

Shipping & Transport - Denmark

Shipyard not liable for engine room fire caused by oil leakage

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Facts

A Danish vessel owner requested a Danish shipyard to undertake repairs and maintenance works on its vessel. An agreement between the two parties stipulated that the shipyard would be liable for damages caused to the vessel resulting from negligence on the part of the shipyard, its employees or subcontractors. On February 17 2011 at 11:40am – in connection with repair works in the engine room of the vessel – damage was caused to an oil pipe due to an error which resulted in the leakage of 200 litres of oil into the engine room. After the leakage, all hot work in the vessel was suspended. The repair work resumed at 6:45pm. However, it was not clear whether the hot work was also resumed at that time. At 6:16pm a boiler which was used to heat the accommodation on the vessel was switched on by the owner's crew. The clean-up of the oil spillage had not been finished at that point. The exhaust smoke from the boiler was 290 degrees Celsius. The self-ignition temperature of the leaked oil was 350 degrees Celsius, whereas its flashpoint temperature was 250 degrees Celsius. It was disputed in the proceedings whether the shipyard had confirmed that the boiler could be switched on. At 8:00pm smoke was detected in the casing and a fire was also detected. The owner and the shipyard agreed that the fire had been caused by the fact that the leaked oil had been ignited. However, it was uncertain how this had happened. After the damage caused by the fire was repaired, the vessel left the shipyard on February 20 2011. On the night of February 20 2011 another fire broke out on the vessel close to its main engine. The owner brought proceedings against the shipyard and submitted a claim for compensation for the damage caused due to the fire. The shipyard denied liability and submitted that it had not been proven that the fires were caused by the shipyard due to errors or omissions on its part.

Decision

The Maritime and Commercial Court stated that the presence of oil in the engine room was "a necessary prerequisite but not a sufficient condition for the fire to occur". The court found that it was not proven that the shipyard, due to errors or omissions, had caused the oil to ignite. The court stated as follows:

"The court finds that the Owner has not proved that the ignition of the oil, approximately eight hours after the leakage, stems from an error or omission on the part of the Yard or any for which it is responsible. The reason for the ignition has not been clarified, the court, however, finds that the ignition as mentioned required an external source of heat and that the fire, on the basis of the available facts... must be considered to have occurred in time close to the start-up of the boiler which was the responsibility of the owner and it cannot be considered proven that the yard had approved that the boiler could be started."⁽¹⁾

The shipyard was thus found free of liability.

Comment

It followed from the contract terms pertaining to the repair work that the shipyard could be held liable only subject to proof of negligence on its part. If the aforementioned contract terms had not been agreed, the shipyard could possibly have been held liable under Danish law, unless it could establish that it had not caused the damage due to negligence. The fact that there were several possible causes of the fire and that the shipyard was not liable if the oil had been ignited by sparks from the boiler – which had been switched on by the owner's crew – meant that the shipyard was not liable. The failure to determine the source of the fire – regardless of the fact that it would undoubtedly not have occurred on February 17 2011 if the shipyard had not caused the oil leak – was insufficient to impose liability on the shipyard. With respect to the subsequent fire, it was also not established by the owner that it had been the result of negligence on the part of the shipyard.

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Endnote

(1) Maritime and Commercial Courts decision S-21-13, June 2 2015.

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