INDEX

DEFECTIVE PRODUCTS OR BUILDING STRUCTURES	whether tort law ought to change allocation of risk,
dangerous defects, 185-194	192-193
accident-caused or calamitous	marginal deterrence impact of
damage, 185, 186-187, 190	negligence law, 193-194
accident-caused damage to	"innocent" seller, strict liability of,
product itself, 186-187	193-194
collateral damage to persons or	insurance rationale, 194
other property, 186-187	personal injury and direct suits
case for dangerous defect exception,	against manufacturer, 185-186
186	property damage and direct suits
Canadian courts, 188-193	against manufacturer, 186-187
contractor liable in negligence to	statutory sales law, border line of,
non-privity party for	185
dangerous defects, 189-190,	duty to warn, 204-207
192-193	dangerous defects, 204-206
divergence of opinions, 189	cost of repairs not recovered,
product defect loss able to be	205, 206
claimed in contract, not tort,	recovery of loss of profits during
188	down time, 204, 205
recovery for dangerous defects,	economic loss cases, 204-207
187-188, 189-190	owner's claim in negligence
recovery for non-dangerous	succeeding against
defects being open to	manufacturer, 204-205
question, 185, 187-190	knowledge imbalance, 206
defective chattel posing risk to other	reasonable reliance of
chattels without being	consumer on
dangerous, where, 192-193	manufacturer, 206
economic loss vs. direct property	impractical to extend recovery
damage, 189-192	for relational loss, 206
defects manifested before	premise of duty ought to
accident, 191	control its ambit, 206
imminent risk of physical	relational claimants, 206-207
damage, 186-188	relational interests to product
English courts not allowing	at issue, 206
recovery, 187	introduction, 173-180
imminent risk test, 191-194	accident-based property damage,
damage to property itself vs. risk	179-180
of damage to persons and	buyers' claims against non-privity
other property, 192	sellers, 173
contractual allocation of risk,	Commonwealth having no single
192	rule, 176-177
1/2	1010, 170 177

defects in structures on real	reasons for denying tort
property, 175 product defect loss, recovery for,	recovery, 181-183 shoddy products: those neither causing
177-178	nor posing risk of causing
"complex structure theory", 179	physical harm, 194-204
dangerous structural defects, 176-	American courts, 199, 201
180	manufacturer usually responsible
"complex structure theory", 179	for buyer's quality
"material physical damage",	expectations, 199
179-180	implied warranty of
physical vs. economic loss, 180-	merchantability, 199
181	U.S. generally not allowing tort
"direct" economic loss, 173	recovery for non-dangerous
economic loss in products liability,	defects, 194
meaning of, 178-179	Australia and New Zealand, 196
"economic loss rule" in United	liability for non-dangerous
States, 174-176	defects clearly established,
recovery not available for this	196
type of loss, 175, 180	residential housing market,
"expectation loss" or	196
"consequential" economic loss, 173	Canadian position unclear, 195-196 negligence claims for non-
special legislation dealing with	dangerous defects ought to
consumer sales transactions,	be denied, 195-196
173	three categories of cases, 195-
"standard" products liability cases,	196
174	case for abandoning requirement of
statutory sales laws, 173, 175	privity, 197-198
tort recovery against non-privity	consumer housing market, 203-204
manufacturer or builder,	caveat emptor in real estate
avenues of, 174	transactions, 204
no recovery in tort: majority position,	New Zealand and Australia, 203-
180-185	204
England, 180	remote purchaser able to
"dangerous defect" or "imminent	recover directly from
risk", 180-181	builder in tort, 203
no recovery for structural defect	sales law remedy not applicable
economic loss, 180, 181	in real property defects, 204
United States, 181-184	consumer product market, 202-203
contract law, arguments for	manufacturer to disclaim or limit
leaving product defect	liability, whether
claims to, 184	permitting, 202
legislative regulation, high degree of, 183	special consumer protection statutes, 202
sales and consumer fields,	presumption that statutory
183	remedy adequate, 202
recovery precluded for product	disclaimer or exemption clauses,
defect economic loss, 180-	201-202
183	manufacturer vs. seller, 201-202
	,

