

# Cyprus

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## Newbuilding contracts

- 1 When does title in the ship pass from the shipbuilder to the shipowner? Can the parties agree to change when title will pass?**

Title in a newly built ship is evidenced by the issue of a builder's certificate, that is to say, a certificate signed by the builder of the ship, and containing a true account of the ship's particulars and of the name of the person on whose account the ship was built and if there has been any sale, the bill of sale under which the ship, or share therein, has become vested in the owner. As ships are moveable objects, it follows that upon transfer of title taking place between the builder and the owner, there must be a contemporaneous 'physical' delivery of the ship by builders to owners.

Consequently, absolute title in a ship passes by the builders to the shipowners by means of a builder's certificate (and bill of sale, where applicable) and the physical delivery of such ship to the owner.

- 2 What formalities need to be complied with for the refund guarantee to be valid?**

There are no statutory requirements applicable in Cyprus for refund guarantees issued by builders to shipowners to be valid, other than the general legal requirements for the underlying shipbuilding contracts to become effective in the first place.

- 3 Are there any remedies available in local courts to compel delivery of the vessel when the yard refuses to do so?**

An owner may apply to the Cypriot courts and request the issue of an order for 'specific performance' compelling the builder to deliver the ship physically to him. Specific performance is, however, a discretionary power of the court and is applied in cases where an alternative remedy is not possible.

- 4 Where the vessel is defective and damage results, would a claim lie in contract or under product liability against the shipbuilder at the suit of the shipowner; a purchaser from the original shipowner; or a third party that has sustained damage?**

A shipowner would have a cause of action against the builder for defects to his or her ship, both under the relevant shipbuilding contract and the warranty clause contained therein and, under certain circumstances, the provisions of the law on the sale of goods.

In a sale of a newly built ship that continues under the builder's warranty, and where such warranties are assigned to the purchaser, with the builder's consent, then such purchaser would stand in the same legal position as the original shipowner against the builder in relation to these warranty claims. Where such warranties are not applicable, then considering that the rule of 'privity of contracts' applies in Cyprus, the purchaser would not have a right of claim against the builder, but only against the seller of the ship, and would be based upon the terms of the contract of sale of the ship between them. This is usually a memorandum of agreement based on the Norwegian sales form or similar.

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## Ship registration and mortgages

- 5 What vessels are eligible for registration under the flag of your country? Is it possible to register vessels under construction under the flag of your country?**

All vessels used in navigation and not propelled by oars are eligible for registration in Cyprus provided that they meet the age restrictions set out in the official government policy regulating the registration of old ships in the Cyprus Ships Register. Vessels under construction are registrable in Cyprus.

- 6 Who may apply to register a ship in your jurisdiction?**

A citizen of, or a corporation or partnership established in Cyprus, the European Union, the European Economic Area (EEA), which includes Norway, Iceland and Liechtenstein), or in a third country where its control or ownership vests in EU interests may apply to register a ship under the Cyprus flag.

- 7 What are the documentary requirements for registration?**

A Cypriot company is formed by the registration of the memorandum and articles of association with the Registrar of Companies, and the filing of the requisite company forms registering the appointment of directors, secretary and registered office.

- 8 Is dual registration and flagging out possible and what is the procedure?**

Dual registration and flagging out are both possible in Cyprus. The basis for such types of registration is the bareboat chartering of a ship by the shipowner to the charterer, and on the condition that the respective laws of the underlying registry and of the bareboat registry, to explicitly permit dual registration, and to contain preventive covenants that matters relating to ownership, and to mortgages over the ship, shall be exclusively governed by the laws of the ships' underlying register. The bareboat charterer must also undertake to maintain the same safety standards to the ship, even though the chosen bareboat register applies safety standards that are lower than those applied by the ships' underlying register.

- 9 Who maintains the register of mortgages and what information does it contain?**

The Register Book is entrusted by the Merchant Shipping (Registration of Ships, Sales and Mortgages) Law 1963, as amended, to the Registrar of Cypriot Ships, and contains a description of the ship, and of the particulars of mortgages registered thereon. As there are two types of mortgage: one securing a principal amount and interest; the other securing a current account, the information that is entered in the Register consists of the name and address of the mortgagee, the date of the mortgage instrument, time of registering, the form of the registered mortgage and its ranking.

