

Watford Electronics Ltd v Sanderson CFL Ltd [2001]

Evidence

The complainant was a family who maintained a family business. It was based on selling goods. It was made by the means of computer technologies and online ordering. However, the company requested a consolidated software system to affect sales upon moving to a larger dwelling. The complainant discussed their necessity and intention to buy new equipment with the respondent. They signed an agreement, according to which the complainant bought a software system from the respondent. However, it did not work properly immediately after installation.

There was a clause in their agreement that set up that the total sum for the equipment was fixed in the corresponding documents. In addition, it was stated that after signing the agreement, the parties were not supposed to rely on any claims or allegations against each other.

Despite this fact, the complainant applied to the Court and accused the respondent of the breakage of the software system. It was stated that the limitation clause did not make any sense. Based on this fact, it was claimed to be ungrounded. The respondent made an appeal to the Court.

Problematics

The main issue of this case was to clarify whether a clause in the agreement that regulated the controversies could be claimed to be taken out from the agreement based on the fact that it was entirely unreasonable.

Resolution

While investigating the case, it was stated that the trial judge had committed three mistakes when analyzing the case:

First, he did not identify the capability of the limitation condition in the agreement, since it did not presuppose the entire refusal from negotiating various clauses of the agreement.

Secondly, when analyzing the agreement, the trial judge did not distinguish the clause, according to which the respondent was chargeable for the complainant and had to take the necessary actions to eliminate possible losings of the complainant or to make them as low as possible. In fact, this was meant to serve an extra restriction to the limitation clause of the valid agreement.

Thirdly, the trial judge misinterpreted the claimants' terms of the agreement which were typical for such types of business contracts. He wrongly qualified them as insignificant and

not worth consideration in terms of making a financial agreement. Otherwise, the limitation clause would be included in the agreement.

Consequently, the Court accepted the appeal.

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