

NEWSFRONT

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LEGAL OPINION

Ship management – Powers and Binding effect

The manager of a vessel purchased, on behalf of the owner, painting material for the vessel. At a later stage, the managers issued a post-dated cheque to cover, among other debts, this purchase.

The vessel was the owners only asset and was later sold to a third party. The paint supplier sued the buyer of the vessel to recover the debt, based on a Greek law provision stating that in the case of sale of the entire enterprise, the debts follow the sold asset and burden the buyer jointly with the initial debtor.

The vessels' buyer alleged there was no debt due to the fact the cheque was issued by the managers, who had no authority vested on them to represent the owners, as it was not within its objectives to represent other companies.

The Court found the Managers were entitled, through their statutes, to manage vessels of third parties. This was the case here, and the manager is by nature a representative of the owner, so the latter was bound by the acts of the manager.

This was crucial because the issuance of the cheque by the manager was considered to be an act of the owner; further, such an act was acknowledging the claim and stopped the claim from being time-barred.

Accordingly, the buyer of the vessel was found liable to pay the claim created by his seller.

Supreme Court Judgment no 1049/2014, President: A. Koutromanos, Rapporteur Judge: V. Peppas, Attorneys at law: P. Karydakakis, P. Sioufas, Commercial law review vol. 66, p. 142.

NOTE: The wide authority, inherent to the manager's role, led to the action of the latter to bind its principal. Further, the vessel is considered to constitute an enterprise on its own. So, when it is the only asset of the owner, its sale suggests debts are transferred with the vessel; whether they enjoy a privilege, depends on the nature of the claim, they are enforceable however anyway.

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