# The Salvage Convention 1989

## Authority to conclude the salvage contract (art.6(2))

## England

*Tsavliris Salvage (International) Limited* v. *Grain Board of Iraq*, Queen’s Bench Division (Commercial Court) 1st April 2008 [2008] EWHC 612 (Comm)

On 28th August, 2006, in the course of a voyage from Rostock to Umm Qasr, in Iraq, the m/v Altair grounded, close to her destination but in Kuwaiti waters. Thereafter, various unsuccessful efforts were made to re-float the vessel, involving the use of her engines and local tugs. The vessel was successfully re-floated by Tsavliris on the 7th September, 2006. On the 9th September, the vessel berthed at Umm Qasr and a certificate of redelivery was signed (bringing the salvage services to an end).

The claim of the salvors against owners was settled at an early stage, but that against the cargo interests was not and the salvors were advised that the cargo, owned by the Grain Board of Iraq, could not be arrested in Iran. They therefore commenced arbitration proceedings in London pursuant to the arbitration clause contained in the Lloyd’s Standard Form of Salvage Agreement, 2000 edition that had been signed by a representative of Tsavliris and, purportedly on behalf of the “property” to be salved, by an employee of the managers of the vessel, acting on behalf of owners.

In the arbitration proceedings it was argued on behalf of the Grain Board that the arbitrator had no jurisdiction over the dispute because the Grain Board enjoyed immunity as a State entity and because the power to sign a salvage agreement on behalf of the cargo was granted under Article 6(2) of the Salvage Convention only to the master and the owner of the salved vessel. The arbitration award that rejected both exceptions was appealed by the Grain Board.

          Held, by the Queen’s Bench Division (Commercial Court) that:

     *[1]    Article 6.2 of the Salvage Convention 1989 applies also when the salvage contract is concluded by an employee of the agents of the owners and, therefore the signature by him of the LOF 2000 entails the jurisdiction of the arbitrator appointed pursuant to the arbitration clause thereof in respect of the salvage reward due by the owners of the cargo laden on board the salved ship.*

## Limitation of actions (art. 23)

## *Italy*

Tribunal of Cagliari 17 December 2008, *Moby S.p.A. v. D’Amico Società di Navigazione S.p.A. and Others – The “Zhora”*( not yet reported)

          In December 2000 Rimorchiatori Sardi S.p.A., subsequently incorporated in Moby S.p.A. rendered salvage services with its tug “*Silvia Onorato*” to the m/v “*Zhora*”, owned by Sius di Navigazione S.p.A., subsequently incorporated in D’Amico Società di Navigazione S.p.A. (D’Amico) and its cargo and on 28th November 2003 brought proceedings in the Tribunal of Cagliari against D’Amico and the owners and insurers of the cargo laden on board the *Zhora*claiming payment of a salvage remuneration for the services rendered, The Defendants raised inter alia the exception of time bar under article  23 of the Salvage Convention 1989, proceedings having been brought more than two years after the date when he services had been completed.

          Held, by the Tribunal of Cagliari, that:

          *[1]    The legal  nature of the time limit by which pursuant to the Salvage Convention 1989 any action relating to payment under the Convention must be brought is that of a “decadenza” (“déchéance”) rather than that of a prescription.*
*[2]    The provision of the Italian Civil Code (article 2966) pursuant to which the “decadenza” is prevented by the acknowledgment of the debt cannot not apply because under the Convention the only manner by which, in addition  to the institution of judicial proceedings, the time bar may be prevented is, pursuant to article 23 (2), the extension of the limitation period by the person against whom the claim is made.*

**Reward (Art. 13)**

***England***

*The Owners of the vessel “Ocean Crown” and Others*v.*Five Oceans Salvage Consultants –The “Ocean Crown”*, Queen’s Bench Division (Admiralty Court) [2009] EWHC 3040 (Admlty)

The m.v. *“Ocean Crown”*, a modern, handy sized, geared bulk carrier, of 52,347 DWT, laden with 49,850.6 tonnes of copper concentrates in bulk, when, in August 2007, in the course of a voyage from Chile to Indian ports, ran aground on an uncharted rock in the Canal Darwin, in about a position 45º 24.57’ S, 074º 03.717’W.

By an agreement dated 7th August, 2007, on the LOF standard form of salvage agreement made between the Contractors and the owners of the ship, her cargo, bunkers and stores it was agreed that the Contractors would exercise their best endeavours to salve the vessel and her cargo and that the Contractors’ remuneration for doing so would be determined by arbitration in London.