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**Limitation of liability**
**10 What limitation regime applies? What claims can be limited? Which parties can limit their liability?**

The effect of Law No. 20(III)/2005 has been to ratify the 1976 Convention on Limitation of Liability for Maritime Claims and the first amendment thereof as effected via the 1996 Protocol, which was adopted on 2 May 1996 and entered into force 13 May 2004.

The 2012 Protocol, adopted on 19 April 2012, and the amendments therein in relation to the limitation periods prescribed in the Convention, scheduled to have entered into force on 15 June 2015, will not become effective in Cyprus in the absence of a fresh ratification law ratifying the 2012 Protocol.

The Convention on Limitation of Liability for Maritime Claims of 1976 and of its Protocol of 1996 amending the said Convention (Ratification) and for Matters Connected Therewith Law of 2005 (Law No. 20(III)/2005) applies.

The following claims are subject to limitation:

- (i) claims in respect of loss of life or personal injury or loss of or damage to property (including damage to harbour works, basins and waterways and aids to navigation), occurring on board or in direct connection with the operation of the ship or with salvage operations, and consequential loss;
- (ii) claims in respect of loss resulting from delay in the carriage by sea of cargo, passengers or their luggage;
- (iii) claims in respect of other loss resulting from infringement of rights other than contractual rights, occurring in direct connection with the operation of the ship or salvage operations;
- (iv) claims in respect of the raising, removal, destruction or the rendering harmless of a ship that is sunk, wrecked, stranded or abandoned, including anything that is or has been on board such ship;
- (v) claims in respect of the removal, destruction or the rendering harmless of the cargo of the ship; and
- (vi) claims of a person other than the person liable in respect of measures taken in order to avert or minimise loss for which the person liable may limit his or her liability in accordance with this convention, and further loss caused by such measures.

The claims set out under (iv), (v) and (vi) are not subject to limitation of liability to the extent that they relate to remuneration under a contract with the person liable.

The owner, charterer, manager and operator of a seagoing ship and salvors can limit their liability. An insurer of liability for claims is subject to limitation.

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**11 What is the procedure for establishing limitation?**

Provision is made in the conventions ratified by Cyprus. The matter has not been tested before the Cypriot courts (see questions 41 to 48).

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**12 In what circumstances can the limit be broken? Has limitation been broken in your jurisdiction?**

The limit can be broken when the actual fault or privity of the shipowner is proved. There were incidents where limitation was broken.

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**13 What limitation regime applies in your jurisdiction in respect of passenger and luggage claims?**

The Athens Convention limitation regime applies.

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**Port state control**


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**14 Which body is the port state control agency? Under what authority does it operate?**

The port control agency is entrusted to the Department of Merchant Shipping and operates under the Paris Memorandum of Understanding of Port State Control.

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**15 What sanctions may the port state control inspector impose?**

The port state control inspector may impose all sanctions provided for under the Paris Memorandum, including detention of ships.

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**16 What is the appeal process against detention orders or fines?**

Orders made or fines imposed under port state control (PSC) fall under normal government administration practice, all of which is subject to recourse to the Supreme Court of Cyprus within 75 days of the giving of the order, or of the imposition of the fine.

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**Classification societies**


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**17 Which are the approved classification societies?**

All members of the IACS class societies are recognised by Cyprus.

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**18 In what circumstances can a classification society be held liable, if at all?**

A class society would be held liable if the cause of the action falls within the criminal domain.

For civil actions, a class society would generally be held accountable if it does not contractually disclaim liability with the shipowner.

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**Collision, salvage, wreck removal and pollution**


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**19 Can the state or local authority order wreck removal?**

Yes.

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**20 Which international conventions or protocols are in force in relation to collision, wreck removal, salvage and pollution?**
**Collisions**

- The Convention on International Regulations for Preventing Collisions at Sea, 1972 (Ratification) and for Matters Connected Therewith Law of 1980 (Law No. 18/80), and the following amendments:
- the Convention on International Regulations for Preventing Collisions at Sea, 1972 (Ratification) and for Matters Connected Therewith (Amendment) Law of 1981 (Law No. 8/81);
- the Convention on International Regulations for Preventing Collisions at Sea, 1972 (Ratification) and for Matters Connected Therewith (Amendment) Law of 1982 (Law No. 66/82);
- the Convention on International Regulations for Preventing Collisions at Sea, 1972 (Ratification of Amendments) Law of 1989 (Law No. 4/89); and
- the International Convention for the Unification of Certain Rules Concerning Civil Jurisdiction in Matters of Collision, 1952 (Ratification) Law of 1993 (Law No. 31(III)/93).

