Kairos Shipping II LLC (appellant) v Songa Product and Chemical Tankers III AS (respondent), The interpretation of natural language on charter contracts

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The decision in Kairos Shipping II LLC v Songa Product and Chemical Tankers III AS [2025] EWCA Civ 1227 represents a pivotal clarification in the interpretation of repossession clauses within standard-form bareboat charterparties, particularly under the BIMCO Barecon 2001 framework. Arising from a dispute over the early termination of a charter for a 49,708 DeadWeight Tonnage (DWT) chemical/oil tanker, the case underscores the English courts' commitment to contextual and purposive contract interpretation, balancing textual fidelity with commercial practicality. This analysis expands on the case's significance, the interpretive principles it embodies, and its ultimate resolution, drawing from judicial reasoning and industry commentary.[1]

Why This Case Matters

In the realm of maritime law, where standard-form contracts like BIMCO Barecon 2001 are ubiquitous, this ruling matters profoundly because it clarifies how courts interpret seemingly simple phrases such as "*port or place convenient to them*" in clause 29, which governs vessel repossession following early termination. Bareboat charters, by their nature, grant charterers full operational control akin to ownership during the charter period, but termination (often due to events like insolvency under clause 28(d)) shifts the dynamic dramatically.

Upon termination, the vessel becomes uninsured and unmaintained by the charterers, who assume the role of gratuitous bailees, bearing risks and costs until repossession. The case arose when charterers terminated the agreement in May 2021 after the owners' guarantor's insolvency, offering repossession at the vessel's current port in Stockton, California. The owners' insistence on sailing to Trogir, Croatia (a 37–45-day voyage costing around US$500,000) highlighted the potential for abuse if such phrases were read broadly.[2][3][4]

This interpretation dispute illustrates broader implications for the shipping industry. Standard forms like Barecon 2001 are designed for efficiency and predictability in global trade, yet ambiguous language can lead to costly litigation. The decision reinforces that courts will not permit interpretations that impose unrecoupable burdens on charterers, especially in insolvency contexts where recovery from owners may be impossible. Commentators note that it aligns with principles from cases like China Pacific on unrecoupable costs and Capital Finance Co v Bray on minimal bailee duties, emphasizing that gratuitous bailees are not obligated to undertake extensive actions like long voyages unless explicitly required. For owners, it strengthens their repossession rights but tempers them with timeliness obligations, per BIMCO's explanatory notes.

Practically, the case could influence future drafting by encouraging more precise language around repossession locations and obligations, potentially prompting BIMCO to amend forms for greater clarity. In an industry reliant on international arbitration and English law, this precedent promotes fairness, reduces standoffs like the one leading to the vessel's arrest in Gibraltar, and minimizes economic disruptions in termination scenarios. It also serves as a cautionary tale on the risks of over-relying on "convenience" clauses without considering commercial imperatives, potentially affecting negotiations in bareboat, time, and voyage charters alike.

Principle of Contract Interpretation Illustrated

At its core, this case illustrates the orthodox principles of English contract interpretation as articulated in Arnold v Britton [2015] UKSC 36 and Wood v Capita Insurance Services Ltd [2017] UKSC 24, which advocate an iterative

process starting with the natural and ordinary meaning of words but integrating the full documentary, factual, and commercial context. The Court of Appeal, led by Lord Justice Phillips, emphasized that ambiguous or opaque provisions (like clause 29's reference to "*a port or place convenient to them*") must be construed holistically to avoid textual absurdities, such as rendering "current or next port of call" superfluous. This approach rejects isolated literalism, instead checking interpretations against the contract's purpose and commercial consequences.[5]

In applying these principles, the courts treated clauses 28 and 29 as a self-contained regime for termination and repossession, applicable neutrally to defaults by either party. The obligation to board "as soon as reasonably practicable" was seen as integral, curtailing the owners' repossession right to ensure prompt relief for charterers from their bailee burdens. Commercial common sense played a key role: an unfettered owner choice could prolong charterer exposure to risks and costs, especially unrecoverable in insolvency, which was deemed contrary to reasonable party intentions. The High Court and Court of Appeal avoided rewriting the contract but departed from the tribunal's broader reading, which ignored these contextual imperatives.[6]

This method echoes Arnold's warning against departing from natural meaning without justification and Wood's call to balance text with context. It demonstrates how courts resolve ambiguity by favoring constructions that promote business efficacy, such as swift repossession, over those creating "highly prejudicial" outcomes. For standard forms, it highlights that even industry-drafted clauses are subject to rigorous scrutiny, encouraging drafters to anticipate contextual applications.[7]

Bottom-Line Outcome

The Court of Appeal unanimously dismissed the owners' appeal on 7 October 2025[8], endorsing the High Court's reversal of the arbitral tribunal's award and holding that owners must repossess at the vessel's current port unless impracticable or impossible. Specifically, clause 29 requires owners to arrange boarding "as soon as reasonably practicable," making the current port (Stockton) the default, with "convenient to them" as a contingency only if needed for prompt

action[9], e.g., diverting a vessel at sea to a nearby port. The owners' demand for Trogir breached this, as Stockton was accessible, safer, and cheaper, per uncontested facts. No broad implied duty was placed on charterers to sail distant voyages, limiting their bailee role to minimal care. The award was remitted for reconsideration, with charterers entitled to expenses from the standoff, affirming the need for efficiency in maritime terminations.[10]

This outcome not only resolved the US$2.19 million claim but sets a benchmark for interpreting repossession clauses, prioritizing practicality over unilateral convenience.

