United Arab Emirates

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Part I. Arrest of Vessels

This chapter has been reviewed by the Authors and is up-to-date as of July 2021

Maritime Law Handbook July 2021

United Arab Emirates Part I - i

United Arab Emirates Part I – ii

Table of Contents

LIST OF ABBREVIATIONS VII		
Part I. Arrest of Vessels		
Chapter 1.	Sources of National Law	
CHAPTER 2.	. Applicable International Conventions	
Chapter 3.	 Competence of Courts or Other Authority 3.1. Procedural Laws in Force Within the UAE 3.2. Claims Arising out of Collision 3.3. Claims Based on Contract 3.4. Port Authorities and Powers of Arrest 	2 3 3 4 4
Chapter 4.	Immunity of State-Owned Vessels	5
CHAPTER 5.	Types of Claims for Which an Arrest or Attachment May Be Requested	6
Chapter 6.	Documentary Pre-conditions to an Arrest	7
Chapter 7.	Definition of 'Ship' or 'Vessel': What Objects or Property May Be Arrested?	
CHAPTER 8.	Evidence Necessary to Support an Arrest Application	8
Chapter 9.	Sister Ships	8
Chapter 10.	Demise-Chartered Vessels	8
Chapter 11.	Form of Application	9
Chapter 12.	Must the Arresting Party Provide Security?	9
CHAPTER 13.	Representation by Counsel: Power of Attorney	9
Chapter 14.	Court Hearing	9

Maritime Law Handbook July 2021

United Arab Emirates Part I – iii

Chapter 15.	Provision of Security by Defendants	10
CHAPTER 16.	Proceedings for Maintaining an Arrest	10
Chapter 17.	Costs and Advances for Court Proceedings and Custody 17.1. Court Fees 17.2. Lawyers' Fees	11 11 11
Chapter 18.	Service of the Order of Arrest	11
Chapter 19.	Enforcement of the Order of Arrest	12
Chapter 20.	Time Element	12
CHAPTER 21.	Appeal by the Defendant	12
CHAPTER 22.	Forced Sale in the Arrest Procedure; Priority of Claims In Rem 22.1. Order for Sale of the Vessel 22.2. Priority of Claims Against the Sale Proceeds	12 12 13
CHAPTER 23.	Claims for Damages by the Owner of the Arrested Vessel	14
CHAPTER 24.	Special Remarks	14

United Arab Emirates Part I – iv

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United Arab Emirates Part I – vi

List of Abbreviations

AGCC	Arab Gulf Co-operation Council
CPC	Civil Procedure Code of 1992 (as amended)
IMO	International Maritime Organization
Maritime Law	Federal Maritime Law of 1981
UAE	United Arab Emirates

Maritime Law Handbook July 2021

United Arab Emirates Part I - vii

United Arab Emirates Part I - viii

Part I. Arrest of Vessels

1. Sources of National Law

The United Arab Emirates (the UAE) was established in 1971 as a Federation of the Emirates of Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain and Fujairah. In 1972, the Emirate of Ras Al Khaimah joined the Federation, with the result that the UAE presently comprises the seven named Emirates.

The UAE is strategically located on the north-eastern tip of the Arabian Peninsula, having its shores along the Arabian (Persian) Gulf and the Gulf of Oman where it joins the Arabian Sea. Previously forming part of the Trucial States, the region is imbued with a long maritime tradition, and several of its maritime customs continue to play an important role in the UAE shipping laws. The Constitution of the UAE (the *Constitution*) proclaims Islam as the official religion of the State. Accordingly, Islamic Law, the *Shari'a*, plays a vital role in the UAE legislature. The Constitution specifically provides that the *Shari'a* shall be a main source of legislation, and the *Shari'a* may thus be described as the common law of the UAE.

