City Engineering Nigeria Ltd v. Federal Housing Authority (1997)

Case summary prepared by SabiLaw

Court	Supreme Court of Nigeria
Suit No.	SC.204/1992
Judgment	17 July 1997
Report	(1997) 9 NWLR (Pt 520) 224
Lead judgment	Ogundare, JSC
Area	Arbitration: limitation period for enforcing an award

Facts

On 17 December 1974, the parties signed a contract for housing units at Festac Town, Lagos. The contract had an arbitration clause and made any award final and binding.

The Authority terminated the contract on 12 December 1980. Arbitration began in December 1981, and in November 1985 the arbitrator awarded N3,722,118.75 to City Engineering.

When the award was not paid, City Engineering applied to the High Court of Lagos State to enforce it. The High Court held the application statute-barred because the cause of action arose in 1980, and the Court of Appeal agreed.

Issue

Whether the six-year limitation period for enforcing an arbitral award runs from the date the original cause of action accrued or from the date of the award.

Held

- The appeal was dismissed.
- Following Murmansk State Steamship Line v. Kano Oil Millers Ltd (1974), the Supreme Court held that time runs from the date the original cause of action accrued, not from the date of the award. The Murmansk decision was correctly decided and binding on the lower courts.
- Because the cause of action arose in 1980, the application to enforce the 1985 award was out of time.

Lesson for drafters

Time matters in dispute resolution clauses. Keep negotiation and other pre-arbitration steps short, and check how the Arbitration and Mediation Act 2023 now treats limitation before advising on enforcement.

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