



# SEMAPHORE

Newsletter of the Maritime Law

Association of Australia and New Zealand



## Laycan Clause Dispute Leads to Costly Claim

A shipbroker's failure to identify conflicting laycan (lay days and cancelling) clauses in a voyage charterparty led to a complex dispute and a US\$100,000 claim, which the International Transport Intermediaries Club (ITIC) has reimbursed.

The case highlighted in ITIC's recent *Claims Review* shows the importance of meticulous contract drafting and attention to detail in maritime agreements.

Acting as the sole broker, the shipbroker was instructed by both the charterers and shipowners to include their preferred laycan clauses in the charterparty. Unfortunately, the broker inserted both clauses into the recap without realising they were contradictory. Neither party noticed the conflict, and the fixture was concluded containing both clauses.

Subsequently, the ship faced delays at the discharge port from its previous voyage, leading the shipowners to anticipate missing the agreed laycan for loading. Invoking their laycan clause, the shipowners proposed a new laycan, which the charterers had a specified time to reject. According to the shipowners' clause, if the charterers did not reject within this period, acceptance was assumed.

The charterers did not reject the new laycan within the allotted time, which the shipowners interpreted as acceptance. However, upon recognising the delay, the charterers invoked their own laycan clause, allowing them to cancel the charterparty outright. They promptly secured another ship and proceeded with their operations.

Left without cargo, the shipowners were forced to seek alternative employment for their ship. The best available option positioned the ship unfavourably for future cargoes, resulting in alleged financial losses.

The shipowners submitted a claim for US\$400,000, representing the losses from the breached charterparty. After negotiations and considering questions about the shipowners' efforts to mitigate their losses, the claim was reduced to US\$100,000. ITIC reimbursed the shipbroker for this amount.

ITIC claims director Mark Brattman emphasises: "This case underscores the critical need for meticulous attention to contract detail in maritime agreements. Overlooking conflicting laycan clauses led to significant financial consequences for both parties, highlighting the role of precise drafting and thorough review in avoiding costly disputes."

March 2025