Factual and Procedural Background

The dispute arose under a bareboat charter dated 11 February 2013 (BIMCO Barecon 2001)[11] between Brodotrogir DOO ("BDOO"), as original owner, and Songa Shipping Pte Ltd (charterer) for a chemical/oil tanker (49,708 DWT) to be built. By novation on 17 December 2013, Kairos Shipping II LLC (a Marshall Islands SPV of BDOO) became owner and Songa Product and Chemical Tankers III AS (affiliated with Songa Group) became charterer, with BDOO guaranteeing Kairos's obligations. The vessel was delivered on 23 December 2016[12][13].

Under clause 28(d) of the charter (insolvency of a party), the charterers were entitled to terminate with immediate effect.[14] On 16 October 2020 a Restructuring Plan in respect of BDOO was confirmed in Croatia. In May 2021 the charterers purported to terminate the charter under cl.28(d), notifying the owners they would repossess the vessel, then in Stockton, California, **"***as soon as…practicable***"** (the vessel's current port of call). The owners refused to take repossession in Stockton, insisting instead that the vessel be sailed to Trogir, Croatia (their yard and home port). After a standoff, the charterers began the voyage under protest on 16 August 2021. The vessel was arrested in Gibraltar after 37 days at sea (20 September 2021), and the owners ultimately took physical possession on 7 January 2022[15], providing security as required by the Gibraltar court.

The charterers then commenced LMAA (London Maritime Arbitrators Association) arbitration on 13 January 2022, claiming USD 2,190,277.81 in expenses for crewing and operating the vessel from 14 May 2021 (Stockton) until the repossession, on the basis that the owners breached clause 29 by not taking possession "*as soon as reasonably practicable*" at Stockton.

The owners denied the termination and counterclaimed lost hire but admitted for present purposes that if terminated by cl.28(d) then charterers were entitled to expenses incurred in sailing to Gibraltar (and therefore downplayed costs of anchoring in Mexico). A 26 March 2024 Partial Final Award[16] held that the charterparty was validly terminated on 14 May 2021[17] and that clause 29 entitled the owners to insist on repossession in Trogir as a "*place…convenient to them*".

The charterers challenged that award in the Commercial Court as a point of law under s.69 Arbitration Act 1996[18]. On 13 December 2024 HHJ Pelling KC (Commercial Court, QBD)[19] allowed the charterers' appeal, holding that clause 29 required the owners to repossess "*as soon as reasonably practicable*" – meaning at Stockton (the vessel's current port) unless impracticable. The owners (Kairos) obtained permission to appeal to the Court of Appeal. On 7 October 2025[20] the Court of Appeal (Phillips LJ, Nugee and King LJJ)[21] dismissed the appeal, endorsing the High Court's interpretation.

Clause 29 and the Interpretative Dispute

Clause 29 of the Barecon 2001[22] charter governs the process of repossession after early termination. In the events of clauses 28(a)–(d)[23] (default or insolvency) it provides (emphasis added):

"…the Owners shall have the right to repossess the Vessel from the Charterers at her current or next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers… Pending physical repossession…the Charterers shall hold the vessel as gratuitous bailee only to the Owners. The

Owners shall arrange for an authorised representative to board the vessel as soon as reasonably practicable following the termination… The Vessel shall be deemed to be repossessed… upon [boarding] by the Owners' representative… All …wages, disembarkation and repatriation of the charterers' Master, officers and crew shall be the sole responsibility of the Charterers.".

The dispute centred on the words "*a port or place convenient to them.*" The charterers argued that clause 29 requires owners to repossess at the first opportunity (the vessel's current port, or if at sea its next scheduled port) unless those are unsuitable, in which event the vessel can be diverted only to a convenient port to facilitate immediate repossession. The owners contended that the clause expressly allows them to elect *any* port that is "convenient to them" (i.e. objectively convenient), so long as the choice is not irrational, even if this means a long voyage. Under the owners' interpretation, they could require the charterers (as unpaid bailees) to take the vessel to any distant port convenient to the owners (subject only to reasonableness) and then repossess. In this case, they asserted that Trogir (their yard in Croatia) was "convenient", whereas the charterers said the trip to Trogir (37–45 days, ~$500,000) made Stockton the only practicable repossession point, therefore by the interpretation of the clause 29[24] by the charterer, Croatia is not a reasonable point to repossess the vessel.