The services were lengthy and successful. They lasted for some 66 days to the redelivery of the ship on the 11th October, 2007 and about 107 days until completion of redelivery of the transhipped cargo (an operation arranged by the Contractors under the LOF) on the 24th November, 2007. The salved fund was of a very high value. The value of the ship (at the termination of the LOF services and so after the casualty) and her stores was US$66,096,259.79, that of her bunkers was US$243,291 and that of her cargo US$99,846,280.00, making a total salved fund of US$166,185,830.79.

The arbitrator awarded the Contractors salvage remuneration in the amount of US$34,500,000 plus interest and costs; the appeal arbitrator increased that award to the sum of US$40,750,000, plus interest and costs.

The owners of the salved property were granted leave to appeal on three questions of law arising out of the appeal award:

          i)        Whether, when assessing salvage remuneration payable pursuant to a Lloyds Open Form salvage agreement in the standard form, it is correct to take into account, as an enhancing feature, the possibility that the salvor and/or the salvage industry may experience difficult economic conditions in the future;

          ii)       If, in principle, it is relevant to take such matters into account, whether it is permissible to take into account the actual economic conditions experienced between the date of termination of the services and the date of the award;

          iii)      Whether the principle in The Amerique (1874) LR 6 PC 468 is applicable to all types of salvage cases, including complex and comprehensive cases, or whether, as the appeal arbitrator found, a different principle applies in such cases.

          Held, by the Admiralty Court, that:

          *[1]    The value of the salved fund is in any case a significant element in the assessment of a salvage award. Additionally and in accordance with the principle of encouragement already discussed, where the value of the salved property is very high and it is at risk of damage or loss in the absence of assistance, then it is right to give some real effect to the very high value of the salved property beyond simply recognising it as furnishing a sufficient fund out of which* to reward salvors.

          *[2]    However, the high value of the fund must not be allowed to raise the quantum of a salvage award to an amount altogether out of proportion to the services actually rendered; this is the moderating principle, for which*The Amerique *stands as authority. Moreover, as observed in the authorities, where the value of the property is high, an award of*a small proportion may well provide adequate compensation.

          [*3]    The moderating principle in*The Amerique*(itself a case of derelict) is equally applicable to all cases, whether straightforward, or involving high dangers, or complex services.*

         *[4]    The application of this moderating principle is necessarily fact sensitive; whether an award will be “altogether out of proportion” to the services actually rendered must involve a consideration (inter alia) of the applicable dangers and the nature of the salvage services. So, an award which is “altogether out of proportion” in a case of low dangers, involving short and simple salvage services may well not be disproportionate in a case where the risks to the salved property are serious and complex salvage services have been provided.   The key point is that the value of the salved property by itself must not be allowed to result in an award “altogether out of proportion” to the services actually rendered.*

*[5] Although there is necessarily a “future” element in the principle of encouragement” now expressly mentioned in art. 13(1) of the Salvage Convention 1989, the risk of future economic downturns and the actual economic conditions experienced by the salvor after termination of the salvage services are not factors enhancing the award.*

*The “Voutakos”* [2008] EWHC 1581 (Comm), Queen’s Bench Division (Admiralty Court), [2008] 2 Lloyd’s Rep. 516

          On 19 October 2006 the motor bulk carrier *Voutakos*(“the vessel”) suffered a main engine breakdown in the South Western approaches to the English Channel. She was in position Latitude 48° 17’ North, Longitude 07° 58’ West.  She was in the course of a voyage from Puerto Prodoco, Columbia to Rotterdam with about 174,496 tons of coal.
          Very quickly a salvage agreement was entered into between the owners and the salvors on the terms of a Lloyd’s Standard Form of Salvage Agreement 2000 (“the LOF”) and steps were taken by the respondents to identify a suitable tug to take the vessel in tow.
          In due course the salvors chartered in the ocean going tug *Fairmount Glacier*from Fairmount Marine.  The tug proceeded to the vessel’s position and established a towage connection during the morning of 30 October. The tug then commenced towing the vessel to Rotterdam in good weather conditions.
          On 31 October the wind increased in force causing the vessel to shear. On 1 November with the wind having increased to force 6 – 7 and the flotilla approaching the Dover straits, the salvors decided to hire in another tug to act as a steering vessel for the casualty.
          Accordingly the *Alphonse Letzer*was hired from URS. She made fast to the vessel at 1510 on 1 November and the tow continued.
          On 2 November the flotilla was close to the entrance channel to Europort where she was due to pick up a pilot. However difficulties in controlling the tow led to the pilot slot being missed.
          The wind reduced in force and at 08.20 on 3 November the flotilla picked up a pilot and the vessel was duly berthed in Rotterdam at 19.00.
          The tow had covered some 560 miles.
          By Final Interim Award dated 7 January 2008 made by Mr. John Reeder Q.C. in his capacity as the Lloyd’s Salvage Appeal Arbitrator substantially increased the salvage remuneration payable for salvage services rendered to *Voutakis*and her cargo in late October 2006 from US$1,750,000 to US$2,700,000.
          An appeal against such award was brought by the owners of the *Voutakis*.