whether manufacturer entitled to	assumption of responsibility not
benefit of seller's	depending on specific duties
disclaimer, 201	created by contract, 95
efficient allocation of loss by	common law duty of care being
contract, 198	independent of contract, 95
manufacturer ultimately liable	"independent tort" requirement,
according to terms of contract,	92, 94, 95
198-202	representation contradicting term
loss distribution arguments, 200-	of contract, 93
201	false sense of security, 94
arbitrary to treat economic	representation not actionable,
loss as costs associated	96
with manufacturer's	whether representation
business, 200	corresponding to or
difficulty where	contradicting term of
manufacturer's and	contract, 95
seller's obligations	pre-contractual representations, 96-
differing, 201	104
meaning of shoddy or defective	concurrently actionable in tort
products, 198-199	and actionable in contract,
quality control better effected by	96, 101-104
parties to contract, 199	need for contracting parties to
sellers not necessarily passive	expressly address
conduits, 198	tortious liability, 101
social goals in permitting tort	test whether contract
action, 197-199	intending to limit or
statutory sales remedies, inadequacy	negate right to sue in
of, 196-197	tort, 101-102
whether significance	contractual language modifying
outweighing disadvantages	scope of duty in tort, 96,
from recognizing tort	100-101
remedy, 196-197	option of suing in negligence or
summary and conclusions, 207-208	contract, differences in,
·	102-103
IMMUNITY SEE STATUTORY	limitation period, 102, 103
PUBLIC AUTHORITIES,	measure of damages, 102,
LIABILITY OF	103
NEGLIGENT	representation independent of
MISREPRESENTATION	contractual provisions, 97-
contracting parties, misrepresentations	98
between, 90-104	statement as negligent
introduction, 90	misrepresentation or term of
post-contractual misrepresentation,	contract, 97-101
90-96	assumption of responsibility
antecedent contractual	approach, 99
relationship, significance of,	contractual warranty, 97-98,
91-93	100
72.70	guarantee, finding of, 100-
	101

special relationship, 99-100	assumption of
contributory negligence, 122-125	responsibility
reasonable reliance vs. contributory	approach, 68-69
negligence, 123-124	contributory negligence,
divisible loss, 124	issue of, 67-68
"justifiable reliance" for duty, 124-125	duty issue, indifference to, 66-67
"reasonable reliance" for	liability rule, 69
contributory negligence,	pecuniary interest in
124	transaction, 65-67
duty of care, 36-89	privity issue, 67-68
existence of duty: when law	reasonable reliance test,
recognizing duty of care in	68-69
speech, 43-89	whether paid to acquire
common indicators of duty, 73-	information or
86	advice, 69-70
generally, 73	assumption of responsibility
other indicia of duty, 79-86	approach, advantages of,
course of defendant's	64-65, 66, 68
business, 81, 83	negligent act of issuing
professional or special	building permit, 70-74
skill requirement, 81-	reasonable reliance, 71
86	risk-spreading, 72-73
caveat as indicator, 83-	voluntary assumption of
84	responsibility, 71-72
criticism of approach,	Unfair Contract Terms Act,
84	application of, 63-64
holding out as willing	"without responsibility", 62-
and able to give	64
such advice, 83-86	words indicating that duty of
ordinarily providing	care not assumed, 62-64
such advice, 83	foreseeable reasonable reliance,
"special skill", 82, 84-	50-56
85	foreseeability as required link
social occasion, 80-81	between plaintiff's
special request for advice,	conduct and defendant's
79-80	duty, 56
special skill as indicator of	foreseeability not
voluntary assumption	sufficient foundation,
of responsibility, 84-	56
86	popularity of reliance as
pecuniary interest, 74-79	crucial element of duty
advantages, 78-79	analysis, 55-56
disclamatory language, 62-73	proximity, issue-specific
affirmative defence, 63, 65	definition of, 50-52
test of reasonableness, 63	de facto test for duty of
American approach, 65-70	care remaining
	foreseeability, 51, 52

reasonable reliance not	confusion with "fiduciary
acceptable justification	relationship", 49-50
for liability, 50-52	doctrinal convenience, 49
concerns about	label for lengthy list of
indeterminate	factors, 48
liability, 52	particular relationships
reasonable reliance not	identified as "special"
conclusive indicator of	creating precedent, 47-
assumed responsibility,	48
56	difficulties in approach, 48
reliance as crucial element of	potentially indeterminate
duty analysis, 55-56	liability, problem of, 47
reliance as necessary for	proximate relationship, 47, 49
claim to succeed, 55-56	need for some degree of
whether reliance	
	proximity, 47
objectively	proximity-reasonable
reasonable, 55-56	approach, 49
rule constituting interference	voluntary assumption of
with expert's freedom of	responsibility, 57-62
speech, 53-54	assumption implied as matter
test suffering from serious	of fact, 59-60
difficulties, 53-55	objective factors relied on
concept being inherently	by the court, 60
ambiguous, 53	purpose of enquiry to
information and advice as	determine
valuable commercial	defendant's actual
commodities, 54-55	intention, 60
liability where	assumption of responsibility
appropriation	test, 60-62
against	consensual transfer of
defendant's	commercial property,
wishes, 54	60
reliance at plaintiff's own	focus on plaintiff's
risk, 54	reasonable reliance,
introduction, 43-46	60
Canadian court approaches,	focus on what duty ought
44-46	to be owed, 61
"foreseeable or known	contract law, resemblance to,
reasonable reliance",	61-62
44-46	commercial setting
"special relationship", 44	drawing upon
"voluntary assumption of	contract law, 61
responsibility", 44-46	criticism of Lord Devlin's
duty of care in speech, 45	approach, 62
no single legal test	"equivalent to contract",
governing	62
recognition, 45	key factor in recognition of
special relationship, 47-50	duty of care, 56
1	meaning of approach, 57-58
	6, - / 00