The Arbitral Award

The LMAA tribunal sided with the owners on construction. The Tribunal held that clause 29 gave owners a right (but not a duty) to repossess at the vessel's current port, the next port, *or* at a place convenient to them. It treated "convenient" in its natural and ordinary sense, meaning any location that objectively suited the owners' purpose of repossession. An owner's choice would be set aside only if irrational or arbitrary. The tribunal read clause 29 as granting owners a menu of locations, and "*convenient to them*" was a distinct option chosen by owners for their purposes.[25]

Critically, the tribunal held that the owners' obligation to board "as soon as reasonably practicable" did **not** override the choice of location. It rejected the notion that the immediate repossession duty confined owners to the current port.

Convenience of a place was to be judged "objectively against the parties' express intention that the vessel be repossessed as soon as reasonably practicable". The tribunal emphasised that timing (the period to arrange boarding) is relevant to whether a place is "convenient" for prompt repossession, but it did not make practicability a separate obligation overriding location choice.

In short, the owners had the option of choosing Trogir and still had to board "as soon as practicable" once there; it was not that they had to repossess at Stockton just because it was closer.[26]

Applying this to the facts, the Tribunal found that while the transatlantic voyage to Trogir would cost ~$500,000 and take about 45 days, owners (using a ship-management company) could probably have taken longer even to crew and board at Stockton. In the absence of evidence on how quickly a crew or representative could be flown to Stockton and given that the owners had a yard and personnel in Trogir (where their principal was insolvent), the tribunal found Trogir was nonetheless "objectively convenient". It concluded it would *not* have been reasonably practicable to repossess at Stockton on 14 May 2021, and so clause 29 entitled owners to insist on Trogir. The owners' choice was therefore upheld in the award.[27]

Commercial Court (HHJ Pelling KC) Judgment [2024] EWHC 3452 (Comm)

The High Court reversed the tribunal. HHJ Pelling analysed clause 29 against the commercial background of a bareboat charter.[28] He noted that on termination under cl.28 the vessel becomes uninsured and without crew support from charterers, placing charterers in the position of *gratuitous bailees* to owners. It is therefore critical that the owners take physical repossession promptly to relieve charterers of this risk and cost. Repossession at the vessel's current port achieves that imperative[29]; requiring a longer unpaid voyage would prolong the charterers' burden, possibly unrecoverable if the owner is insolvent (citing *China Pacific*) [30] [31].

Pelling J held that the natural reading of clause 29 must be considered in context.

He observed that if owners had an unfettered right to choose *any* convenient port, the words “current or next port” would be superfluous[32]. Those phrases must be read as referring to the vessel’s actual location (in port at termination, or its next port if at sea).

The judge rejected the owners’ argument that the first sentence of cl.29 purely allocates *location* and the third sentence addresses *timing* (board as soon as practicable).[33] Instead, he read the clause holistically: the first sentence gives a right to repossess and the third imposes the corresponding obligation to board promptly. He explained: “the right to repossess… in the first sentence should be read in the light of… the obligation… to place a representative on board as soon as reasonably practicable”. [34]

Crucially, Pelling J found that if the owners’ representative could have boarded the vessel at Stockton, then the owners could not nonetheless demand an additional prolonged voyage.[35] He wrote:

“If the owners’ representative was able to board the vessel at her *“current port of call”*, then it would not follow that the owner was entitled nonetheless to insist that the vessel be taken… to a place… where the voyage time… would take materially longer than if the owners’ representative had boarded at its original port… Concluding that an owner was entitled to act in this manner would mean ignoring the owner’s obligation to repossess… as soon as reasonably practicable.”.[36]

Pelling J saw that point as decisive. He concluded that the vessel had to be repossessed at Stockton (the current port) unless it was impossible or impractical to board there. The tribunal had in fact found it *reasonably practicable* to board at Stockton. The judge held as a matter of fact (uncontested on appeal) that boarding at Stockton would have been faster and cheaper than sailing to Trogir.[37] Because the owners insisted on Trogir for their own convenience (yard and crew there, or personal financial motives) rather than out of necessity, the owners had breached their obligation. On true construction, clause 29 “requires the [owners] to repossess the vessel by causing [their] representative to board… as soon as reasonably practicable”, and that duty could be performed in Stockton

without unreasonable delay.[38]

Pelling J also explicitly applied established interpretation principles.[39] He noted that the meaning of clause 29 was “neither clear nor precise” in isolation, so he gave weight to context and purpose.[40] [41] The judge stressed that clause 29 was part of a self-contained code for termination under clause 28, and must be read to protect each party fairly in all default scenarios.[42] He cautioned against imposing any broad, implied obligation on charterers (as unpaid bailees) to sail the vessel to a far port absent necessity. Noting that a gratuitous bailee’s duty is generally only to make the bailed item available, he held that any duty to sail must be “strictly confined” to what is needed for repossession.[43] Imposing a broad duty on charterers to sail the vessel at their own cost to a distant port, where owners’ insolvent, was unnecessary and commercially problematic.[44] [45]