Under the Constitution, the individual Emirates ceded certain elements of their sovereignty to the Federation, retaining the remainder for themselves. Thus each Emirate may promulgate its own laws, which are issued by a Decree of the Ruler of the Emirate (or any person authorized by the Ruler) in question. These laws apply to the individual Emirates and do not operate in other Emirates or in the Federation unless specifically adopted. The UAE Federal Maritime Law of 1981 (the *Maritime Law*) was promulgated to govern all maritime matters throughout the UAE. However, prior to the enactment of the Maritime Law, certain Emirates had their own laws governing maritime matters (*Local Maritime Laws*) which were not repealed. Theoretically, therefore, Local Maritime Laws may be relied upon insofar as such laws do not contradict with the Maritime Law. In practice, however, UAE Courts rely solely on the Maritime Law.

The question of arrest of vessels is governed by the Maritime Law; however, a distinction is made between 'provisional' arrest and 'executory' arrests: laws relating to the former are set out in Articles 115–122 of the Maritime Law, while the latter are set out in Articles 123–134. Where no provisions of law exist, the UAE Courts may apply maritime customs, and general principles of justice, provided these customs and principles do not conflict with the provisions of the *Shari'a* (Article 8 of the Maritime Law).

Maritime Law Handbook July 2021

United Arab Emirates Part I – 1

This contribution deals with the position as provided for in the Maritime Law, but it will also attempt to draw a distinction between theory and practice wherever it may appear to be appropriate.

2. Applicable International Conventions

Article 8 of the Maritime Law provides that the Maritime Law shall not derogate from international agreements ratified by the UAE.

The UAE is not a signatory to the International Convention regarding the Immunity of State-Owned Vessels signed in Brussels in 1926, or the International Convention relating to the Arrest of Sea-Going Ships signed in Brussels in 1952. The principal provisions of these Conventions are, however, given effect to by the Maritime Law as will be discussed in a later section. The UAE is not currently a signatory to the Arrest Convention. The International Maritime Organization (IMO) Conventions ratified by the UAE may be found on the IMO website.

The UAE is a member of the Arab Gulf Co-operation Council (AGCC). The AGCC was formed in 1981 between Saudi Arabia, Kuwait, Bahrain, Qatar, the UAE and Oman, and it seeks to achieve some uniformity in laws regulating various matters, including maritime law.

3. Competence of Courts or Other Authority

Maritime matters are governed by the Maritime Law and are dealt with by the civil courts in the Emirates. There are no specialized maritime courts in the UAE. An order of arrest for a provisional remedy must be made to the civil court of the Emirate in whose jurisdiction the vessel is located. In the case of an executory arrest, the order for arrest may be obtained from the courts of the Emirate which issued the judgment. Such an order of arrest must then be served on the vessel through the courts of the Emirate where the vessel is located.

Article 122 of the Maritime Law provides that the civil court in whose area of jurisdiction the arrest took place shall be competent to decide on the subject matter of the claim in any of the following circumstances (in addition to those set out in the procedural laws of the UAE), even if the vessel does not fly the UAE flag:

- (a) if the claimant's usual address or main office is in the UAE;
- (b) if the maritime claim originated in the UAE;
- (c) if the maritime claim arose during the voyage upon which the vessel was arrested;

United Arab Emirates Part I - 2

- (d) if the maritime claim arose out of a collision or an act of assistance over which the court has jurisdiction; and
- (e) if the claim is secured by a maritime mortgage over the arrested vessel.

3.1. Procedural Laws in Force Within the UAE

Until 1992, the only Emirate which had a codified Civil Procedure Law was the Emirate of Abu Dhabi. In 1992, a Federal Civil Procedure Code (CPC) was promulgated for the first time. Although the CPC does not contain any provisions specifically referring to the arrest of vessels, it does contain extensive provisions relating to provisional measures, which would include arrests. By Cabinet Resolution 57 of 2018 and Cabinet Resolution 33 of 2020, certain additional provisions relating to provisional measures were introduced. The majority of such measures do not apply to an arrest of a vessel.

The CPC confers jurisdiction upon the UAE courts to hear a case against a foreign defendant who has no domicile or residence in the UAE and also to order provisional relief (such as the arrest of a vessel) even when the courts do not have jurisdiction to adjudicate upon the substantive merits of the matter. Article 21(2) of the CPC states that the courts of the UAE shall be competent to hear a suit against a foreign defendant who has no domicile or residence in the UAE if the case concerns 'property' in the state. The Arabic word for 'property' used in this provision is not the word used for land or real estate, but has a wider meaning, which includes any item or right of value. This should include, for example, funds held in a bank account or a vessel within the territorial waters of the state.

