Title:
VII.1 - Damages in case of non-performance

Content:
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The aggrieved party is entitled to damages for loss caused by the other party’s non-performance of its contractual obligations. It is entitled, subject to the provisions of Principle VII.2 and Principle VII.3.1, to receive such a sum of money by way of damages as will, so far as possible, put him in the same position as if the contract had been performed.

Commentary:
1 The Principle, together with the Principle VII.3.1 establishes the principle of full compensation as the corner stone of the law on damages. The party suffering the damage is entitled to full compensation for the harm it has sustained as a consequence of the other party’s non-performance. At the same time, the damages claimed and received must not enrich the party suffering the damage. This limitation is relevant for the recovery of future harm, including lost profits.

2 By referring to the recovery of damages “caused” by the other party's non-performance, the Principle refers to the need for a causal nexus between the non-performance and the damages. Establishing such nexus may be problematic in cases in which a party claims compensation for future damages.