In summary, the High Court found in favour of the charterers (Songa). The owners’ wide interpretation was deemed to subvert the clause’s purpose: “it cannot have been the parties’ intention that the owner would [have] an unqualified entitlement to choose where to repossess”. Instead, the obligation to board “as soon as reasonably practicable” curtailed the owners’ rights to effectively the vessel’s current location. The claim was thus allowed, and the arbitral award set aside.[46]

Court of Appeal [2025] EWCA Civ 1227

The owners appealed to the Court of Appeal, but the judgment of Lord Justice Phillips (with King and Nugee LJJ concurring) largely affirmed HHJ Pelling’s reasoning. Phillips LJ reiterated that clause 29 must be read as a coherent scheme: owners get the right to repossess and simultaneously have a strict duty to repossess promptly, and charterers’ only role thereafter is unpaid caretakers. In context, a *port convenient to the owners* is a fallback if the vessel’s current or

next port is not suitable for immediate repossession. [47] [48]

Phillips LJ held (para.45–50) that the clause was not drafted so as to give owners an unfettered right to nominate any port. The reference to "her current or next port" shows that the immediate repossession point is normally where the vessel actually is (or is about to be). He agreed with the judge that if the vessel is in port at termination, the phrase *"current or next port"* cannot sensibly be read as giving the owners the right to require sailing to the *next* port – on termination there is no "next" port and owners would have no say in where that was. Instead, it is consistent with repossession at the port where the vessel is (or if at sea its next port of call). [49] [50]

Reading the whole clause together, the Court held that the "convenient to them" provision was meant as a contingency: if the vessel's current/next port is impractical for repossession, then the owners may choose a different port convenient *for carrying out repossession as soon as practicable*. The Court gave the example that if the vessel were at sea on a long voyage, it might be diverted to a convenient port to facilitate immediate boarding. But if the vessel is already safely in port, the owners' right and obligation coincide in directing repossession there. [51] [52]

Critically, Phillips LJ found no basis to imply a sweeping obligation on charterers. The clause expressly imposes no duty on charterers to sail the vessel to a far port. To imply one, the Court said, would impose on charterers an onerous unpaid voyage at their own risk – an outcome for which there is no express provision or necessity. At most, charterers may have to sail only so far as strictly needed to permit repossession.

In this case the vessel was available in Stockton and could safely be boarded there. Requiring it to sail across the Atlantic was not strictly necessary to effect repossession, so clause 29**[53]** did not entitle the owners to insist on Trogir. [54] [55]

Phillips LJ therefore concluded (paras.50–51): if the vessel is in port at termination, clause 29 means the owners "must repossess at that port unless it is impracticable or impossible". In the present case, Stockton was safe and accessible, and the tribunal had found it reasonably practicable to board there. The appeal was dismissed, affirming that owners must repossess as soon as

practicable at Stockton and cannot require the charterers to undertake the long Trogir voyage. [56] [57]

Application of Contract Interpretation Principles

Both courts applied the modern canon of construction articulated in *Arnold v Britton* and *Wood v Capita Insurance Services Ltd*.[58] The Court of Appeal in particular set out (at para.25) the orthodox approach: courts start with the natural and ordinary meaning of the contractual words, consider them in documentary, factual and commercial context, and give effect to clear language.[59] [60] If the clause is unambiguous, it must be applied; if there is ambiguity or absurdity, the court may depart from literal meaning to avoid a result unreasonable to the parties. Commercial common sense may choose between reasonable constructions, but the court will not rescue a party from a bad bargain or rewrite clear terms. [61] [62]

HHJ Pelling expressly identified these principles in his judgment.[63] He found clause 29's language "opaque" and unclear, so he heavily weighted context and purpose.[64] Citing Lord Hodge in *Wood v Capita*, the judge recognized the need to check any interpretation against the contract as a whole and its commercial consequences.[65] In this vein, he considered the consequence of owners' reading – that charterers would bear great cost as unpaid bailee for potentially months with little recourse – and found it pointed against the owners' construction.[66] He applied Arnold's rule against crafting a solution to a bad bargain, refusing to allow literal emphasis on "convenient" to override the parties' likely intent of prompt repossession.

