

LIMITATION OF LIABILITY CLAUSES IN CONTRACTS

Some points to note here include:

1. Losses arising from a breach of contract can be:
 - a. Direct (i.e. loss of: profits; revenue; or opportunity).
 - b. Consequential
2. An example of a consequential loss clause is:

“Without prejudice to the owner’s right to recover liquidated damages or damages at law for delay or underperformance under Clause [] or where otherwise stated in the contract, neither party is liable to the other under the contract, law of tort, including negligence, statute, in equity or otherwise for any kind of indirect or consequential loss or damage including, loss of use, loss of profit, loss of production or business interruption which is connected with any claim arising under the contract or the subject matter of the contract.”
3. Note that this clause does not negate recovery for direct losses.
4. It is very important for companies to regularly review their contracts.

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