Article 22 of the CPC provides that the courts of the UAE shall be competent to order urgent or protective measures to be executed in the UAE, even if the said courts are not competent to hear the original case.

3.2. Claims Arising out of Collision

Article 325 of the Maritime Law lays down certain provisions as to the jurisdiction of courts in cases involving collision and provides that a claim arising out of a collision may be raised before any of the following courts:

- (a) the court in whose area of jurisdiction the defendant is domiciled;
- (b) the court having jurisdiction over the port of registration of the vessel;
- (c) the court within whose jurisdiction the arrest of the defendant's vessel which has caused the damage, or of another vessel owned by the same person, took place (if the arrest of such a vessel is permissible) or the

Maritime Law Handbook July 2021

United Arab Emirates Part I – 3

court within whose jurisdiction the arrest could have been made, and where the defendant has provided a guarantee or other security;

(d) the court within whose jurisdiction the collision took place if it took place within a port or harbour or other areas of internal waters.

Even though the UAE has ratified the 1976 Convention on the Limitation of Liability and the 1996 Protocol, the concept of limitation of liability is not applied consistently.

3.3. Claims Based on Contract

Any provision in a contract which attempts to exclude the jurisdiction of a court in the UAE, or attempts to confer exclusive jurisdiction on a foreign court, will not be recognized by the UAE courts.

Article 8 of the Maritime Law recognizes principles of private international law to a limited extent. The Civil Transactions Code of 1985 recognizes private international law concepts to a far greater extent. This Code states that it is inapplicable to commercial transactions. A Commercial Transactions Code was promulgated in 1993 (Federal Law No. 19 of 1993) and provides that the provisions of the Civil Transactions Code may apply with respect to certain matters in the absence of contractual agreement or custom. It provides that certain businesses are deemed to be commercial business, including all business relating to maritime navigation.

An arbitration clause in an agreement is enforceable by the courts in all the Emirates pursuant to the provisions of the Federal Arbitration Law No. 6 of 2018. The courts will normally decline jurisdiction if a suit is filed in respect of a contract containing a valid arbitration clause, provided that the defendant relies on the arbitration clause before submitting its defence on the merits.

3.4. Port Authorities and Powers of Arrest

In addition to the powers of arrest conferred by the Maritime Law upon the UAE courts, the port authorities of each Emirate also have certain powers of arrest and detention. In general, these powers include the power to refuse to grant outward clearance and to impose fines and penalties in cases of breach of regulation. If such fines or penalties are not paid, then the port authority has the power to detain or arrest the vessel. In the past, certain port authorities have had the additional power to sell the vessel if the fines or penalties imposed remain unpaid. However, it is unclear whether such right still exists. It must be borne in mind that in cases involving port authorities there is little scope for an appeal against a decision to detain as administrative law remedies are not recognized in the UAE.

United Arab Emirates Part I – 4

Furthermore, the AGCC has published a set of rules and regulations for seaports. These rules allow port officials to detain vessels if they are found to be unsafe, or loaded above the load line as shown in a vessel's load line certificate. They may detain the vessel until she is, in their opinion, seaworthy. The regulations also provide that the authorities may detain a vessel until all accounts regarding services rendered to the vessel while in port are settled.

4. Immunity of State-Owned Vessels

Article 80 of the Maritime Law provides that the rules relating to the arrest of privately owned merchant vessels are also applicable to:

- (a) merchant vessels which are owned, used or managed by the State (the UAE) or any of its public organizations or bodies;
- (b) claims made against the State or any of its public organizations or bodies concerning merchant vessels owned, used or managed by the State;
- (c) cargoes which are owned by the State or any of its public organizations or bodies and which are transported by a foreign mercantile ship;
- (d) cargoes or persons transported by the State or any of its public organizations or bodies on merchant vessels owned, used or managed by the State;
- (e) all claims connected with the operation of vessels referred to in (a), (b) and (c) above.

