

CLIENT ALERT

Divided Federal Circuit Disallows Recovery Of Interest As Damages

Oct.14.2004

Under the "a rose is a rose by any other name" theory, Judge Dyk for the majority in *England v. Contel Advanced Systems, Inc.* (Oct. 6, 2004) found the ASBCA had improperly granted interest as damages to the contractor when the Navy breached its obligation to reduce the contract price and so the contractor had had to borrow an inflated amount in order to perform. Judge Newman in dissent pointed out that the "no interest" rule dictated by sovereign immunity applies only when interest is requested on other damages, not when the basic damage itself is payment of interest.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.