          Held, by the Queen’s Bench Division (Admiralty Court), that:

*[1]    The “disparity principle” pursuant to which in salvage cases where there is only immobilisation, there exists no great urgency and only straightforward towage is required to effect a cure, it is important that the sum awarded should not be wholly out of line with commercial towage rates. However the question whether any influence should be restricted to straightforward towages cases expressed in such a limited sense is unworkable given the gradations of danger in cases of immobilisation, taken with the problem of identifying the proper status of the salvors to be adopted for the purpose of the claim and the uncertainties as to the terms on which such services might have been performed by others.*

*[2]      Although a general increase of commercial towage rates is required properly to comply with the requirements of the 1989 Salvage Convention and the policy issues underlying it, given the current conditions in the shipping and salvage industry as a whole short commercial rates are admissible and relevant but their significance will depend on the facts of each case. In the simplest of towage cases they may be particularly influential and provide, subject to values, a floor to any award that could begin to be regarded as encouraging.*

The *"Star Maria"* [2002] EWHC 1423 (Admlty), Queen's Bench Division (Admiralty Court), [2003] 1 Lloyd's Rep. 182 and 2004 Dir. Mar. 455

         Shortly after midnight on 2 January 2001 the *Star Maria*, a steel single screw motor general cargo vessel of 2386 dwt, at the material time she was laden with a cargo of 1300 tonnes of steel products in the course of a voyage from Grimsby to Gemlik in Turkey, was involved in a collision with the *Unden* about six miles southeast of Dover. As a result of damage caused by the collision water entered the steering gear room and the vessel was effectively immobilised. The casualty requested tug assistance and her starboard anchor was dropped.
          *Far Turbot*, an anchor handling tug with a bollard pull of 100 tonnes, was instructed by the Coastguard to proceed to the casualty. She was underway by 0058. At 0113 *Doughty*, a steel twin screw tug with a bollard pull of 55 tonnes owned by the Board, also set out from Dover to the casualty.
          The weather conditions were bad. The wind was south south westerly force 7-8 with rough seas and a swell of about 4 metres. High water at Dover was predicted for 0309. At about 0121 contact was established between *Doughty* and the casualty by vhf. *Doughty* offered her assistance on the terms of Lloyd's Standard Form of Salvage Agreement ("LOF") and that offer was accepted.
          By about 0200 *Doughty* was in the vicinity of the casualty and attempted to make fast. However, although a messenger line was put on board the casualty it parted and the tow wire fouled the tug's propeller. *Doughty* was as a result unable to provide any assistance and returned to Dover.
          By about 0300, when *Doughty* was attempting to make fast, *Far Turbot*arrived. When it was apparent that *Doughty* was unable to assist *Far Turbot* offered her services under LOF which offer was accepted. *Far Turbot* made fast a tow line and the casualty recovered her starboard anchor. By 0357 towage commenced to Dover.
          At about 0441 *Far Turbot* and the casualty approached the eastern entrance to Dover Harbour. The master of *Far Turbot* requested the assistance of *Dauntless*, a sister tug to *Doughty*, to assist in the task of bringing the casualty into the harbour. In response *Dauntless* left Dover harbour and came up with the casualty at about 0505. By about 0520 *Dauntless* made fast to the stern of the casualty with a tow rope (not a heavy wire because all that was envisaged was steerage assistance). By this time the casualty was about eight cables due east of the eastern entrance. The wind was force 8-9, there was a four metres swell and, it being over 1 hour after high water, the tidal current off the eastern entrance was running in a north easterly direction.
          At 0529 the *Far Turbot*'s tow line parted. At this time the casualty was about 4 cables east of the eastern entrance. Captain Billowes, the master of *Dauntless*, attempted to pull the casualty's stern into the wind but the task was extremely difficult and he did not succeed in doing so. He did not wish to put his own tug beam onto the seas and he had to be careful that his towage connection did not part as a result of snatching. By about 0534 the casualty had dropped her starboard anchor and *Far Turbot* instructed Captain Billowes to assist the casualty in heading into the wind and hold the casualty whilst *Far Turbot* established another towage connection.
          Under the influence of the wind and tide, notwithstanding that she had her starboard anchor out and *Doughty* was made fast, the casualty drifted in a north north easterly direction. By 0545 the casualty had drifted to a position about two cables off shore. She was just outside the five metre sounding contour, inside which Captain Billowes knew there to be rocky outcrops. It was clear to Captain Billowes that the casualty's starboard anchor was not holding her and that he now had to pull the stern of the casualty out of the shallow water. He succeeded in pulling the casualty to a position about one cable to the south and to seaward of the 10 metre sounding contour. The casualty was advised by *Far Turbot* to drop her port anchor also which she did.
          Holding the casualty in that position was a difficult task for Captain Billowes on *Dauntless*. There were heavy seas and he had to be careful not to allow the towline to part as a result of snatching. This required extremely careful use of his engine power. But he was successful in doing so and the Court had no doubt that he displayed extremely high standards of seamanship.
          By 0605 *Far Turbot* re-established her towage connection and the towage into Dover harbour re-commenced. By 0645 the casualty was inside the harbour and brought alongside a berth. *Dauntless* was released. Later that day, at about 1242 *Far Turbot* left Dover and resumed her coastguard patrol duties.

