The Owners of the M.V. Lupex v. Nigerian Overseas Chartering & Shipping Ltd (2003)

Case summary prepared by SabiLaw

Court	Supreme Court of Nigeria
Suit No.	SC.21/2000
Report	(2003) 15 NWLR (Pt 844) 469
Area	Arbitration: foreign arbitration clause and stay of proceedings

Facts

The parties signed a charterparty dated 11 April 1991. It provided for disputes to be arbitrated in London under English law.

The charterer sued the shipowner in the Federal High Court, Lagos, for about US$853,585 (unpaid hire, loss of hire and agency fees) and obtained an ex parte order arresting the vessel at Warri on 13 October 1992.

The shipowner applied to set aside the arrest and to stay the suit because of the London arbitration agreement. The trial court refused a stay and ordered the vessel's release only on a bank guarantee of US$735,000. The Court of Appeal upheld that decision.

Issue

Whether the Nigerian courts should have stayed the suit in favour of the agreed London arbitration.

Held

- The appeal was allowed and the decisions of the Federal High Court and the Court of Appeal were set aside.
- The lower courts failed to give proper effect to the parties' arbitration agreement. A party who has agreed to arbitrate should be held to that bargain, and the proceedings were stayed in favour of arbitration in London.

Lesson for drafters

Courts will hold parties to a clear arbitration agreement, including one with a foreign seat. Draft the clause clearly and, if interim relief such as arrest of a vessel may be needed, say expressly that a party may seek it from a court.

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