courts imposing duty of	standard of care entailed by
care on defendant, 59	duty, 38
implying assumption of	standard of reasonable care in
responsibility, 59	circumstances, 38
defendant not expressly undertaking legal	test for recognizing duty of care, 37, 38
responsibility, 59 inference of	assumption of responsibility, voluntary, 37, 38
assumption of	"direct or indirect pecuniary
responsibility	interest test", 37, 38
being legal fiction,	reliance on information or
58-59	advice, inferring, 38
legal liability ought to	"special relationship", 37
be imposed	special or restrictive duty of care,
regardless of	justification for, 39-43
defendant's	American vs. Commonwealth
intentions, 59	approach, 43
where express and	American action evolving
unambiguous	from contract law
undertaking, 58	principles, 43
whether indicators	pragmatic difficulty of
convincing court	indeterminate loss, 43
to infer voluntary	Commonwealth courts
assumption, 59	beginning with tort duty
several relevant factors	focus, 43
considered in	concern with basis of duty
supporting inference,	itself, 43
58-59	commercial law principles being
professional responsibility	decisive, 42
cases, 62	tender documents and
rationale in <i>Hedley Byrne</i>	whether representation
case as disclamatory	regarding permits, 42
language, 57	commercial setting in relation to
preferred reasoning that	financial loss, 39-40, 42
no duty existing as no	focus on circumstances under
voluntary	which loss inflicted, 39
assumption, 57	contractual aspects of action, 41
other considerations of duty of	indeterminate liability, potential
care, 85-87	for, 39, 43
introduction, 36-38	information and advice as
existence of duty of care in	valuable commercial
tendering information or	products, 40
advice, 37, 38	negligence in speech, 40
extent of duty, 38, 39	reliance on representation, 40-41
Hedley Byrne decision and	"reasonable" reliance and
whether to recognize duty,	contributory negligence,
36 indatarminaay issua 37	41
indeterminacy issue, 37	summary and conclusions, 89
	historical development, 29-36

American and Commonwealth	cause of action first recognized in
differences, 34-36	Hedley Byrne decision, 27
misrepresentation as actionable	commercial context, 27
wrong in United States, 34,	contract law, modification to
35	traditional, 27
preoccupation with privity	contractual setting remaining
and contractual duty, 35	problematic, 28
negligence as basis of liability in	contributory negligence, defence of,
Commonwealth, 34-36	28
disadvantages of close	duty of care, recognition of, 27-28
connection to personal	assumption of responsibility for
injury negligence law,	statement, 28
35	reliance, foreseeable reasonable,
further extensions of	28
negligence law to other	"special relationship", 28
economic loss claims,	purpose rule and indeterminate
35-36	liability, 28
Commonwealth courts refusing to	liability to whom and for what loss,
recognize cause of action prior	104-122
to 1963, 31-32	end and aim rule, 106-110
Derry v. Peek decision and need for proof of fraud, 30-31	Commonwealth approach, 109 end and aim of representation,
refusal to recognize duty to third	108-110
parties for negligent	"known limited class", plaintiff
statement or survey, 30, 31	as member of, 108
Hedley Byrne decision recognizing	"known use" limit or "end and
negligent misrepresentation	aim" rule, 108-109
action, 31-33	transaction-specific tort, 105-
facts of case, 32	106, 107
importance of decision in	exceptional profession-specific
negligence law, 33	approach, 110-114
obiter dicta speeches	accounting liability, 112-114
recognizing action, 32-34	spreading losses, 113
Derry v. Peek decision not	audited accounts and takeover
precluding action in	bid, 110-113
negligence, 33	foreseeability test, 110, 111
Gordon's criticisms of	indeterminate liability, 111
doctrinal distortions, 33	whether defendants ought to
law of contract being main avenue	have known that
of recovery, 29-30	accounts relied on, 110,
close relationship with law of	111
negligent misrepresentation,	professional regulation, realm of,
30	112
recovery of economic loss	accounting profession, 112-
developing separately until	113
1960s, 29	materiality, 55-56
tort recovery limited, 29	indeterminate amount, beyond
introduction, 27-28	problem of, 114-121

