cater for the event that NorShip were to be held liable, it claimed recourse (indemnity) against NorTug. NorTug denied such liability.

Q2: Assuming NorShip is liable, is NorShip entitled to recourse (indemnity) against NorTug and if so in what amount?

## Part III

The facts are as set out in Part I. In addition comes the following:

In the midst of the fire, another of NorTug's tugs, m/v Tomas, was in the vicinity and came to assist, in the following way: By exerting considerable skills and being exposed to considerable risks, the master and crew of m/v Tomas managed to connect a towing line to the burning m/v Even and to pull her off the quay and out into the harbor basin. From here, the fireboat of the Municipality of Ålesund managed to extinguish the fire on board m/v Even. The master of m/v Tomas had made prior radio request to the fireboat for it to be ready to extinguish the fire as soon as m/v Tomas managed to pull m/v Even off quay – as did happen.

It was later ascertained that if m/v Tomas and the fireboat had not come to assistance, m/v Even would have become a total loss, as the heat of the fire on shore combined with the strong winds would have made it unfeasible to extinguish the fire of m/v Even while lying at the quay.

NorTug, as owner and operator of m/v Tomas, claimed salvage reward against NorShip for having salvaged m/v Even (based on the value in existence after the event). When learning about NorTug's claim for salvage reward, also the Municipality claimed salvage reward against NorShip.

NorShip rejected both claims.

Q3: Is NorTug and/or the Municipality entitled to salvage reward? (you are not asked to give any amount).

## Part IV

To cater for the event that NorTug were not to be held entitled to salvage reward, the master and crew of m/v Tomas claimed entitlement to salvage reward (as personal claimants) against NorShip.

Q4: Assuming NorTug was not entitled to salvage reward, is the master and crew of m/v Tomas entitled to salvage reward (you are not asked to give any amount).

## Part V

We now assume that one or more of the claimants in Part II were entitled to salvage reward against NorShip. In that event, NorShip claimed recourse (indemnity) against NorTug – on the otherwise facts as stated in Part I.

Q5: Assuming NorShip is liable to pay salvage reward, is NorShip entitled to recourse (indemnity) against NorTug, and if so would NorTug be entitled to limit its liability for such a claim?