**Salvage**

- The Convention for the Unification of Certain Rules of Law Relating to Assistance and Salvage at Sea and Protocol of Signature, Brussels 23 September 1910 (extended to Cyprus on 1 February 1913).

**Pollution**

- The Convention for the Protection of the Mediterranean Sea Against Pollution and for Connected Protocols (Ratification) Law of 1979 (Law No. 51/79) (Gazette No. 1524, supplement I, dated 8 June 79);
- the Convention for the Protection of the Mediterranean Sea Against Pollution and for Connected Protocols (Ratification) (Amendment) Law of 2001 (Law No. 20 (III)/2001) (Gazette No. 3537, Supplement I (III), dated 15 October 2001);
- the Convention for the Protection of the Mediterranean Sea Against Pollution and for Connected Protocols (Ratification) (Amendment) Law of 2007 (Law No. 35 (III)/2007);
- the International Convention for the Prevention of Pollution of the Sea from Ships of 1973, its Protocol of 1978 and the Resolutions MEPC 14(20) of 1984, MEPC 16(22) and MEPC 21(22) of 1985 (Ratification) and for Matters Connected Therewith Law of 1989 (Law No. 57/89) and its amendments:
  - the International Convention for the Prevention of Pollution of the Sea from Ships of 1973, its Protocol of 1978 and the Resolutions MEPC 14(20) of 1984, MEPC 16(22) and MEPC 21(22) of 1985 (Ratification) and for Matters Connected Therewith (Amendment) Law of 1995 (Law No. 11(III)/95);
  - the International Convention for the Prevention of Pollution of the Sea from Ships of 1973, its Protocol of 1978, as Amended

by the Resolutions of 1987–1995 (Ratification) and for Matters Connected Therewith (Amendment) Law of 2001 (Law No. 11 (III)/2001);

- the International Convention for the Prevention of Pollution of the Sea from Ships (Ratification) and for Matters Connected Therewith (Amendment) Law of 2003 (Law No. 38 (III)/2003);
- the International Convention for the Prevention of Pollution of the Sea from Ships (Ratification) and for Matters Connected Therewith (Amendment) Law of 2004 (Law No. 46 (III)/2004) (EU harmonisation law); and
- the International Convention for the Prevention of Pollution of the Sea from Ships (Ratification) and for Matters Connected Therewith (Amendment) Law of 2005 (Law No. 36 (III)/2005) (EU harmonisation law), including: the Submarine Pipe-Lines for the Transfer of Oil and Other Hydrocarbon Products Regulations, 1995 and the Port Reception Facilities for Ship-generated Waste and Cargo Residues Regulations, 2003;
- the International Convention for the Establishment of an International Fund for Compensation for Oil Pollution Damage of 1971 and of its Protocol of 1976 (Ratification) and for Matters Connected Therewith Law of 1989 (Law No. 109/89), and its amendment;
- the Protocol of 1992 Amending the International Convention for the Establishment of an International Fund for Compensation for Oil Pollution Damage of 1971 (Ratification) and Matters Connected Therewith (Amendment) Law of 1997 (Law No. 15(III)/97); and
- the International Convention on the Prevention of Marine Pollution by Dumping of Wastes and other Matter, 1972 and the Resolutions LDC5(III), LDC6(III) of 1978 and LDC12(V) of 1980 (Ratification) and for the Matters Connected Therewith Law of 1990 (Law No. 38/90).

The Nairobi International Convention on the Removal of Wrecks 2007 is in the process of being ratified by Cyprus. At the time of writing the ratification process is under way, and is expected to be completed during 2015.

**21 Is there a mandatory local form of salvage agreement or is Lloyd's standard form of salvage agreement acceptable? Who may carry out salvage operations?**

There is no mandatory local salvage form. Lloyd's standard form is acceptable in Cyprus. Any person may carry out salvage operations.

**Ship arrest**

**22 Which international convention regarding the arrest of ships is in force in your jurisdiction?**

Cyprus is not a party to the 1952 Arrest Convention; however, the United Kingdom has passed the Administration of Justice Act 1956 to ratify the Convention and the Administration of Justice Act 1956 applies to Cyprus by virtue of its Constitution and section 29 of Law No. 14/60.