NEGLIGENT PERFORMANCE OF cause of action arising from breach of abstractor's **SERVICE** contractual duty, 117-118 additional duties derived from foreseeable class of potential defendant's contract with third injured persons, 118 party, imposition of, 154-160 foreseeable plaintiff test, analogy to cases involving claims appropriateness of, 119for relational loss consequent 121, 122 on damage, 159-160 whether foreseeability being assumption of responsibility for sufficient justification, accuracy of its bid, 156 120-121 cause of action for negligent persons that defendant never interference with prospective intended to rely on his or economic advantage, 156-158 exclusionary rule, disapproval her information, 115-116 insufficient relationship of, 157 focus on nexus between between parties, 116 potentially indeterminate time, defendant's conduct and 118-119 plaintiff's injury, 157 relational test derived by landlord having separate interest reference to contemplated and plaintiff not third party transaction, 120-121 beneficiary, 157 "substantially similar" defendant engaged to perform transactions, 114-117, 121 roadway improvements, 158limiting amount of liability, 159 merchants vitally interested in 121 question of amount of risk, ways specifically 114-115 foreseeable, 158 exclusionary rule, 158-160 where no potential problem of indeterminate liability, 115 exception where special introduction, 104-106 relationship, 158-159 double foreseeability test not exception where type of harm working, 104 specifically contemplated, indeterminate liability, 105 159 exceptions, other, 159-160 summary, 122 quantification of damages, 125-128 extension of benefit of contractual "expectation" measure, 125-126 arrangement, 156-157 "loss of capital" approach, 126 extension of liability beyond negligent property valuation, 126immediate end and aim of contract, 154 power of architect carrying duty to provide information vs. commensurate legal duty to advise someone, 126-127 responsibility, 154-155 "reliance loss", 126-127 powerful relational claim, 155 tortfeasor not liable for losses survey of vessel being negligent, occurring even if information 155-156 correct, 127 absence of assumption of damages flowing naturally from responsibility, 155-156 breach of duty, 127 contractual regime for loss allocation, 155

affirmative action, imposition of duties of, 160-172 comparative negligence solution, 165-167	restriction to cases where pre- existing serious business relationship, 161-162 "special relationship", 162
degree of caution to be considered	Restatement of Torts, Second: pre-
when imposing affirmative	contractual business
obligations, 165-166	relationship, 162-163
duty not owed to warn that policy	exceptional decision, 164
not renewed where no	non-disclosure liability for, 162-
erroneous information given,	163
166-167	special character of trust and
no long-standing pattern of	confidence, 163-164
behaviour, 167	voluntarily entering into business
duty to warn of economic risks, 169	relationship, 165
duty to warn user about dangerous	court imposing corresponding
product defects, 167-168	obligations, 165
risk of physical harm as source	direct undertakings to perform specific
of duty of care, 168	service, 130-136
voluntary undertaking, 168	actions in contract, resemblance to,
failure to warn about soil	132
conditions, 169	Commonwealth courts, 133-134
duty owed based on relationship,	contractual basis for action, 134-
169	135, 153-154
general duty to take affirmative	negligence action, 135
action not recognized, 161	new substantive rights, creating,
independent duty of care breached,	133
170-171	concurrent liability in tort and
defendants in position to predict	contract, 132-133, 136
probability and severity of	guarantee of performance,
risk, 170	where, 136
efficiency arguments, 171	distinguishing service cases, 132
"intent to benefit plaintiff" test	necessary conditions, 130-131
distorted, 171	nonfeasance of gratuitous promise
relationship sufficiently close to	not actionable in tort, 132-133
justify imposition of duty of	similarity between negligence
affirmative action, 171	action and action in contract,
misfeasance, actionable, 154	132-134
nonfeasance, 154	essential elements of causes of
past conduct creating self-imposed	action being similar, 134
duty in law, 165-166	questions raised, 134
reliance on defendant to perform act	voluntary undertaking to perform
for his benefit, 160-161	service, 131
relationship of professional adviser,	indirect undertakings to perform
and defendants holding out as	specific service, 136-154
experts, 163-165	incidental beneficiaries, 147-154
defendants assuming duty to	building construction projects,
advise plaintiff, 165	147-151
duty imposed commensurate	chain contract cases, 148, 149
with relationship, 164	