Warships and certain government vessels are exempt from this rule. Government vessels are exempted if they are owned, used or managed by the State or any of its public organizations or bodies, and engaged for the purposes of public services at the time the right or claim attaching to it arises. It is not permissible for these vessels to be impounded, arrested or detained, or to be subjected to any other judicial process (Article 81), except where the claim arises out of one of the following instances (Article 82):

- (a) claims arising out of a collision at sea or other accidents of navigation;
- (b) claims arising out of acts of assistance or salvage, and general average;
- (c) claims arising out of repairs, supplies and other particular contracts made for purposes connected with the vessel;
- (d) all claims connected with cargoes owned by the State or one of its organs or public agencies and carried in the said vessel.

Maritime Law Handbook July 2021

United Arab Emirates Part I - 5

The State and its public organs shall be entitled to the benefit of the defences available to privately owned merchant vessels, in any claim made against them under the foregoing provisions.

5. Types of Claims for Which an Arrest or Attachment May Be Requested

A preservatory arrest of a vessel may be sought as security for a maritime claim. Article 115 defines the term 'maritime claim' as being a claim arising out of any of the following:

- (a) damage caused by a vessel as a result of a collision or other accident;
- (b) loss of life or personal injury occasioned by the vessel and arising out of the use thereof;
- (c) assistance and salvage;
- (d) contracts relating to the use or exploitation of the vessel under a charter party or otherwise;
- (e) contracts relating to the carriage of goods under a charter party, bill of lading, or other documents;
- (f) loss of or damage to goods or luggage transported by a vessel;
- (g) general average;(h) towage or pilotage of a vessel;
- (i) supplies of products or equipment necessary for the use or maintenance of the vessel, in whichever place the supply is made;
- (j) building, repairing or supplying a vessel and dock dues;
- (k) sums expended by the master, shippers, charterers or agents on account of the vessel or on account of the owner thereof;
- (1) wages of the master, officers and crew, and other persons working on board the vessel under a contract of maritime employment;
- (m) disputes over the vessel's ownership;
- (n) a dispute in connection with the co-ownership of the vessel, or with the possession or use thereof, or with the right to the profits arising out of the use thereof;
- (o) a maritime mortgage.

Article 115 of the Maritime Law specifically provides that an order for a preservatory arrest may not be made except for the enforcement of a maritime claim, but it is noteworthy that such claims as port charges are not defined as 'maritime claims' under Article 115.

United Arab Emirates Part I - 6

6. Documentary Pre-conditions to an Arrest

In addition to the conditions set out in the preceding sections being satisfied, the court will require the following undertakings from the plaintiff:

- (a) An undertaking to pay all official fees and expenses relating to the towing or moving of the vessel or in any way connected with the arrest of the vessel, including any amounts due to the crew.
- (b) An undertaking to compensate the owners of the vessel against any delay or damage that may arise from the arrest of the vessel, if the arrest is proved to be wrongful by a judgment of the court.

It is also at the discretion of the court whether to request a guarantee from the plaintiff and to set the value of the guarantee. If required, the guarantee must be from a bank in the UAE. The vessel must also be within the port limits. The Dubai Courts have in the past been known to require confirmation from the port that the defendant is the owner of the vessel and that the vessel is within port limits.

7. Definition of 'Ship' or 'Vessel': What Objects or Property May Be Arrested?

Article 11 of the Maritime Law defines the term 'vessel' as follows:

- (1) 'Vessel' shall mean any structure normally operating, or made for the purpose of operating, in navigation by sea, without regard to its power, tonnage or the purpose for which it sails.
- (2) In applying the provisions of the Maritime Law, hovercraft used for commercial or non-commercial purposes shall be deemed to be vessels.
- (3) All the appurtenances of a vessel necessary for the operation thereof shall be deemed to be part of the vessel and of the same nature.

A vessel that is not self-propelled is not considered as a 'vessel' under UAE law and therefore petroleum installations are not viewed as 'vessels' in the UAE.

