



Torts (Interference with Goods) Act 1977

1977 CHAPTER 32

Damages

5 Extinction of title on satisfaction of claim for damages

- (1) Where damages for wrongful interference are, or would fall to be, assessed on the footing that the claimant is being compensated—
 - (a) for the whole of his interest in the goods, or
 - (b) for the whole of his interest in the goods subject to a reduction for contributory negligence,payment of the assessed damages (under all heads), or as the case may be settlement of a claim for damages for the wrong (under all heads), extinguishes the claimant's title to that interest.
- (2) In subsection (1) the reference to the settlement of the claim includes—
 - (a) where the claim is made in court proceedings, and the defendant has paid a sum into court to meet the whole claim, the taking of that sum by the claimant, and
 - (b) where the claim is made in court proceedings, and the proceedings are settled or compromised, the payment of what is due in accordance with the settlement or compromise, and
 - (c) where the claim is made out of court and is settled or compromised, the payment of what is due in accordance with the settlement or compromise.
- (3) It is hereby declared that subsection (1) does not apply where damages are assessed on the footing that the claimant is being compensated for the whole of his interest in the goods, but the damages paid are limited to some lesser amount by virtue of any enactment or rule of law.
- (4) Where under section 7(3) the claimant accounts over to another person (the "third party") so as to compensate (under all heads) the third party for the whole of his interest in the goods, the third party's title to that interest is extinguished.

- (5) This section has effect subject to any agreement varying the respective rights of the parties to the agreement, and where the claim is made in court proceedings has effect subject to any order of the court.

6 Allowance for improvement of the goods

- (1) If in proceedings for wrongful interference against a person (the "improver") who has improved the goods, it is shown that the improver acted in the mistaken but honest belief that he had a good title to them, an allowance shall be made for the extent to which, at the time as at which the goods fall to be valued in assessing damages, the value of the goods is attributable to the improvement.
- (2) If, in proceedings for wrongful interference against a person ("the purchaser") who has purported to purchase the goods—
- (a) from the improver, or
 - (b) where after such a purported sale the goods passed by a further purported sale on one or more occasions, on any such occasion,

it is shown that the purchaser acted in good faith, an allowance shall be made on the principle set out in subsection (1).

For example, where a person in good faith buys a stolen car from the improver and is sued in conversion by the true owner the damages may be reduced to reflect the improvement, but if the person who bought the stolen car from the improver sues the improver for failure of consideration, and the improver acted in good faith, subsection (3) below will ordinarily make a comparable reduction in the damages he recovers from the improver.

- (3) If in a case within subsection (2) the person purporting to sell the goods acted in good faith, then in proceedings by the purchaser for recovery of the purchase price because of failure of consideration, or in any other proceedings founded on that failure of consideration, an allowance shall, where appropriate, be made on the principle set out in subsection (1).
- (4) This section applies, with the necessary modifications, to a purported bailment or other disposition of goods as it applies to a purported sale of goods.