The Court of Appeal similarly observed that the clause must be read as a coherent regime.[67] It emphasized the imperative that owners repossess quickly to relieve charterers of their gratuitous bailee burden. Phillips LJ noted that to accept the owners' interpretation would ignore the obligation to act quickly and would render the references to "current or next port" superfluous – a textual absurdity to be avoided.[68] In doing so, the court was not rewriting the clause from a bad bargain but giving effect to what a reasonable contracting party would have understood: that owners' right to pick a convenient port is subordinated to the

duty to repossess as soon as practicable.[69] The judges thus balanced the words of cl.29 with its commercial context, consistent with Arnold's and Wood's guidance.[70]

Commentators have noted this alignment with interpretative canons.[71] As Nail and Khodabandehloo (Burges Salmon) explain, the "ordinary natural meaning" rule requires looking beyond isolated words to the contract, including purpose and context. Here the court zoomed out to see clauses 28–29 as a self-contained code: cl.28 triggers repossession due to termination, and cl.29 governs where and how that occurs.[72] The "convenient to them" option was therefore a mechanism to achieve the owners' prompt repossession obligation, not an unrestricted location choice.[73] This method echoes established authority that ambiguous provisions may yield to context and common sense**.[74]**

Neither court fell into the trap warned by Arnold of imposing a departure from natural meaning without clear justification.[75] Instead, they found the owners' literal reading led to commercial absurdity or a "highly prejudicial" consequence for charterers, which justified a contextual construction. In particular, the courts treated the terms "current or next port" as evidence that immediate repossession location was the intended norm.[76] In short, the decisions manifest a textbook application of current contract interpretation law: respecting clear language but giving it realistic effect when plain meaning would contradict the contract's evident purpose.

Implications and Comparison with Case Law on Charterparties

The result reinforces that courts will not lightly allow a charter clause to impose onerous unrecoupable costs on charterers. It aligns with the general rule that a gratuitous bailee has only minimal duties – notably the duty to make the vessel available for repossession – unless the contract explicitly requires more.[77] [78] The judges declined to imply a broad obligation on charterers to sail the ship to a

distant port at their expense.[79] Instead, charterers' obligations remain as stated: hold the vessel as unpaid caretakers, disembark crew at own cost, and permit owners to board.

On the owners' side, the decision confirms that clause 29 indeed strengthens their position (as noted in BIMCO's Explanatory Notes) by giving them an explicit repossession right, but it also emphasizes the built-in limit that repossession must occur "as soon as reasonably practicable".[80] In that sense, this case highlights that even in standard form charters drafted by industry bodies, ordinary words will be tempered by logic and context.[81]

In existing charterparty jurisprudence, this case is notable for its careful line-drawing. It does not depart from precedent so much as apply longstanding rules to the novel clause. English law has long held (e.g. *Capital Finance Co v Bray*) that without contractual obligation a bailee is not responsible for actively returning goods, and that principle underpinned the analysis.[82] Nor does it upset the general liberty of parties to bargain – here owners *did* bargain for the right to repossess and for charterers to pay crew costs – but the bargain was judged not to include an open-ended repossession location right.[83]

In broader terms, the outcome serves as a reminder of the risk of vague drafting in charterparties. If owners had truly wanted unqualified location choice, they could have omitted the words "current or next port" or phrased an express voyage obligation. Courts will enforce the bargain the parties actually made.[84] As one commentator observes, though the clause's wording appears unambiguous, focusing too narrowly on "convenient to them" without context "may lead to error".[85] The decision thus arguably encourages parties to draft repatriation and repossession clauses with precision.

Finally, the case underscores that interpretation doctrines are applied rigorously even in commercial shipping contexts. The judges made clear that receiving a "bad bargain" due to poorly chosen words is not a ground for relief.[86] This reflects *Arnold v Britton* and *Wood v Capita*'s insistence that courts will not "rewrite" a contract under the guise of construction.[87] It also highlights that standard form clauses will be read against their commercial purpose: here, to get

owners back into possession swiftly after default, rather than to give owners a windfall location choice.[88]

[1] Hill Dickinson, ‘Court of Appeal Considers Scope of Owners’ Rights to Repossess Vessel Following Early Termination of Bareboat Charter’ (Hill Dickinson, 9 October 2025) < https://www.hilldickinson.com/insights/articles/court-appeal-considers-scope-owners-rights-repossess-vessel-following-early > accessed 10 October 2025.

[2]Hill Dickinson, ‘Court of Appeal Considers Scope of Owners’ Rights to Repossess Vessel Following Early Termination of Bareboat Charter’ (Hill Dickinson, 9 October 2025) < https://www.hilldickinson.com/insights/articles/court-appeal-considers-scope-owners-rights-repossess-vessel-following-early > accessed 10 October 2025.

[3] ‘Songa Product and Chemical Tankers III AS v Kairos Shipping II LLC [2025] EWCA Civ 1227 – Court of Appeal (Lady Justice King, Lord Justice Phillips and Lord Justice Nugee) – 7 October 2025 –
Lloyd’s Maritime Law Newsletter’ (Lloyd’s Maritime Law Newsletter) <
https://www.lmln.com/charterparty/songa-product-and-chemical-tankers-iii-as-v-kairos-shipping-ii-llc-2025-ewca-civ-1227–court-of-appeal-lady-justice-king-lord-justice-phillips-and-lord-justice-nugee–7-october-2025-160310.htm ; accessed 10 October 2025.

