

Glenn Kangisser, Teena Grewal, Shu Shu Wong in Insurance Day: Legal Focus: Pay Heed to the Drafting or Pay for the Consequences

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Courts more willing to give the words ‘indirect’ and ‘consequential’ their natural and ordinary meaning, as a recent case shows

In April 2020, the Technology and Construction Court upheld the traditionally narrow interpretation of indirect and consequential loss exclusion clauses in *2 Entertain Video Ltd & Ors v Sony DADC Europe Ltd* [2020] EWHC 972. The judgment also highlights the well-established legal principles of contract construction whereby a court’s task is to ascertain the objective meaning of the language that parties have chosen to express their agreement, having regard to the meaning of the relevant words in their documentary, factual and commercial context.

Background of the Case

The claim arose out of an arson attack on the defendant’s warehouse in North London during the riots that occurred across London and other cities following the shooting of Mark Duggan. On the night of 8 August 2011, the defendant’s warehouse was burned down by a gang of rioters carrying petrol bombs, destroying the warehouse and all of its contents.

The claimants were commercial divisions of the BBC and publish, market and sell pre-recorded blu-ray discs, DVDs, CDs and other home entertainment media. The defendant, Sony, provides logistics services, including warehouse storage and distribution of home entertainment media. The claimants and the defendant entered into a logistics services agreement dated 13 May 2011 (the “Agreement”) where the defendant agreed to provide logistics services for the claimants, including storage and distribution facilities at the warehouse.

Excerpted from *Insurance Day*. To read the full article, click [here](#). (Subscription required)