**23 In respect of what claims can a vessel be arrested? In what circumstances may associated ships be arrested?**

A vessel may be arrested pursuant to any permissible in rem action under the Administration of Justice Act 1956. An associated vessel may be arrested if, at the time of the cause of action, it was entirely beneficially owned by the relevant owner or charterer.

**24 What is the test for wrongful arrest?**

The test for wrongful arrest is 'bad faith'.

**25 Can a bunker supplier arrest a vessel in connection with a claim for the price of bunkers supplied to that vessel pursuant to a contract with the charterer, rather than with the owner, of that vessel?**

Yes, provided the bunker supplier shows that his or her claim falls within one of the sections in question 23 (subsection (m) in particular).

**26 Will the arresting party have to provide security and in what form and amount?**

Yes, in the form of a local bank guarantee.

**27 How is the amount of security the court will order the arrested party to provide calculated and can this amount be reviewed subsequently? In what form must the security be provided? Can the amount of security exceed the value of the ship?**

The amount varies as there is no general rule. In practise, a figure usually representing 10 to 15 per cent of the amount claimed is ordered to be put up. It is highly unlikely that the security ordered will exceed the value of the ship.

**28 What formalities are required for the appointment of a lawyer to make the arrest application? Must a power of attorney or other documents be provided to the court? If so, what formalities must be followed with regard to these documents?**

No particular formalities are required to make an arrest application. The claimant will have to engage a local lawyer who will agree to undertake the case. The documents supporting the claim may be photocopies and have to be in a language that is understood by the court, otherwise they have to be translated into Greek, with the translator swearing an affidavit that the translation is true and correct. Arrest applications can be dealt with in a matter of two to three days.

**29 Who is responsible for the maintenance of the vessel while under arrest?**

The initial arrest expenses are paid by the arresting party to the admiralty marshal who is responsible for the maintenance of the vessel, while it is under arrest. Such expenses are paid out first in any priority proceedings.

**30 Must the arresting party pursue the claim on its merits in the courts of your country or is it possible to arrest simply to obtain security and then pursue proceedings on the merits elsewhere?**

Not necessarily. An arrest may be obtained provided that a substantive action is filed on or before applying for the arrest. The action could then be stayed pending the determination of proceedings elsewhere.

**31 Apart from ship arrest, are there other forms of attachment order or injunctions available to obtain security?**

A claimant may apply for an injunction freezing any moveable property belonging to the defendant. There are also other types of injunction orders available such as *Norwich Pharmacal* and *Chabra*.

**32 Are orders for delivery up or preservation of evidence or property available?**

A party may apply, after closing of pleadings, for the discovery and inspection of documents. The party against whom such order is directed will not be at liberty to produce any documents during the trial that are not discovered. Any documents discovered may then be inspected. Further, any party may apply to the court for leave to administer interrogatories.

**33 Is it possible to arrest bunkers in your jurisdiction or to obtain an attachment order or injunction in respect of bunkers?**

It is possible to obtain an injunction in respect of bunkers.

**Judicial sale of vessels**

**34 Who can apply for judicial sale of an arrested vessel?**

The arresting party or the admiralty marshal in whose custody the arrested ship is can apply for judicial sale.

**35 What is the procedure for initiating and conducting judicial sale of a vessel? How long on average does it take for the judicial sale to be concluded following an application for sale? What are the court costs associated with the judicial sale? How are these costs calculated?**

A judicial sale of a vessel can take place either:

- after judgment (in rem) is obtained whereby the admiralty marshal orders the appraisal (by a valuator) of the vessel, which is then sold by public auction; the admiralty marshal may, in some circumstances, request the court to order sale by private treaty; or
- before judgment, on the application of the arresting party or the admiralty marshal, provided that the court is convinced that the vessel is a 'wasting asset'.

The approximate costs (apart from legal fees) would depend on the value of the vessel (as a percentage is usually charged on the appraisal) and they then form part of the admiralty marshal's expenses (see question 36). An approximate figure would be around €10,000.

**36 What is the order of priority of claims against the proceeds of sale?**

The order is, from highest to lowest priority:

- admiralty marshal's expenses;
- maritime lien (apart from salvage: *pari passu*);
- mortgages;
- statutory claims in rem (*pari passu*);
- claims of in personam creditors of the owner of the res; and
- the owner of the res for the (if any) balance.

