

Name of the case: **Hadley v. Baxendale**

The plaintiff: Hadley

The defendant: Baxendale

Facts:

The facts of the case are as follows. Hadley's mill broke down. Hadley hired Baxendale to transport the broken shaft to an engineer and Baxendale promised he would do it the next day. He had been warned to transport it immediately. Baxendale didn't know, that the mill was inoperable without the part. He didn't fulfill the promise and the mill had been closed for the next 5 days. Hadley had to pay 2 pounds and four shillings to ship the broken part of the mill and sued 300 pounds in damages as substitution for the 5 days when the mill had to be inactive. The lower court awarded Hadley 25 pounds. Baxendale appealed to a higher court.

The legal issue involved in the case:

The question raised by this case is who breached the contract, how much damages should the injured party be awarded and if paying damages is relevant in this case.

The ruling or holding of the court:

The court ruled that the injured party, Hadley, was entitled to get all incomes lost during these 5 days back. Then Court also held that damages are legally binding. This decision was based on the fact that if both parties know special circumstances at the time of setting up a contract and the contract is violated, damages come into effect and might be enforced.

Although damages must be paid in most cases, this time the court held that the defendant didn't know the consequences of not sending the broken shaft to reparation and Mr. Baxendale don't have to pay any damages.

Disposition:

The case was vacated and remanded for new trial.