negligence law deferring to existing contract, whether, 21-22 variables, 22 public powers and duties, non- exercise of, 19-20 negligent public authority, difficulty in recovery from, 20 recovery of economic loss permitted in certain cases, 15- 16 relational loss category, 19 services category, 17-18 categorical approach, 1 examples of each category, 1 Perry's view, pure economic loss, 8 "pure economic loss", meaning of, 1 consequential economic loss, distinguished from, 1 pure economic loss vs. physical damage, 7-15 contractual channelling of economic loss, 14 third party beneficiary, 14 exclusionary economic loss rules, whether justifying, 14-15 case for liability for economic loss, 14 personal injury not accompanying pure economic loss, 11-12 property loss accompanying personal injury, 11 "personality thesis", 11 presumption of liability, appropriateness of, 8-10 "presumptive liability" thesis, 7, 8, 13 Anns v. Merton decision, 7, 8 rebuttable presumption, 8 products liability and relational loss cases not generally involving personal injury, 12 property loss accompanying personal injury, 11 pure economic loss not concerning personal injury, 12 qualitative difference in type of	remoteness, issue of, 13-14 "floodgates" argument, 13 practical distinction, 13 restrictive principles of recovery, 13-14 social losses, 11-12 differences of degree, 11-12 summary, 15 rules for recovery of economic loss, 3- 7 Australia, 3, 4 relational loss, 4 Canada, 3-4 Anns approach, 3-4 Commonwealth jurisdictions, 4, 5-7 distinct branch of negligence law, 4 exclusionary rule precluding recovery for relational economic loss, 5-6 Hedley Byrne and misrepresentation field, 6-7 United States, 4-6 compared with, 6 contrasted with, 4-5 English House of Lords, 3 New Zealand, 3, 4 United States, 2-3, 4 Commonwealth vs. United States, 2-5 "economic loss rule", 5 exclusionary rule in products liability cases, 5 each category having separate history, 4-5 PUBLIC AUTHORITIES SEE STATUTORY PUBLIC AUTHORITIES, LIABILITY OF RELATIONAL ECONOMIC LOSS introduction, 209-216 American jurisdictions, 211-212 Australia and case-by-case approach, 215-216 Canadian courts, 211-215 case-by-case approach rejected, 215
damage, 10	

relational loss recognized as category of claim for	civil litigation process extremely expensive,
economic loss, 212-214	226
principles adopted by	presumption that economic loss
Supreme Court of	recoverable in same manner
Canada, 215	as physical damage, 216-
common law recognizing firm	217
exclusionary rule for relational	property damage and
loss, 211-212	consequential economic
loss consequent upon injury to	loss, resemblance of, 217-
third party, 211-212	218
pure economic loss, 212	protective options available for
defendant's negligence causing	potential victim, 224-225
physical harm to third party,	backup system, 225
209-210	commercial first-party
physical damage negligence law,	insurance, 225
210	self-insurance, 224
plaintiff suffering economic loss	pure economic loss, 218, 220-
because of relationship with	221
injured third party, 210	built-in limiting factor being
English courts, 212-213	absent, 220
motor vehicle negligence case,	"out of proportion to
example of, 210	fault", 220
New Zealand position not clear,	no reason to justify
215-216	exclusionary rule, 220-
support of exclusionary rule, 216-235	221
general justification for	recovery governed by concepts
exclusionary rule, 217-227	of duty, standard of care
defendant unable to pay	and remoteness, 219-220
judgments, 222-224	similarities not making case for
losses shared with victims,	allowing recovery for
222-223	relational loss, 218-219
deterrence theory, 221-222	possible alternatives to firm
fault, concept of, 223-224	exclusionary rule, 227-235
conduct not necessarily	incongruity between remedies
morally blameworthy,	available for different
223	losses, 227
foreseeable direct relational	three approaches, 227-235
interest, 222-223	general guidelines and
magnitude of losses being	judicial discretion, 230-
unpredictable, 222	235
impractical to adopt rule of liability, 226	advantage of approach, 230-231
insurance, commercial first-	Australian case and
party, 224-227	recovery by relational
potential plaintiffs increasing	loss claimant, 232-
greatly, 226	233
gicatry, 220	broad jurisprudential
	layer, 232
	iuy01, 202