Held, by the Admiralty Court, that:

*[1] Having taken into account the criteria listed in Article 13 of the Salvage Convention 1989, that has the force of law in England, and having sought to fix an award with a view to encouraging salvage operations, a fair salvage award to the owner of the Dauntless against the whole salved fund would have been £20,000 plus the costs of repairing damage sustained in providing the service, £1,360.20, making a total award of £21,360.20. Since the claim was against the owners of Star Maria only and ship's proportion of the fund is 12.29%, the salvage remuneration payable by the owners of Star Maria is therefore £2,626.40 plus interest on that sum at the rate of base rate plus 1 per cent from Jan. 3, 2001.*

## Italy

Tribunal of Rome 23 January 2003, *SE.MAR.PO.* v. *Finagen - m/y "Gold"*2004 Dir. Mar. 252

In June 1996 the m/y *Gold*, with about 10,000 litres of gasoil on board as bunker caught fire at Fiumicino. Two tugs of SE.MAR.PO. S.r.l. towed the yacht to Fiumicino where the yacht sank, thus becoming a constructive total loss. The salvors brought an action against the owners of the yacht in the Tribunal of Rome, claiming special compensation under article 14 of the Salvage Convention, 1989.

Held, by the Tribunal of Rome, that:

*[1] No salvage reward is due when the salvage services have not had a useful result.*

## South Africa

*Transnet Limited*v. *m.v. Mbashi, The Cargo Laden on board the m.v. “Mbashi” and* *Safbank Line Limited.*

          On 1 August 1997 at about 17.20 hours the m.v. *Mbashi*, a 20.000 ton container vessel, sailed out of Durban harbour towards Port Elisabeth. When it reached a point some 3.5 miles from the southern breakwater of the harbour a fire broke out in the engine room and could be doused by pumping carbon dioxide into the engine room. As a result of the fire the vessel lost all power: the helm could not function properly, there was no lights save for emergency lights operated by a battery and the vessel’s radio did not function, so that radio communications could only take place with a VHF short-range portable radio. The master radioed the Durban port authorities informing them of the situation and requesting that two tug boats be sent out to assist the vessel. The port authority gave instructions for two tug boats to proceed to the vessel and render assistance to it. In addition instructions were given to a pilot to proceed on a pilot boat to the vessel. The tugs *Bart Grové* and *Dupel Erasmus* reached the vessel and the former was made fast at 19.20 hours, about 1 hour 20 minutes after assistance had been requested.

          The pilot had already boarded the vessel using a rope ladder and directed the salvage operations. The following morning the ship was towed into Durban harbour. The salvage operations lasted for approximately 17,15 hours. The pilot was engaged for about 17 hours and so was the *Bart Grové*, whilst the *Dupel Erasmus* was released after 5.30 hours.