**37 What are the legal effects or consequences of judicial sale of a vessel?**

It gives the purchaser good title extinguishing all prior liens and encumbrances on the vessel.

**38 Will judicial sale of a vessel in a foreign jurisdiction be recognised?**

Yes, provided it took place in a country with which Cyprus has entered into a treaty.

**39 Is your country a signatory to the International Convention on Maritime Liens and Mortgages 1993?**

Yes, Cyprus is a signatory.

**Carriage of goods by sea and bills of lading**

**40 Are the Hague Rules, Hague-Visby Rules, Hamburg Rules or some variation in force and have they been ratified or implemented without ratification? Has your state ratified, accepted, approved or acceded to the UN Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea? When does carriage at sea begin and end for the purpose of application of such rules?**

The International Convention for the Unification of Certain Rules of Law Relating to Bills of Lading and Protocol of Signature, Brussels 25 August 1924 (extended to Cyprus on 2 June 1931) applies in Cyprus.

Carriage at sea begins on loading of the cargo and ends on discharge from the ship (on passing the ship's rails).

**41 Are there Conventions or domestic laws in force in respect of road, rail or air transport that apply to stages of the transport other than by sea under a combined transport or multimodal bill of lading?**

There are no conventions or domestic laws in force.

**42 Who has title to sue on a bill of lading?**

There is little or no Cypriot case law on the matter and the position under Cypriot law would be identical to that under English law. The Supreme Court of Cyprus in its admiralty jurisdiction applies the law that was applied by the English High Court of Justice up to 1960. Any case law up to 1960 is of binding effect and any subsequent authorities are of a very persuasive nature to the Cypriot courts.

Thus, the Bills of Lading Act 1855, is applicable in Cyprus (see *Southfields Industries Ltd v M/V Adriatica K and others* (1989) 1 CLR 301; and *Stavros Georgiou & Son (Scrap Metals) Ltd v the Ship 'Lipa'* *ibid*). Section 1 of the Bills of Lading Act, 1855 reads as follows:

*Every consignee of goods named in a bill of lading, and every endorsee of a bill of lading to whom the property in the goods therein mentioned shall pass, upon or by reason of such consignment or endorsement, shall have transferred to and vested in him all rights of suit, and be subject to the same liabilities in respect of such goods as if the contract contained in the bill of lading had been made with himself.*

**43 To what extent can the terms in a charter party be incorporated into the bill of lading? Is a jurisdiction or arbitration clause in a charter party, the terms of which are incorporated in the bill, binding on a third-party holder or endorsee of the bill?**

The parties are free to expressly incorporate the terms of the charter party in the bill of lading.

General words in a bill of lading incorporating into it all the terms and conditions, or all the terms, conditions and clauses of such charter party, are not sufficient to bring such arbitration clause into the bill of lading so as to make its provisions applicable to disputes arising under that document (*Elie Sadek and another v Efpalinos Shipping Company Limited and another* (1983) 1 CLR 696).

**44 Is the 'demise' clause or identity of carrier clause recognised and binding?**

Yes, it is recognised and binding.

**45 Are shipowners liable for cargo damage where they are not the contractual carrier and what defences can they raise against such liability? In particular, can they rely on the terms of the bill of lading even though they are not contractual carriers?**

A charterer may be the carrier and whether the bill of lading is an owner's or charterer's bill is a matter of fact. English case law would be followed to determine such a question.

**46 What is the effect of deviation from a vessel's route on contractual defences?**

Principles of English law are to be followed (ie, liability as common carrier). Where the Carriage of Goods by Sea Law applies, any deviation in saving or attempting to save life or property at sea, or any reasonable deviation, is not deemed to be a breach of the contract of carriage.

**47 What liens can be exercised?**

The following liens can be exercised:

- contractual liens, that is, those arising under a charter party, for example, against cargo or sub-charter hire or freight or sub-freights;
- at common law against the goods for freight, general average contributions, and expenses incurred by the shipowner or master in preserving the goods;
- maritime liens and statutory lien (once action in rem has been instituted) and a possessory lien, all against the ship; and
- the claims of the Republic of Cyprus for fees, dues, or tonnage taxes chargeable and leviable under the Merchant Shipping (Fees and Taxing Provisions) Law of 1992, constitute a lien on the ship.