[4] ‘Kairos Shipping II LLC (Appellant) v Songa Product and Chemical Tankers III as (Respondent)’ (*Courts and Tribunals Judiciary*) < https://www.judiciary.uk/live-hearings/kairos-shipping-ii-llc-appellant-v-songa-product-and-chemical-tankers-iii-as-respondent/ > accessed 3 November 2025

[5] Hill Dickinson, ‘Court of Appeal Considers Scope of Owners’ Rights to Repossess Vessel Following Early Termination of Bareboat Charter’ (Hill Dickinson, 9 October 2025) <

https://www.hilldickinson.com/insights/articles/court-appeal-considers-scope-owners-rights-repossess-vessel-following-early > accessed 10 October 2025.

[6] L Nail and A Khodabandehloo, 'Contract Interpretation: The "Ordinary Natural Meaning" Is Perhaps Wider Than You Think (Songa Tankers v Kairos Shipping)' (Burges Salmon, 9 October 2025) < https://www.burges-salmon.com/articles/102lpa3/contract-interpretation-the-ordinary-natural-meaning-is-perhaps-wider-than-you/ > accessed 9 October 2025.

[7] *Ibid*.

[8] Factual chronology: 17 December 2013 (novations); 23 December 2016 (delivery); 16 October 2020 (BDOO insolvency plan); 14 May 2021 (termination, repossession available at Stockton); August–September 2021 (voyage to Trogir, Gibraltar arrest); January 2022 (owners repossess at Gibraltar); January 2022 (arbitration commenced); March 2024 (partial award); 13 December 2024 (High Court judgment); 7 October 2025 (Court of Appeal judgment).

[9] 'Kairos Shipping II LLC (Appellant) v Songa Product and Chemical Tankers III as (Respondent)' (*Courts and Tribunals Judiciary*) < https://www.judiciary.uk/live-hearings/kairos-shipping-ii-llc-appellant-v-songa-product-and-chemical-tankers-iii-as-respondent/ > accessed 3 November 2025

[10] Hill Dickinson, 'Court of Appeal Considers Scope of Owners' Rights to Repossess Vessel Following Early Termination of Bareboat Charter' (Hill Dickinson, 9 October 2025) < https://www.hilldickinson.com/insights/articles/court-appeal-considers-scope-owners-rights-repossess-vessel-following-early > accessed 10 October 2025.

[11] Baltic and International Maritime Council, BARECON 2001 (BIMCO 2001) cl 29.

[12] Factual chronology: 17 December 2013 (novations); 23 December 2016 (delivery); 16 October 2020 (BDOO insolvency plan); 14 May 2021 (termination, repossession available at Stockton); August–September 2021 (voyage to Trogir, Gibraltar arrest); January 2022 (owners repossess at Gibraltar); January 2022 (arbitration commenced); March 2024 (partial award); 13 December 2024 (High

Court judgment); 7 October 2025 (Court of Appeal judgment).

[13] Factual chronology: 17 December 2013 (novations); 23 December 2016 (delivery); 16 October 2020 (BDOO insolvency plan); 14 May 2021 (termination, repossession available at Stockton); August–September 2021 (voyage to Trogir, Gibraltar arrest); January 2022 (owners repossess at Gibraltar); January 2022 (arbitration commenced); March 2024 (partial award); 13 December 2024 (High Court judgment); 7 October 2025 (Court of Appeal judgment).

[14] Clause 28(d) refers to termination on insolvency. Clause 29 (quoted) sets out repossession rights upon any Clause 28 termination.

[15] Factual chronology: 17 December 2013 (novations); 23 December 2016 (delivery); 16 October 2020 (BDOO insolvency plan); 14 May 2021 (termination, repossession available at Stockton); August–September 2021 (voyage to Trogir, Gibraltar arrest); January 2022 (owners repossess at Gibraltar); January 2022 (arbitration commenced); March 2024 (partial award); 13 December 2024 (High Court judgment); 7 October 2025 (Court of Appeal judgment).

[16] Arbitral tribunal reasoning in Songa Product and Chemical Tankers III AS v Kairos Shipping II LLC (Partial Final Award, LMAA, March 2024) paras 124–129 (owners have right to choose "convenient" location; convenience assessed objectively). See also ibid paras 128–129 (ordinary meaning of "convenient" and owners' priority; critique of charterers' proposed construction).

[17] Factual chronology: 17 December 2013 (novations); 23 December 2016 (delivery); 16 October 2020 (BDOO insolvency plan); 14 May 2021 (termination, repossession available at Stockton); August–September 2021 (voyage to Trogir, Gibraltar arrest); January 2022 (owners repossess at Gibraltar); January 2022 (arbitration commenced); March 2024 (partial award); 13 December 2024 (High Court judgment); 7 October 2025 (Court of Appeal judgment).