          The salvors brought proceedings against the m.v. *Mbashi*, the owners of the cargo laden on board the vessel and the charterers before the High Court of South Africa, Durban and Coast Local Division claiming a salvage reward pursuant to art. 13 of the 1989 Salvage Convention. The defendants argued that the element of voluntariness was lacking since the claimants were under a statutory duty to perform the particular service that had been rendered.

          Held, by the High Court of South Africa, Durban and Coast Local Division, that:

*(1) The vessel was in an extremely dangerous situation and a reward of 2.30 per cent of the value of the salved properties (R 128,498,396) must be fixed pursuant to Art. 13 of the Salvage Convention 1989 for the salvage services rendered by the two tugs and the pilot.*

## Salvage contracts (Art. 6)

## *England*

The *"Star Maria"* [2002] EWHC 1423 (Admlty), Queen's Bench Division (Admiralty Court), [2003] 1 Lloyd's Rep. 182 and 2004 Dir. Mar. 453

(See the summary of facts in the section "Reward")

Held, by the Admiralty Court, that:

*[1] To constitute a salvage service by a tug under contract to tow, two elements are necessary: (1) that the tow is in danger by reason of circumstances which could not reasonably have been contemplated by the parties; and (2) that risks are incurred or duties performed by the tug which could not reasonably be held to be within the scope of the contract. That pursuant to those principles the services of "Dauntless" became services in the nature of salvage when, at about 0529, the towage connection with "Far Turbot" parted. The casualty was then in danger of grounding which could not reasonably have been foreseen when "Dauntless" was instructed to assist "Far Turbot" and the "Dauntless" incurred risks and performed duties which could not reasonably be held to be within the scope of her contractual duty to act as a steering tug. The services remained in the nature of salvage until 0605 when the towage connection with "Far Turbot" was re-established and all that "Dauntless" then had to do was assist in steering the casualty into Dover harbour.*

## Salvage of property (Art. 1(c))

## *Canada*

*Early Recovered Resources, Inc.*v. *Gulf Log Salvage Co-operative Association, Her Majesty in Right of the Province of British Columbia and Jim Doyle, Minister of Forests*(Federal Court of Canada, Trial Division 15 February 2002)\*

Early Recovered Resources, Inc. sued the provincial Crown claiming salvage of certain logs they stated to have taken from the tideway in the navigation channel of the Fraser River. The Crown resisted the claim on the basis that the Log Salvage Regulation for the Vancouver Log Salvage Regulation District adopted under the provincial Forest Act exclude the claim because that Act and those regulations enact a comprehensive scheme with respect to the salvage of logs in the Fraser River amongst other places. The defendants moved for summary judgment denying the jurisdiction of the Court on the ground that the claim was not within the scope of Canadian maritime law.

          Held, by the Federal Court of Canada, Trial Division, that:

          *(1) The Salvage Convention, 1989, incorporated into Canadian domestic law, applies to the salvage of logs, in view of the broad notion of “property” adopted in its Article 1(c).*

\* A copy of this judgment has been kindly supplied by Michael Marks Cohen, Esq., Burlingham Underwood LLP, One Battery Plaza, New York, NY 10004-1484.

**Salvage operations controlled by public Authorities (Art. 5)**

## South Africa

*Transnet Limited v. m.v. Mbashi, The Cargo Laden on board the m.v. “Mbashi” and Safbank Line Limited.\**

(See the summary of facts in the section "Reward")

          Held, by the High Court of South Africa, Durban and Coast Local Division, that:

*(1) The requirement of voluntariness is not lacking in case salvage services are rendered by a company, fully owned by the State to which the State has transferred, as a going concern, its commercial enterprise that had inter alia the power to control and exploit harbours and other services, and was entitled as such to claim a reward for salvage services rendered to a vessel in distress.*

\* A copy of this judgment has been kindly supplied by Michael Marks Cohen, Esq., Burlingham Underwood LLP, One Battery Plaza, New York, NY 10004-1484.