case-by-case approach,	pure economic loss, recovery
230-233	of, 247-248
practical argument, 233-	restrictive formula more
234	limiting than
judicial discretion	foreseeability, 248
exercised within	means of knowledge, 248
certain pre-	tests inherently vague, 248-
existing rules, 234	249
proximity as governing	uncertainty inherent in case-
concept, 230	by-case approach, 249
relational loss layer, 232	Canadian decision involving
specific exceptions, 228-229	motor vehicle accident,
specific limiting formulas,	249-251
229-230	physical damage to road and
pure economic loss consequent on	cost of clean-up, 249-
personal injury, 273-276	250
classes of plaintiffs tending to	test for recovery of economic
pursue their claims, 273-276	loss being obiter dicta,
close relatives dependent	250-251
financially on deceased or	introduction, 241-242
personally injured victim,	other relational claims, 246-251
274	contract not operating as
employers of workers killed or	effective limiting
injured, 274-277	formula, 245
limitation to domestic	property damage vs. loss of
servants rejected, 274	contractual profits, 246,
loss of employee's services in	247
U.S., 275	physical damage as
loss of services of member of	workable limiting
armed forces, 274	factor, 247
measure of damages, 274-275	status as owner vs.
per quod servitium action,	independent status as
223	real estate agent, 247
relational loss of corporate	utility cases, 242-245
owner/employer	American cases, 243-244
rejected, 275	Canadian cases, 244-245
insurers seeking to recover	"positive outlays", 245
payments, 275-276	English courts, 242-243
collateral source rule, 276	physical damage as effective
consequential on tortious	limiting formula, 245
injury or death of policy	exceptions, 251-273
holder, 275-276	economic loss consequent on
pure economic loss consequent on	damage to public resource, 267-273
property damage, 235-273 contractual relational loss, 241-251	
Australian decision, 246-250	defendant oil companies as
· · · · · · · · · · · · · · · · · · ·	best cost-avoider, 268 deterrence argument making
complexity of problem, 249- 250	overwhelming case for
policy factors, elusive, 249	liability, 270

extension of liability not	property insurer's right to	
creating increase in	legal subrogation, 261-	
accident deterrence, 269-	262, 266-267	
271	recovery denied for negligent	
foreseeability of injury being	interference with	
prime test, 268	contractual relations,	
offshore waters as property	265-267	
belonging to those who	where plaintiff having right to	
use it, 270	future possession of	
policy arguments	damaged property, 265-	
understandable, 270	267	
public nuisance approach,	where plaintiff under	
267, 271-272	contractual obligation to	
"particular" or "special	bear loss directly, 263-	
damage" suffered,	265	
271-272	buyer unable to recover	
pure economic loss, 267-268	value of damaged	
"special damage" test, 271-	cargo as not having	
272	property, 264	
general average claim, 252-254	seller not potentially	
introduction, 251-252	liable for loss,	
joint fishing ventures, 257-258	264-265	
joint venture exceptions, 258-	carrier able to recover	
261	against tortfeasor, 264	
<i>indicia</i> of joint venture, 260- 261	direct suit permitted where	
possessory interest, 254-257	plaintiff having	
shipping chartering cases,	obligation to repair,	
254-257	263-264	
transferred loss, 261-267	owner of goods able to	
"collateral source rule"	recover freight costs	
applied, 261-263	from tortfeasor, 260,	
conclusions, 266-267	263-264	
exclusionary rule rarely	non-contractual relational loss, 235-	
prejudicing insurer, 261-	241	
263	ascertainable class of	
subrogation being	particularly vulnerable	
derivative right and	plaintiffs, 235	
no greater than	criticism of exclusionary rule,	
owner's right, 262	237-238	
tortfeasor's liability	foreseeability principles, 237	
limited by statute,	denial of recovery where readily	
263	apparent practical	
owner able to recover full	difficulties, 236-238	
value of damaged	foreseeability of loss or damage,	
property, 261-262	238-240	
owner allocating risk of loss	generally, 235	
to plaintiff by contract,	illustration of economic chain,	
260-261	235-236	