**48 What liability do carriers incur for delivery of cargo without production of the bill of lading and can they limit such liability?**

It is the duty of the shipowner to see that the goods are delivered to the person to whom he or she has contracted to deliver them. Delivery to a person not entitled to the goods without production of the bill of lading is *prima facie* a conversion of the goods and a breach of the contract of affreightment (*Archangelos Domain Limited v Adriatica Societa Per Azione Di Navigazione* (1978) 1 CLR 439).

**49 What are the responsibilities and liabilities of the shipper?**

The principles of English law are to be followed.

**Shipping emissions****50 Is there an emission control area (ECA) in force in your domestic territorial waters?**

Yes, there is and it covers the whole of the Republic of Cyprus. Enforcement, however, is possible only in the areas that are under the control of the Cyprus government.

**51 What is the cap on the sulphur content of fuel oil used in your domestic territorial waters? How do the authorities enforce the regulatory requirements relating to low-sulphur fuel? What sanctions are available for non-compliance?**

The maximum permitted sulphur content in fuel is 0.1 per cent while the ship is at berth. Detailed evidence has to be maintained showing the steps taken to achieve compliance on those ships that have not been designed to use diesel and gas oil, or have not got the necessary technical adaptation to use such fuel. During changeover, specific entries must be entered in the official engine log of a ship. Enforcement is performed through PSC inspections. In addition to detention of the ship under PSC, the sanctions impose criminal liability on all the responsible persons with fines of up to €50,000, imprisonment of up to five years, or both and an administrative fine of up to €50,000 on the responsible surveyor.

**Jurisdiction and dispute resolution****52 Which courts exercise jurisdiction over maritime disputes?**

Arrest proceedings and maritime claims (in rem and in personam proceedings) must be brought before the Supreme Court of Cyprus, in its admiralty jurisdiction. This court has exclusive jurisdiction over such questions or claims as defined by the Act. A recent amendment of the Courts of Justice Law 1960 as amended, has conferred limited admiralty jurisdiction upon the various district courts in Cyprus to hear certain admiralty actions subject to their referral by the Supreme Court.

**53 In brief, what rules govern service of court proceedings on a defendant located out of the jurisdiction?**

The courts generally have discretion on the method they may direct service to be effected. Otherwise, depending on the country in which the defendant resides, there are numerous bilateral treaties and international conventions that Cyprus has ratified.

**54 Is there a domestic arbitral institution with a panel of maritime arbitrators specialising in maritime arbitration?**

No, there is no domestic arbitral institution with a panel of maritime arbitrators specialising in maritime arbitration.

**55 What rules govern recognition and enforcement of foreign judgments and arbitral awards?****EU judgments**

By article 33 of the EC Regulation, a judgment, including a decree, order, decision or writ of execution, given in a member state may be recognised in the other member states without any special procedure being required, and under no circumstances may a foreign judgment be reviewed as to its substance.

**Foreign judgments**

Recognition and enforcement of foreign judgments in civil and commercial matters and supplementary protocol thereto are ratified by Law No. 11/76.

A decision rendered in one of the contracting states is entitled to recognition and enforcement in another contracting state under the terms of this Convention.

If not within the above Convention, the judgment creditor may apply to the district court at any time within six years after the date of the judgment, to have the judgment registered in the district court, pursuant to the Foreign Judgments (Reciprocal Enforcement) Law. Alternatively, he or she may sue on the foreign judgment at common law.

**Foreign arbitral awards**

The Convention on the Recognition and Enforcement of Foreign Arbitral Awards, signed in New York on 10 June 1958 (the New York Convention), and in force as of 29 March 1981.

**56 What remedies are available if the claimants, in breach of a jurisdiction clause, issue proceedings elsewhere?**

There are no specific remedies available. The defendant might file an action seeking a declaration that the claimants' (foreign) action is null and void and should be stayed; however, Cypriot courts, as a matter of public policy, based on the principle of the comity of nations, would be very reluctant to entertain such an action and would prefer to leave the matter to the foreign court to decide.

**57 What remedies are there for the defendant to stop domestic proceedings that breach a clause providing for a foreign court or arbitral tribunal to have jurisdiction?**

The defendant may apply for a stay of proceedings; however, the court always has discretion whether to grant such an application.