The AGCC rules and regulations for ports define a vessel as follows:

The word 'vessel' shall include every description of ship, boat, raft or water craft of any description, including non-displacement craft and seaplanes, used or capable of being used as a means of transportation on water, irrespective of its means of power, and shall include in its meaning the term 'owners, operators and mortgagees thereof'.

Maritime Law Handbook July 2021 United Arab Emirates Part I - 7

8. EVIDENCE NECESSARY TO SUPPORT AN ARREST APPLICATION

In order to obtain an order for the arrest of a vessel, a plaintiff must provide documentary evidence establishing a prima facie maritime claim against the defendant. The granting of an arrest order under the Maritime Law is at the discretion of the court and the court may request additional information or appoint an expert to conduct its own investigations to ascertain whether there is a prima facie maritime claim against the vessel/defendant. The plaintiff must prove that the debt is a 'maritime debt' pursuant to Article 115 of the Maritime Law. It must allege that unless an arrest order is made, the vessel is likely either to leave the Emirates permanently or otherwise may prejudice the plaintiff's rights.

9. SISTER SHIPS

Under the provisions of Article 116 of the Maritime Law, a claimant may arrest not only the vessel to which the claim relates but also any vessel owned by the defendant at the time the claim arose. The UAE courts are not generally inclined to lift the veil of corporate personality, and therefore sister ships owned by the subsidiaries of the defendant cannot be arrested.

There is no right to arrest other vessels owned by a defendant in the following circumstances (see Articles 116.2 and 117):

- (a) in a dispute regarding the ownership of a vessel;
- (b) in a dispute relating to the co-ownership of the vessel, or the possession or use thereof, or the right to profits arising out of the use thereof;
- (c) in a claim arising from a maritime mortgage;
- (d) where the vessel was chartered by demise (see section 10).

10. Demise-Chartered Vessels

When a claim against a vessel is not created by the owner but by a demisecharterer, the claimant may arrest either the vessel in respect of which the claim arose or any other vessel owned by the demise-charterer. The claimant may not arrest other vessels owned by the owner of the vessel in respect of which the claim arose.

United Arab Emirates Part I - 8

11. Form of Application

The claimant must make a written application to the civil court accompanied by copies of all relevant documents relating to the claim.

The application and the supporting documents must be in Arabic (with translations of documentary evidence prepared by translators licensed by the UAE Ministry of Justice) and the court will examine such documents and decide whether or not to grant a provisional remedy.

12. Must the Arresting Party Provide Security?

The court may require the plaintiff to provide some form of security in arrest cases, usually in the form of a bank guarantee from a UAE bank. In some cases, where the plaintiff is a UAE national, he will be permitted simply to provide his own written undertaking, in lieu of a bank guarantee. In the case of claims by crew members for their wages, the courts will not insist upon counter-security being provided.

13. Representation by Counsel: Power of Attorney

Arabic is the official language of the UAE and its courts. All proceedings are conducted in Arabic and all documents that are filed must first be translated into Arabic by a translator licensed by the UAE Ministry of Justice. Lawyers licensed to practice in the courts must be retained in order to institute proceedings in court. A notarized power of attorney in favour of counsel is required in all the Emirates. If the power of attorney is executed outside the UAE the power of attorney must be legalized and consularized. Obtaining a legalized and consularized power of attorney may be time-consuming thereby resulting in practical difficulties in filing an arrest application on an urgent basis.

14. Court Hearing

There is no oral advocacy in the UAE and applications to the civil courts are determined through written submissions. The civil courts of the UAE examine the documentary evidence submitted (as described in section 11) to determine whether or not attachment should be ordered.

Maritime Law Handbook July 2021 United Arab Emirates Part I – 9

15. Provision of Security by Defendants

Under Article 118 of the Maritime Law, the competent civil court shall order that the arrest order be vacated if security or other surety is offered which is sufficient to meet the claim. A vessel will not, however, be automatically released from arrest upon the provision of security if the arrest has been affected in connection with either of the following matters:

- (a) a dispute as to the ownership of the vessel;
- (b) a dispute in connection with the co-ownership of the vessel, or with the possession or use thereof, or with the right to the profits arising out of the use thereof.