impractical to allow every	duty to give proper
party who suffered	consideration" to
foreseeable loss to	question whether to
recover, 235-236	inspect, 291
practical grounds for limiting	misfeasance vs. nonfeasance,
recovery, 239-241	291
significance of physical damage	negligence in exercising
as limiting factor, 237-238	statutory power, 290
distinction between types of	"operational" powers and
losses, 238	common law duty of care,
	291
property physically damaged, 237	
	policy area and discretion, 290-
foreseeability test,	291
uncertainty of, 237	policy vs. operational: drawing line
pure economic loss claimants,	296-312
238-239	conclusions, 311-312
claims being too "remote	distinction between immune
and indirect", 239	policy decisions and
denial of claims justified	operational negligence, 308
on practical grounds,	309
239	immunity for discretionary
summary, 276-278	functions, 308-309
exceptions, 277-278	liability for negligent manner
loss consequent upon damage to	of warning, 308-309
public resource, 277	undertaking to act from
pure economic loss vs. property	which standard of due
damage, 276-277	care inferred, 308-309
ship chartering cases, 277	functional approach to
•	determining distinction, 310
SERVICE SEE NEGLIGENT	policy-operational
PERFORMANCE OF SERVICE	continuum, 310-311
STATUTORY PUBLIC	whether finding of negligence
AUTHORITIES, LIABILITY OF	requiring court to
immunity principle and statutory	substitute its view, 310
powers, 290-312	operational negligence
Anns v. London Borough of Merton,	where review of
290-292	functions not
	required, 311
duty where authority deciding to	residual discretion and
inspect, inspect, 291	reasonableness of
bona fide exercise of	
statutory discretion	exercise of discretion
being immune from	311
negligence law, 292	immunity not extending to
failing to inspect building	something collateral to
foundation, 290-291	exercise of statutory power,
bona fide decision to not	298-299
exercise power being	operating level vs. quasi-judicial
immune from negligence	level of municipality, 306-
law. 291-292	309

diametic many from ations	with massamahla sama
discretionary functions,	with reasonable care, 304
immunity for, 306	
manner of exercising power	where authority
being matter of policy or	deciding to
planning, 305	exercise
quasi-judicial functions	discretionary
immunized from	power, 304-305
negligence liability, 306	frequency of inspection
"recognized rights of non-	being matter of
interference", 306	discretion, 307
whether manner of inspection	private party voluntarily
at operational or policy	undertaking
level, 306-307	inspection, 304-305
police officer liability, 308-310	duty to act with due
duty of care based on	care, 304-305
statutory obligation to	special relationship,
maintain traffic control,	306-307
309-310	residual discretion as to
affirmative duty imposed	precise manner of
on police officers,	inspection, 304-305
309	discretion delegated by
police occupying special	legislation, 304
position, 310-311	undertaking of authority
private duties of care relevant in	vs. undertaking of
public authority cases, 299-	private party, 305
310	standard of care
duty in misrepresentation	differing vs. court-
based on voluntary	imposed standard
assumption of	of care, 305-306
responsibility, 299-301	duty to perform gratuitous
collateral negligence, 300	undertakings intended
distinguished from general	for plaintiff's benefit,
exercise of statutory	301-303
discretion, 301	failure to inspect building
discretionary decisions	and discretionary
not constituting	planning function of
simple	authority, 302
misrepresentation	duties of this nature
claims, 301	having no private
duty of care independent	party analogy, 302
of statute	failure to inspect where
empowering	builder giving notice,
authority, 301	302-303
special relationship, 301	application of private
vicarious liability, 300	law principles,
duty to exercise discretion in	302
certain manner, 303-306	private duty analogy
duty to exercise	problematic, 302-
discretionary power	303

299	immunity not protecting
discretionary policy	decisions involving
choice, 303	professional choices,
practice of	296-298
inspecting	immunity protecting
engendering	decisions of "policy" or
reasonable	"planning" nature, 296-
reliance, 303	297
proof of reliance	public emergency power, 299
difficult,	special factors taken into
303	account at standard of
private cases based	care stage, 299
on pre-existing	whether court substituting its
business	judgment as to appropriate
relationship,	discretionary policy, 296
303	substantive rationale for immunity,
failure to inspect where	292-296
builder not giving	authority required to prove that
required notice, 302	act or omission resulting
whether negligent	from policy choice, 295
policy, 302 "public duty doctrine" in	court required to determine whether policy creating
United States, 307	entitlement, 295-296
liability based on duty to	property-based approach,
perform function	296
being owed to	courts being institutionally
plaintiff, 307-308	incompetent to exercise
"special relationship" test,	supervisory jurisdiction,
307	293
Smillie approach, 297-303	incoherence in speaking of
analogy to private party	standard of care in
liability, 297-299	conveying gift, 294-295
independently recognized	claim of denial of public
rights of non-	benefit not negligence
interference, 298	approach, 295
whether statutory	political doctrine of
authorization, 298	Parliamentary supremacy,
collateral approach, 298-299	293
common law duty by	introduction, 279-290
reference to analogous	economic loss claims, 282
case involving private	public authority's failure to
parties, 298	confer benefit upon
private parties not	plaintiff, 282
conveying	economic loss issues, prominence
discretionary public	of, 281
benefits, 298	negligent inspection, 281
discretionary policy decisions as nuisance or	economic negligence claim and
	physical damage claim, 282- 283
negligence, 298-299	283