## Scope of application (Art. 2)

## *Italy*

Tribunal of Rome 23 January 2003, *SE.MAR.PO.* v. *Finagen - m/y "Gold"* 2004 Dir. Mar. 252

(See the summary of facts in the section "Reward")

Held, by the Tribunal of Rome, that:

*[1] The Salvage Convention, 1989 is applicable in respect of salvage services rendered prior to the Convention becoming effective in Italy.*

## Services rendered under existing contracts (Art. 17)

## *England*

The *"Star Maria"* [2002] EWHC 1423 (Admlty), Queen's Bench Division (Admiralty Court), [2003] 1 Lloyd's Rep. 182 and 2004 Dir. Mar. 456

(See the summary of facts in the section "Reward")

Held, by the Admiralty Court, that:

*[1] Once "Doughty" left the casualty at about 0300 unable to render assistance by reason of her propeller being fouled and "Far Turbot" obtained her own LOF the LOF with the Board came to an end because both the Board and the master of the casualty must have regarded it as an end. There was no scope for any further service by "Doughty" and the master of the casualty did not look to the Board for any further service.*

## Special compensation (Art. 14)

## *Italy*

Tribunal of Rome 23 January 2003, *SE.MAR.PO.*v. *Finagen - m/y "Gold",* 2004 Dir. Mar. 252

(See the summary of facts in the section "Reward")

Held, by the Tribunal of Rome, that:

*[1] The conditions for the application of article 14 of the Salvage Convention materialize when a yacht carrying about 10,000 litres of fuel oil as bunker with fire on board is towed to a berth where the gasoil is unloaded, and no salvage reward may be claimed, because the yacht sank after the discharge of the fuel oil.
[2] The owner of the yacht is liable for the payment of the special compensation due under article 14 of the Salvage Convention.
[3] In case the services rendered by the salvors have prevented damage to the environment the special compensation due to them under article 14 of the Salvage Convention must be calculated taking into account the expenses incurred during the salvage operations, a fair compensation in respect of the materials and personnel employed calculated in consideration of the promptness of the services rendered, the availability and use of vessels, the state of readiness and efficiency of the salvors' equipment and the amount so calculated must be increased by 30%.
[4] The "fair rate" indicated in article 14(3) of the Salvage Convention does not correspond merely to the expenses incurred, but must be the subject of an equitable assessment by the judge.*

## United States

*International Towing & Salvage, Inc.*v. *The “Lindsey Jeanette”*(U.S.D.C. Middle District of Florida, Orlando Div., 1999 AMC 2465)

          On June 3, 1997, the *Lindsey Jeanette*, a 45’ commercial fishing vessel, capsized about 30 miles off Brevard County within the United States’ Exclusive Economic Zone following a collision with a freighter. International Towing responded to a Coast Guard Marine Assistance Request. Captains Ryan Moore and Konrad Birchfield set out in the *Neon Moon*, their rescue vessel. They arrived at the *Lindsey Jeanette* around 2:30 p.m.

          Upon arriving at the scene, Moore noticed that the hull had suffered extensive damage and was leaking fuel. He then dove under the vessel to assess her situation and the sources of oil leaking from her. He secured the drifting vessel, capped her remaining unruptured port fuel tank, and stabilized the capsized hull to capture the contents of her ruptured starboard fuel tank along with other pollution sources under the hull. By capping the unruptured fuel tank and stabilizing the inverted hull with airbags, Moore succeeded in trapping the pollutants under the hull so it became a rigid containment boom for towing.

          After completely stabilizing the vessel, Moore and Birchfield towed her in a capsized position with the inverted hull serving as a containment boom.

          The *Neon Moon* was met outside Port Canaveral by International Towing’s salvage tug, the *Tuff-E-Nuff*. Moore and *Tuff-E-Nuff*’s captain dove the capsized vessel, restabilized her, and prepared her for entering the port.

          The next day, International Towing succeeded in righting the vessel and removing her from the water intact. International Towing also contained and removed the contents of her ruptured fuel tank and other pollution sources.

          International Towing brought an action *in rem* against the vessel and an action *in personam*against the owner, the operator and the insurer in the United States District Court, Middle District of Florida (Orlando Division).

          The parties agreed that International Towing was due money for services rendered; however, the parties disputed that amount. International Towing claimed that it was entitled damages greater than the salved value of the vessel under Article 14 of the International Convention on Salvage. In Defendants’ Motion for Summary Judgment, they contended that Article 14 did not apply.

          Held, by the U.S.D.C., Middle District of Florida, that:

          *(1) There is a threat of damage to the environment, which is a condition for Article 14 of the Salvage Convention 1989 to apply, when there is a danger of discharge of oil from a vessel, capsized after a collision and, if the vessel had sunk, its fiberglass hull could cause toxic problems.*

*(2) The condition for the application of Article 14 of the Salvage Convention 1989 materializes when the value of the salved property is lower than the expenses incurred by the salvor.*