

ALABAMA COURT OF CIVIL APPEALS

The CIT Group/Equipment Financing, Inc. v. George Roberts and
Good Hope Wrecker & Service, Inc.

885 So. 2d 185 (Ala. Civ. App. 2003) · No. 2020548 · Decided December 30, 2003

SUMMARY

The Alabama Court of Civil Appeals held that CIT was not liable for unpaid storage fees for equipment securing its interest because no express or implied contract existed between CIT and the storage provider. The court rejected imputing the debtor's knowledge of the equipment's location to CIT and concluded that CIT did not knowingly accept the storage services. The judgment for George Roberts and Good Hope Wrecker & Service, Inc. was reversed and remanded.

CASE DETAILS

COURT	Alabama Court of Civil Appeals
WRITING FOR THE COURT	Murdock; Yates, P.J.; Thompson; Pittman; Crawley
JURISDICTION	Alabama
DECIDED	December 30, 2003
DOCKET	2020548
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	CIT appealed from a Cullman Circuit Court judgment awarding Roberts and Good Hope storage fees for equipment in which CIT held first-priority security interests. The parties submitted the case on stipulated facts, briefs, and affidavits.
STANDARD OF REVIEW	When the trial court decides undisputed facts, including facts presented through stipulations, briefs, and written materials, the appellate court determines whether the trial court misapplied the law and affords no presumption of correctness to the judgment.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	The CIT Group/Equipment Financing, Inc. v. George Roberts, Good Hope Wrecker & Service, Inc.

TOPICS

- quantum meruit
- unjust enrichment
- contracts
- commercial litigation
- bankruptcy

PRACTICE AREAS

contracts

bankruptcy

commercial litigation

remedies

QUESTIONS PRESENTED

1. Whether CIT could be held liable for storage fees under an express or implied contract when CIT did not know where the equipment was located until May 2001.
2. Whether Armstrong's knowledge of the equipment's location could be imputed to CIT so as to establish the knowledge required for an implied-in-law contract or unjust-enrichment recovery.
3. Whether the trial court properly awarded storage fees to Good Hope and Roberts.

HOLDINGS

1. No. Because CIT did not knowingly accept the storage services, no contract could be implied in law, and CIT was not liable for the storage fees.
2. No. Armstrong's knowledge could not be imputed to CIT on the stipulated facts because no special legal relationship or identity of interests supported imputation.

KEY QUOTATIONS

"Thus, no presumption of correctness is afforded to the trial court's judgment." (at 189)

"Thus, it is clear that knowledge that the service is being rendered is key to a court being permitted to imply a contract in law between parties where none exists in fact." (at 190)

"Without such knowledge, it is apparent that CIT did not knowingly accept the storage services provided by Roberts and Good Hope, and, therefore, no contract between Roberts and Good Hope and CIT may be implied in law in this case." (at 191)

FACTUAL BACKGROUND

B.R. Armstrong, Inc. granted security interests in a tractor and five trailers, which were assigned to Newcourt Financial USA, Inc., CIT's predecessor. After Armstrong filed for bankruptcy, it placed the equipment in Good Hope's storage yard; CIT was not notified of the location until after the bankruptcy stay was lifted and the equipment was surrendered. Good Hope refused to surrender the equipment without payment of storage fees, although the parties agreed that Good Hope had no statutory or common-law lien and that CIT never expressly agreed to pay storage charges.

PROCEDURAL HISTORY

The Cullman Circuit Court denied CIT's summary-judgment motion and later entered judgment for Roberts and Good Hope, awarding \$28,230.20 in storage fees plus interest. CIT appealed. The Alabama Court of Civil Appeals reversed and remanded for entry of a judgment consistent with its opinion.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The trial court was directed to enter a judgment consistent with the appellate opinion, which required reversal of the award of storage fees.

CASES CITED

- Craig Constr. Co. v. Hendrix, 568 So. 2d 752, 756 (Ala. 1990)
- United States ex rel. Eastern Gulf, Inc. v. Metzger Towing, Inc., 910 F.2d 775 (11th Cir. 1990)
- G.S. Gothard & Son Contractors, Inc. v. Mansel, 611 So. 2d 1101 (Ala. Civ. App. 1992)
- Green v. Hospital Bldg. Auth. of the City of Bessemer, 294 Ala. 467, 470, 318 So. 2d 701, 704 (1975)
- Richards v. Williams, 231 Ala. 450, 453, 165 So. 820, 823 (1936)
- Utah Foam Prods., Inc. v. Polytec, Inc., 584 So. 2d 1345, 1350 (Ala. 1991)
- Associates Commercial Corp. v. Roberts, 844 So. 2d 1256, 1261 (Ala. Civ. App. 2002)
- Phillips v. Fuller, 814 So. 2d 885, 888 (Ala. Civ. App. 2001)
- Hendrix, Mohr & Yardley, Inc. v. City of Daphne, 359 So. 2d 792, 795-96 (Ala. 1978)
- Nix v. Purnell, 267 Ala. 430, 432, 103 So. 2d 331, 332 (1958)
- Frank Crain Auctioneers, Inc. v. Delchamps, 797 So. 2d 470, 474 (Ala. Civ. App. 2000)
- Williams v. Fundaburk, 237 Ala. 30, 32, 185 So. 383, 384 (1938)
- Ball v. Vogtner, 362 So. 2d 894, 898 (Ala. 1978)
- Waswick v. Stutsman County Bank (In re Waswick), 212 B.R. 350, 353 n.3 (Bankr. D.N.D. 1997)