In such cases, the court may permit the person in possession of the vessel to use it if he provides sufficient security and may use its discretion to charge a person with the management of the vessel during the period of the arrest.

An application for the release of a vessel under the foregoing provisions is not to be construed as an admission or acknowledgement of the claim (Article 118.3).

16. PROCEEDINGS FOR MAINTAINING AN ARREST

Under Article 285 of the CPC, if a substantive suit is not filed within eight days of a provisional order being granted, the provisional order is cancelled. Until relatively recently, the practice of the UAE courts was to follow the provisions of the CPC with respect to the arrest of vessels, notwithstanding that a specific procedure is set out in Articles 119 and 120 of the Maritime Law. In a number of recent cases, the UAE courts have followed the procedure of Articles 119 and 120 of the Maritime Law. Consequently, as a matter of practice and out of an abundance of caution, applications for arrest are now commonly made with reference to both the provisions of the CPC and the Maritime Law, and a substantive suit is filed within eight days by the successful applicants. In circumstances where the underlying contract contains an arbitration clause, evidence that arbitration proceedings in relation to the substantive dispute have been commenced within eight days by the successful applicants is often produced notwithstanding that it is not strictly required following the enactment of the Federal Arbitration Law No. 6 of 2018.

United Arab Emirates Part I - 10

17. Costs and Advances for Court Proceedings and Custody

17.1. Court Fees

Court fees payable for instituting an action before the Court of First Instance depend on the value of the claim. In Dubai, the maximum cap on court fees is AED 40,020. An application for provisional relief, such as an arrest order, will attract a fee of AED 40,000. In the federal courts, the fee payable for instituting an action before the Court of First Instance is capped at AED 30,000.

This fee for the provisional relief is payable on the application for the arrest order. If a matter goes to appeal, further fees are payable by the appellant. The fees payable in the Court of Appeal are generally 50% of the court fees paid in the Court of First Instance and AED 6,000 for the Court of Cassation. Court fees are payable in their entirety in advance but may be waived in cases where the crew seek an arrest of a vessel for non-payment of their wages. Court fees are usually awarded to a successful plaintiff and are recoverable from the unsuccessful defendant.

17.2. Lawyers' Fees

Lawyers licensed to practice in the UAE courts charge a proportion of the amount claimed as their fees. This is usually near the 10% mark but may decrease as the amount of the claim increases. Customarily, at least one-half of the fees must be paid in advance, although it is not unusual for the entire fee to be paid in advance. Legal expenses are not recoverable except in a token sum which generally does not exceed USD 500.

18. Service of the Order of Arrest

Once issued, the order for the arrest of a vessel is served by the court bailiff, with the assistance of the port authority. The Maritime Law requires copies of the arrest order to be served on the master of the vessel or his deputy, and on the port authority at the place where the vessel is arrested. If the vessel is registered in the UAE, a copy of the arrest order must also be delivered to the Registration Bureau of the port where the vessel is arrested. The arrest order must also contain the summons to appear before the competent civil court.

Maritime Law Handbook July 2021 United Arab Emirates Part I - 11

19. Enforcement of the Order of Arrest

There is no Admiralty Marshal in the UAE. The arrest order is served by a court bailiff and the harbour master. Upon service of an order, it is not unusual for the port authorities to take possession of the vessel's documents and the seamen's books or the passport of the master and the crew.

20. Time Element

The court issuing the order of arrest also issues a summons to the defendant to attend court and the hearing will take place within thirty days of the date of the arrest. The court is required to deal with such cases promptly, but in practice, such matters are long drawn out. All the courts provide for two appeals.

21. Appeal by the Defendant

Although it is possible for a defendant to make an interlocutory appeal against an order of arrest, successful appeals are rare. Such an appeal could take up to three to four weeks to come up for hearing, during which period the order of arrest issued against the vessel would remain in force. Consequently, the usual course is to provide security in order to obtain the release of the vessel.

22. Forced Sale in the Arrest Procedure; Priority of Claims In Rem

22.1. Order for Sale of the Vessel

An order for the sale of a vessel is made once a final judgment has been rendered against the vessel and an order for the arrest of that vessel has been confirmed. The order stipulates the price at which the vessel is to be sold, as well as the date on which the sale is to take place. Prior to the court fixing the price of the vessel, the court will appoint an expert to value the vessel. This value will constitute the 'reserve price' in an auction for the sale of the vessel.