[18] Arbitration Act 1996, s 69.

[19] Kairos Shipping II LLC v Songa Product and Chemical Tankers III AS [2024] EWHC 3452 (Comm).

[20] Factual chronology (18)

[21] Songa Product and Chemical Tankers III AS v Kairos Shipping II LLC [2025]

EWCA Civ 1227 [45]–[52] (Phillips LJ).

[22] Baltic and International Maritime Council, BARECON 2001 (BIMCO 2001) cl 29.

[23] Clause 28(d) refers to termination on insolvency. Clause 29 (quoted) sets out repossession rights upon any Clause 28 termination.

[24] Under cl 29, owners' rights include selecting a convenient location for repossession, but their timing obligation limits that right. The charterers' obligations are limited: they become unpaid bailees caring for the vessel until repossession, owed only minimal duties by law. The court refused to imply any unstated duty on charterers to sail beyond what was necessary to allow repossession.

[25] Arbitral tribunal reasoning in Songa Product and Chemical Tankers III AS v Kairos Shipping II LLC (Partial Final Award, LMAA, March 2024) paras 124–129 (owners have right to choose "convenient" location; convenience assessed objectively). See also ibid paras 128–129 (ordinary meaning of "convenient" and owners' priority; critique of charterers' proposed construction).

[26] Arbitral tribunal reasoning in Songa Product and Chemical Tankers III AS v Kairos Shipping II LLC (Partial Final Award, LMAA, March 2024) paras 124–129 (owners have right to choose "convenient" location; convenience assessed objectively). See also ibid paras 128–129 (ordinary meaning of "convenient" and owners' priority; critique of charterers' proposed construction).

[27] Ibid.

[28] Kairos Shipping II LLC v Songa Product and Chemical Tankers III AS [2024] EWHC 3452 (Comm).

[29] Songa (EWHC) (n 2) [28]–[31] (charterers board at "current port" unless impracticable; owners cannot force longer route at charterers' cost). See also ibid [29]–[30] (Stockton practicable; insisting on Trogir was for owners' convenience, not clause intention).

[30] China Pacific SA v Food Corporation of India (The Winson) [1982] AC 939, 958 (Lord Simon of Glaisdale).

[31] Capital Finance Co Ltd v Bray [1964] 1 WLR 323, 329 (Lord Denning MR).

[32] Kairos Shipping II LLC v Songa Product and Chemical Tankers III AS [2024] EWHC 3452 (Comm).

[33] Songa (EWHC) (n 2) [27] (quoting Investors Compensation Scheme Ltd v West Bromwich Building Society [1998] 1 WLR 896, 912–13 (Lord Hoffmann)).

[34] Songa (EWHC) (n 2) [28]–[31] (charterers board at "current port" unless impracticable; owners cannot force longer route at charterers' cost). See also ibid [29]–[30] (Stockton practicable; insisting on Trogir was for owners' convenience, not clause intention).

[35] Kairos Shipping II LLC v Songa Product and Chemical Tankers III AS [2024] EWHC 3452 (Comm).

[36] Songa (EWHC) (n 2) [28]–[31] (charterers board at "current port" unless impracticable; owners cannot force longer route at charterers' cost). See also ibid [29]–[30] (Stockton practicable; insisting on Trogir was for owners' convenience, not clause intention). (Reference 22)

[37] Kairos Shipping II LLC v Songa Product and Chemical Tankers III AS [2024] EWHC 3452 (Comm). (Reference 23)

[38] Songa (EWHC) (n 2) [28]–[31] (charterers board at "current port" unless impracticable; owners cannot force longer route at charterers' cost). See also ibid [29]–[30] (Stockton practicable; insisting on Trogir was for owners' convenience, not clause intention). (Reference 22)

[39] Arnold v Britton [2015] UKSC 36, [2015] AC 1619 [15], [18]–[20] (Lord Neuberger PSC); Wood v Capita Insurance Services Ltd [2017] UKSC 24, [2017] AC 1173 [10]–[13] (Lord Hodge JSC).

[40] Kairos Shipping II LLC v Songa Product and Chemical Tankers III AS [2024] EWHC 3452 (Comm).

[41] Songa (EWHC) (n 2) [27] (quoting Investors Compensation Scheme Ltd v West Bromwich Building Society [1998] 1 WLR 896, 912–13 (Lord Hoffmann)).

[42] Songa (EWHC) (n 2) [22]–[30]; Songa (EWCA) (n 1) [25] (note: [850]–[909]

appears to be a typographical error, as the judgment extends only to [52]; no such paragraphs exist).

[43] Capital Finance Co Ltd v Bray [1964] 1 WLR 323, 329 (Lord Denning MR).

[44] Rainy Sky SA v Kookmin Bank [2011] UKSC 50, [2011] 1 WLR 2900 [23] (Lord Clarke JSC).