same liability as private	recognizing duty of care in public
defendant, 282	authority cases, 280
vicarious liability for torts	duty linked to mandatory
committed by employees,	obligations and
282-283	discretionary powers, 280
immunity for policy decisions, issue	rules of recovery not distinguishing
of, 284-285	between physical and
Anns decision and bona fide	economic harm, 281
exercise of statutory	"statutory public authority" defined,
discretion, 285	279
no immunity extending to	unique public authority duties of
improper exercise of	care, 283
discretion, 285	limits to immunity: liability for
no immunity for acts and	improper exercise of discretion,
omissions collateral to	329-338
exercise of power or	action for deliberate or improper
duty, 285	abuse of discretion, whether,
no immunity for operational	333-337
negligence, 285	abuse of discretion exception to
Australian courts and more	immunity, 336-337
extensive immunity, 288-	discretionary decision to enforce
289	by-law, 334-335
Canadian courts and scope of	whether abuse of authority,
immunity, 285-286	334-335
English courts, 289	enacting by-law and enforcing it
misfeasance, 289	concerning operational
nonfeasance of discretionary	duty, 334-337
power, 289	enacting by-law vs. enforcing it,
extensive immunity, arguments	336-337
for, 284	discretion implying good
"general reliance", liability	faith in discharging
based on, 286-289	public duty, 336
New Zealand courts, 286-289	independent policy decision
liability based on "general	not to enforce by-law,
reliance", 286-289	337
legislation entailing both "policy-	no duty to enforce by-law,
making" and "implementation"	336-337
functions, 280-281	discretion exercised in good faith,
delegation of functions to	where, 337-338
authority, 280	duty of good faith, 378
functions delegated by	issue of negligence usurping
discretionary language or	discretion, 337-338
mandatory language, 280-	generally, 329-330
281	immunity not extending to improper
statutory powers vs. statutory	exercises of discretion, 332-
duties, 280-281	333
liability for omission depriving	abuse of discretion, 333
persons of benefits, 280-282	Smillie's approach, 331-332
purely financial losses, 281	***
* · · · · · · · · · · · · · · · · · · ·	

"special limited duty of	statute ought not to be construed	
reasonable care", 331-332	as imposing specific duty,	
two-stage test, 330-332	317-318	
whether authority acted <i>ultra</i>	realm of legislative policy immune	
vires or "outside any	from negligence law, 327-329	
delegated discretion", 330-	failure to enact regulations in	
331	timely fashion, 327-328	
negligence and mandatory public	no <i>ex ante</i> relationship between	
duties, 312-315	government and farmers,	
misfeasance of mandatory public	327-329	
duty, 313-315	whether breach of duty of good	
nonfeasance, 312-313	faith, 327-328	
proximity: alternative approach to	statutory duty of care problematic,	
same end, 315-329	317-322	
bad faith performance of regulatory	fictional search for legislative	
duties, 325-328	intent, 318	
bad faith not limited to	foreseeable harm not sufficient	
intentional misconduct,	to justification to impose	
327-328	affirmative obligations, 318	
common law required to impose	governments not "intending" by	
duty of good faith, 327	implication to create new	
delay in disbarring lawyer, 327	source of liability, 318-319	
operational negligence not	legislation regulating general	
apparent, 326-327	public interest, 318-319	
public authorities required to	private duty of care to	
perform functions in good	investors undermining	
faith, 327-328	statutory regime, 319	
where reckless indifference	professional regulatory bodies,	
or gross carelessness,	319-321, 325-327	
326	legislatures not intending by	
English courts, 323-324	implication to assume	
New Zealand courts, 323-324	more liability, 320	
proximity test used to resolve	sufficiency of relationship of	
negligence actions against	proximity, 319-320	
public authorities, 315-319	proximity between	
actions for economic loss	regulatory body and	
unsuccessful, 315-316	parties complaining,	
foreseeability of harm alone	319-320	
being sufficient to establish	statutory schemes contemplating	
duty, 317-318	obligations to general public,	
"special relationship"	321-323	
requirement, 317	case where action should	
proximate relationship between	proceed against public	
parties required, 316-317	authority, 322-323	
residual policy concerns	operational negligence where	
considered in limiting or	inadvertent omission of	
negating prima facie duty,	clause, 323	
317	specific assumption of	
	responsibility, 323	

358 / Index

sufficient proximity where specific class contemplated, 322-323 ex ante relationship not sufficient, 321-322 private duty conflicting with public scheme, 321