**Limitation periods for liability****58 What time limits apply to claims? Is it possible to extend the time limit by agreement?**

A new Law for the Limitation of Actions, Law 66(I) of 2012 has been enacted and came into force on 1 July 2012.

Actions based on torts are time-barred if not filed within six years (three years for negligence, nuisance and breach of statutory duty) from the date the cause of action arose.



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Actions for breach of contract are time-barred if not filed within six years from the date the cause of action arose.

The Law contains a transitional provision for actions that would be considered time-barred (but for the provisions of the Law suspending the Limitation of Actions) at the time the present Law was enacted, which should be filed within one year from 1 July 2012.

The court has the discretion to extend the various time limits. Even though no case law exists on the matter, the court would most probably accept the parties' agreement to extend the time limits.

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**59 May courts or arbitral tribunals extend the time limits?**

Yes, they have discretion to do so, provided they satisfy themselves of certain requirements.

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**Miscellaneous**

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**60 How does the Maritime Labour Convention apply in your jurisdiction and to vessels flying the flag of your jurisdiction?**

The MLC will apply fully in Cyprus, and the Department of Merchant Shipping is the responsible body to ensure application on all Cypriot ships.

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**61 Is it possible to seek relief from the strict enforcement of the legal rights and liabilities of the parties to a shipping contract where economic conditions have made contractual obligations more onerous to perform?**

Yes, it is possible to seek relief provided that economic conditions have prevented the performance of contractual obligations, but not merely made them more onerous to perform.

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**62 Are there any other noteworthy points relating to shipping in your jurisdiction not covered by any of the above?**

No.

<b>Cyprus</b>	<b>Is your country a signatory to (a) the Arrest Convention 1952, (b) the Arrest Convention 1999 or (c) neither?</b>
	Neither. But the 1952 Convention applies (see question 22 of the Cyprus chapter).
	<b>For what types of claim can a ship be arrested?</b>
	The Administration of Justice Act 1956 section 1, points (a) to (r), states the types of claims (see question 23 of the chapter).
	<b>What formalities are required for appointing a lawyer to effect the arrest? Is a power of attorney required?</b>
	No formalities required other than engaging a local lawyer.
	<b>How quickly can an arrest be effected and what, in summary, is the procedure?</b>
	An arrest may be obtained ex parte. A substantive action needs to be filed on or before the arrest application, which is (usually) granted on the same day.
	<b>What are the associated costs and expenses of a ship arrest?</b>
	Apart from legal costs the initial arrest expenses, which the arresting party is responsible for covering, are approximately €5,000.
	<b>How do you effect a release of the vessel?</b>
	A bank guarantee needs to be put up in court.
	<b>Can the security provided to effect release of the vessel exceed the value of the vessel?</b>
	Usually the security covers about 10 per cent to 15 per cent of the amount of the claim.
	<b>Can a vessel be arrested to obtain security in respect of foreign court and/or arbitration proceedings?</b>
	Yes (see question 27 of the Cyprus chapter).
	<b>Can a bareboat (demise) chartered vessel be arrested in respect of a claim against the bareboat charterer?</b>
	Yes, provided the claim falls within section 1 of the Administration of Justice Act 1956.
	<b>Can a time-chartered vessel be arrested in respect of a claim against a time-charterer?</b>
	Same as above.
<b>Is it possible to arrest a sister ship or an associated ship of the ship in connection with which the claim arose?</b>	
Yes (see question 23 of the Cyprus chapter).	
<b>Will counter-security be required before an arrest order is granted and, if so, in what form and amount?</b>	
Counter-security is ordered and the arresting party needs to file a bank guarantee in court in order for the arrest warrant to be drawn up. There is no general rule as to what the amount is.	
<b>What claims give rise to maritime liens in your country?</b>	
Damage done by a ship, salvage, seamen's and masters' wages, masters' disbursements, bottomry and respondentia.	
<b>How soon must the arresting party start proceedings on merits after the arrest?</b>	
The arrest proceedings are tried first. The court will then give directions for the filing of pleadings soon thereafter. It usually takes three to four months for the pleadings on the substantive action to be filed.	
<b>Does your country recognise a concept of wrongful arrest and, if so, what constitutes wrongful arrest and what are the penalties/remedies?</b>	
Yes. The test is bad faith (question 24 of the chapter). The aggrieved party must show that he or she has suffered damage as a result, which is recoverable from the responsible (arresting) party.	