IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

[1997] SGHC 343

Suit 1435/1995

Between

Alpha 801 Inc

… *Plaintiff*

And

Goltens Singapore Pte Ltd

… *Defendant*

GROUNDS OF DECISION

Version No 1: 20 Nov 2026 (00:35 hrs)

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Alpha 801 Inc v Goltens Singapore Pte Ltd

[1997] SGHC 343

Suit 1435/1995
Lim Teong Qwee JC
22 December 1997

Judgment:

GROUNDS OF JUDGMENT

1. This is an action for damages for conversion in respect of an Alco 251 F18MR main engine. The plaintiff is the owner of the vessel "Alpha 801" from which the engine was removed and delivered to the defendant in July 1993. The plaintiff's case is that the defendant wrongfully sold the engine and delivered it to the buyer.

2. The defendant carries on the business of "rendering engineering services to vessels and their engines" as admitted in the pleadings. The plaintiff's claim is denied and the defendant alleges that the engine "had cracks on its crankshaft and its cylinder block required line-boring" and had been abandoned. There is also a counterclaim for balance of price of work done. At the conclusion of the trial I was not satisfied that there were cracks as alleged and found that the engine or what was left of it had not been abandoned. I allowed the claim and assessed damages at $150,000. I also allowed the counterclaim at $9,750 and gave judgment accordingly.

3. On 9 June 1993 Mr C C Chay a marine surveyor called by the plaintiff as a witness surveyed the "Alpha 801" at the request of the Salvage Association and on behalf of the underwriters for the purpose of ascertaining the cause, nature and extent of damage stated to have been sustained by the starboard main engine. He found that the vessel was powered by two Alco 251 F18MR diesel main engines of some 4,200 bhp. He inspected the starboard main engine and found that it was damaged and he recommended certain permanent repairs.

4. The starboard main engine was removed from the vessel after Mr Chay's inspection and was delivered to the defendant's yard on 1 July 1993. This is the engine referred to in the statement of claim. It is one of a pair installed to power the vessel. Mr Chay said under cross-examination that because access was very limited at the time of his inspection it was agreed with the owner's representative (who was present during the inspection) to have a "more thorough inspection when [the] engine was stripped down at [a] later date". There was in fact no further inspection by him at any time at all.

5. The damage was serious enough to cause the engine to fail. Mr Chay's report describes it in some detail but stated very shortly and in the words of Mr R M Pereira a marine surveyor called by the defendant Mr Chay found "main bearings and bottom-end bearings wiped and the crankshaft beyond practical repair". Some amount of work was done on this engine at the defendant's yard primarily to support it and to dismantle, remove and disassemble a number of its parts.

6. In the course of time a turbocharger rotorshaft and casing and one section of the fuel camshaft were removed from the damaged engine and installed on another similar engine belonging to the plaintiff. Subsequently more parts were removed and in April 1994 a large number of parts of what was the starboard

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main engine of the "Alpha 801" were returned to the plaintiff. What remained in the custody of the defendant was substantially the engine block. It was the engine block which the defendant sold. The allegation in the statement of claim is that the engine was sold in October 1994 but it is not in dispute that it was in fact the engine block that was sold and that it was sold in December 1994.

7. The measure of damages in conversion is normally the value of the goods at the time of the conversion together with any consequential damage which is not too remote. See *Halsbury's Laws of England* (4th Ed) Vol 45 para 1454 and see also *Caxton Publishing Co Ltd v Sutherland Publishing Co* [1939] AC 178 at p 192. No consequential damage is alleged by the plaintiff. What is alleged in the statement of claim is US$565,400 for the value of the engine. This is the price quoted by one source plus 10%. Mr Hong's submission is that this should be the amount for damages. His alternative submission is for the aggregate of the values of all the individual parts which the defendant wrongfully sold.

8. Mr Perry Lim of counsel for the defendant submitted that the value "as is where is" at the material time was only $12,000 according to Mr Pereira. His alternative submission is to take the value of a reconditioned engine block quoted at US$78,000 and write it down from its useful life of 15 years to about three years at 8% a year (on the reduced value each year) and deduct about $20,000 for the cost of putting in some work. By this means he arrived at about $27,000. In December 1994 the plaintiff's engine block was already 17 years old and an engine had a useful life of about 20 years.

9. I am unable to agree with Mr Hong. US$565,400 is the price of a similar engine if it is anything. It is for a reconditioned engine. It would be an engine in working condition with all necesssary parts in place. According to Mr Pereira a reconditioned engine would give at least five trouble-free years of service.

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What the defendant sold away was an engine which was not in working condition and from which a large number of parts had been removed and returned to the plaintiff. There is no comparison between this and a reconditioned engine. In any case I have heard no evidence on the price quoted. The plaintiff's alternative approach is much more difficult as there is no satisfactory evidence as to what individual parts made up the engine block that was sold or the condition of these parts or their respective values.

10. I am also unable to agree with Mr Perry Lim. The "as is where is" value of $12,000 was given by Mr Pereira in his affidavit. He said under cross-examination that this was based on the useful economic lifespan of about 20 years. He started from $800,000 for a replacement engine and worked it down to about three years and arrived at a written down value of about $200,000 for a similar engine in working condition with all its parts but already 17 years old. Given the description of what was left of the engine it would have cost about $175,000 to "reinstate" it or bring it up to the condition of the $200,000 engine. That leaves $25,000 and not $12,000. There is a quotation for a rebuilt engine block at US$78,000. No evidence has been given about this and I am unable to say that this engine block is equivalent to the one that the defendant sold.

11. The engine block is no longer available for inspection. The "thorough inspection" that was "agreed" between Mr Chay and the plaintiff or its representatives did not take place. Notwithstanding these difficulties I think an amount can be arrived at as will fairly compensate the plaintiff for the loss it has undoubtedly suffered. The Alco engine is not a common engine but a reconditioned engine is available. What the plaintiff lost is not a mere quantity of metal. It was an engine block and it had some value as such. Mr Pereira said that by putting in $175,000 worth of reinstatement one would end up with a $200,000 engine. He arrived at $200,000 by writing down from about $800,000.

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That produces $25,000. He also said that by putting in an additional $150,000 one could have a refurbished engine worth about $400,000. That will yield $75,000.

12. I think the proper way is to start from the cost of an equivalent engine that is available. The nearest is a reconditioned engine quoted at US$448,000. That is not the same as the 17 years old engine block reinstated for $325,000 into a refurbished engine. Mr Pereira said that a reconditioned engine should give at least five years trouble-free operation. As for a "reinstated engine" he said:

"Reinstated engine without replacement of grinding components e.g. cylinder liners, pistons, rings, cylinder heads etc. Anybody’s guess. Maybe one year trouble-free operation."

It seems to me that the reconditioned engine written down by about four years at 8% a year on the reduced value each year gives a fair approximation of the value of the reinstated engine. That gives about US$320,000 or about $480,000 (at that time) against an outlay of about $325,000. I rounded it down to $150,000 which I thought was a fair value for the engine block in December 1994 and I assessed damages at this value.

Dated this 22nd day of December 1997.

LIM TEONG QWEE

JUDICIAL COMMISSIONER SUPREME COURT

Solicitors: Ang & Partners

Gurbani & Co

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Lim Teong Qwee JC

Hong Heng Leong for the plaintiff
Perry Lim and Govintharasah R for the defendant

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