If the court orders a vessel to be sold, the court fixes the price of the vessel, the conditions of sale and the date on which the public auction is to take place. The sale is advertised in accordance with the provisions of Article 126 of the Maritime Law, which requires publication of a notice in one of the widely circulated local newspapers, usually an Arabic daily. The notice of

United Arab Emirates Part I - 12

sale is also served on the Registrar of Ships and at any other place specified by the court in accordance with Article 126.2.

Article 126.3 provides that the notice of sale must specify the following:

- (a) the name and domicile of the person arresting the vessel;
- (b) the legal instrument in accordance with which the implementation of the arrest order is to be carried out;
- (c) the amount of the claim for which the arrest was made;
- (d) an address for service of the arresting party within the area of the court in which the vessel lies;
- (e) the name and domicile of the owner of the vessel;
- (f) the name and domicile of the defendant against whom the arrest order was effected;
- (g) a description of the vessel and its port of registration;
- (h) the name of the master;
- (i) the place where the vessel is located;
- (j) the basic price and the conditions of sale;
- (k) the day, place and time at which the sale is to take place.

The sale takes place after the expiry of fifteen days from the date of publication of the notice. If the creditor fails to complete the required formalities relating to the publication of the notice within ninety days of the issue of the order of the court for sale of the vessel, the court may order the arrest order to be discharged if the debtor so wishes.

A short description of the auction procedure in the UAE may be helpful. A total of three auctions are held at intervals of seven days for the sale of any given vessel. The court sets a price which is referred to as the 'reserve price'. The first auction takes place and the highest offer is taken as the new reserve price for the second auction. The highest offer in the second auction above the reserve price already established is taken as the new reserve price for the third auction, and the highest bidder in the third auction above the established reserve price obtains the vessel.

22.2. Priority of Claims Against the Sale Proceeds

The Maritime Law broadly stipulates the priorities according to which sale proceeds are to be distributed (*see* Articles 89 and 105). The order is as follows:

- (1) the statutory dues, court expenses and expenses relating to the sale of the vessel;
- (2) crew wages;
- (3) general average claims;

Maritime Law Handbook July 2021 United Arab Emirates Part I - 13

- (4) damages for collision;
- (5) contracts entered by the master within the scope of his authority outside the vessel's port of registration for a 'real need required for the maintenance of the vessel on its continued passage';
- (6) mortgages;
- (7) compensation payable to charterers arising out of breakdowns and damage; and
- (8) insurance premiums.

Priority rights arising from any one voyage shall precede the priority rights arising from any previous voyage, but debts arising from one maritime employment contract for a number of voyages shall be of equal status with debts of the last voyage (Article 90).

Usually the courts determine the priority rights of claimants. In the Emirate of Dubai, it is not unusual in cases involving complicated accounts for the courts to appoint an expert to determine the order of priority in which the sale proceeds are to be distributed, and the expert so appointed may be a person who does not have qualifications in law.

23. Claims for Damages by the Owner of the Arrested Vessel

An arrest will generally be regarded as wrongful, if it is subsequently held by the court that the plaintiff obtained the arrest order maliciously, in bad faith and with the intention to cause damage to the defendant. The burden of proof in relation to these matters rests on the defendant who claims damages for wrongful arrest. In certain Emirates, security for wrongful arrest claims is required to be provided in order to obtain an arrest order. The UAE courts do not ordinarily award damages for wrongful arrest; however, we are aware of a recent judgment of the Dubai Court which awarded a sum of AED 10 million as damages for wrongful arrest.

24. Special Remarks

The seven Emirates, steeped in tradition, emerged as a nation only in 1971. They have largely used the legislative process to adapt to the modern needs of commerce, and several laws have been codified. Islamic *Shari'a*, the common law system, the civil law system and the laws of other Arabian countries have influenced the development of law in the Emirates and the varied nature of this influence is not without impact on the system.

United Arab Emirates Part I - 14