[45] On contractual construction, see Nail and Khodabandehloo (n 5) (applying Arnold v Britton principles of context and purpose). The Court of Appeal reiterated that Arnold v Britton allows no relief from bad bargains and Wood v Capita emphasises drafting quality. The judge echoed Lord Hodge: owners' proposed reading "divorces" cl 29 from its commercial context. Both courts adhered to the rule that "ordinary meaning" yields to context where necessary.

[46] Kairos Shipping II LLC v Songa Product and Chemical Tankers III AS [2024] EWHC 3452 (Comm).

[47] Songa Product and Chemical Tankers III AS v Kairos Shipping II LLC [2025] EWCA Civ 1227 [45]–[52] (Phillips LJ).

[48] Songa (EWCA) (n 1) [45]–[51] (CA confirms Stockton as repossession point unless impracticable; "convenient" is a fallback; no broad duty to sail far).

[49] Songa Product and Chemical Tankers III AS v Kairos Shipping II LLC [2025] EWCA Civ 1227 [45]–[52] (Phillips LJ). (Reference 35)

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[53] Under cl 29, owners' rights include selecting a convenient location for repossession, but their timing obligation limits that right. The charterers'

obligations are limited: they become unpaid bailees caring for the vessel until repossession, owed only minimal duties by law. The court refused to imply any unstated duty on charterers to sail beyond what was necessary to allow repossession.

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[59]Songa Product and Chemical Tankers III AS v Kairos Shipping II LLC [2025] EWCA Civ 1227 [45]–[52] (Phillips LJ).

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[62] On contractual construction, see Nail and Khodabandehloo (n 5) (applying Arnold v Britton principles of context and purpose). The Court of Appeal reiterated that Arnold v Britton allows no relief from bad bargains and Wood v Capita emphasises drafting quality. The judge echoed Lord Hodge: owners' proposed reading "divorces" cl 29 from its commercial context. Both courts adhered to the rule that "ordinary meaning" yields to context where necessary.

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[71] L Nail and A Khodabandehloo, 'Contract Interpretation: The "Ordinary Natural Meaning" Is Perhaps Wider Than You Think (Songa Tankers v Kairos Shipping)' (Burges Salmon, 9 October 2025) <

https://www.burges-salmon.com/articles/102lpa3/contract-interpretation-the-ordinary-natural-meaning-is-perhaps-wider-than-you/ > accessed 9 October 2025.

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[74] Rainy Sky SA v Kookmin Bank [2011] UKSC 50, [2011] 1 WLR 2900 [23] (Lord Clarke JSC).

[75] Arnold v Britton [2015] UKSC 36, [2015] AC 1619 [15], [18]–[20] (Lord Neuberger PSC); Wood v Capita Insurance Services Ltd [2017] UKSC 24, [2017] AC 1173 [10]–[13] (Lord Hodge JSC).

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[80] Baltic and International Maritime Council, BARECON 2001 (BIMCO 2001) cl

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[81] Hill Dickinson, ‘Court of Appeal Considers Scope of Owners’ Rights to Repossess Vessel Following Early Termination of Bareboat Charter’ (Hill Dickinson, 9 October 2025) < https://www.hilldickinson.com/insights/articles/court-appeal-considers-scope-owners-rights-repossess-vessel-following-early > accessed 10 October 2025.

[82] Capital Finance Co Ltd v Bray [1964] 1 WLR 323, 329 (Lord Denning MR).

[83] cf OCM Maritime Nile LLC v Courage Shipping Co [2022] EWCA Civ 1091, [2022] 2 Lloyd’s Rep 93 (allowing owners repossession on default, emphasising contractual rights); The Jotunheim [2004] EWHC 671 (Comm), [2005] QB 234 (similar repossession context); Swiss law cases applying Arnold v Britton on literal meaning and bad bargains.

[84] Hill Dickinson, ‘Court of Appeal Considers Scope of Owners’ Rights to Repossess Vessel Following Early Termination of Bareboat Charter’ (Hill Dickinson, 9 October 2025) < https://www.hilldickinson.com/insights/articles/court-appeal-considers-scope-owners-rights-repossess-vessel-following-early > accessed 10 October 2025.

[85] L Nail and A Khodabandehloo, ‘Contract Interpretation: The “Ordinary Natural Meaning” Is Perhaps Wider Than You Think (Songa Tankers v Kairos Shipping)’ (Burges Salmon, 9 October 2025) < https://www.burges-salmon.com/articles/102lpa3/contract-interpretation-the-ordinary-natural-meaning-is-perhaps-wider-than-you/ > accessed 9 October 2025.

[86] Arnold v Britton [2015] UKSC 36, [2015] AC 1619 [15], [18]–[20] (Lord Neuberger PSC); Wood v Capita Insurance Services Ltd [2017] UKSC 24, [2017] AC 1173 [10]–[13] (Lord Hodge JSC).

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