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B. Outline of the Law of Restitution

[5] "[A]ny civilized system of law is bound to provide remedies for cases of what has been called unjust enrichment," Lord Wright correctly observed in the Fibrosa case, decided in 1943 by the House of Lords. The task of this preliminary chapter is to provide a short comparison of this essential branch of the law in England and Germany in order to illustrate how both legal systems approach the law of unjust enrichment.

I. England

[6] In England questions of unjust enrichment form part of the law of restitution, which encompasses all remedies depriving the defendant of a gain, instead of awarding compensation for the claimant's loss. For centuries the English courts granted relief in cases concerned with the skimming off of the defendant's gains on the basis of quasi-contractual remedies and implied contractual obligations (money had and received, money paid, quantum valebat, quantum meruit). Although this view was doubted in the 1940s, questions of unjust enrichment remained "a peripheral matter in contract or tort;" the latter, restitution in the context of a tort, became acknowledged with the doctrine of "waiving the tort." Gradually, however, the law of restitution emancipated itself. This process culminated in its recognition as a discrete body apart from contract and tort at the beginning of the 1990s with the groundbreaking judgements of the House of Lords in Lipkin Gorman v. Karpnale Ltd. and Woolwich Equitable Building Society v. IRC.

[7] In order to succeed with a claim in unjust enrichment one must prove that the defendant obtained a benefit at the plaintiff's expense, a benefit that is unjust for him to retain because of special circumstances commonly referred to as "unjust factors." As with all claims there are also specific defences available for the enriched party, such as change of position. It is a matter of dispute whether the unjust enrichment principle and the law of restitution simply quadrat each other or not. The proponents of the latter theory argue that proprietary claims and restitution for wrongs stand separately beside claims in unjust enrichment. Yet this paper is not the right place to elaborate on this point, since the question is of no particular relevance for the topic. At this instant we can therefore record the following: The English law of restitution as such is a relatively young branch of the law. It is characterized by the notion that every enrichment can be retained, as long as there is no recognised ground which renders it unjust.

II. Germany

[8] The concept of "restitution" as it is understood in England does not at all exist in Germany. After further scrutiny, however, one will find several provisions dealing with the restoration of an unjust enrichment. The two most striking legal institutions in this context are §§346 et seq. (termination of contract) and §§812 et seq. (unjustified enrichment) in the BGB. No German jurist ever had the idea to combine all these claims into one "law of restitution," because of the fixed structure of German law. That is why restitutionary remedies can be located in a contractual context, in the law of obligations imposed by virtue of the law (gesetzliche Schuldverhältnisse), the law of property, family and succession law and even in social security and insurance legislation as well as public law. Thus, the comparative lawyer sees himself confronted with problems in structuring his analysis; indeed, as Professor Birks observes, it "is not a subject in which it is easy to draw comparisons."

[9] Sections812-822 BGB form the core of the fragmented German "law of restitution." These provisions are part of the law of obligations, but belong neither to the law of contract, since obligations created by them do not arise out of contract but by virtue of law, nor to the law of delict, which deals with questions of compensation for wrongs. Nevertheless, the
The most important basis for a claim is "As much as it was worth." When there is a sale of goods without a specified price, the law implies a promise from the buyer to the seller that the former will pay the latter as much as the goods were worth.

"As much as he has deserved." When a person renders a service without a specified price, there is an implied promise from the employer to the worker that he will pay him for his services, as much as he may deserve or merit.

The formulation of § 812 I 1 leads us to the fundamental distinction between English and German law, which is also reflected in the semantic difference between "unjust" and "unjustified" enrichment: In Germany, whenever a shift of wealth occurs without a juristic reason, it can be recovered. That means that every enrichment is prima facie unjustified under German law, unless a legal ground existed for it. The position in English law is, at least in theory, diametrically opposed. As described above, as long as there is no "unjust factor" no shift of wealth can be restored, i.e. every enrichment is prima facie just. The consequence of this perception is that the English law of restitution has to deal with the reasons why there is no basis for the enrichment, whereas this question is generally irrelevant in Germany.

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**Referring Principles:**

- IX.1 - Basic rule