SUPREME COURT OF CONNECTICUT

FCM Group, Inc. v. Miller, 300 Conn. 774

17 A.3d 40 (2011) · No. No. 18074 · Decided May 10, 2011

SUMMARY

The Connecticut Supreme Court reviewed a breach-of-contract and mechanic's-lien foreclosure action arising from the construction of a single-family home. The court addressed the liability of a non-signatory spouse, delay damages, the enforceability and amount of mechanic's liens, attorney's fees, and damages under Connecticut lien statutes. It reversed in part the trial court's judgment accepting an attorney trial referee's recommendations.

CASE DETAILS

COURT	Supreme Court of Connecticut
WRITING FOR THE COURT	Palmer, J.; McLachlan, J.; Eveleigh, J.; Lavine, J.; Beach, J.
JURISDICTION	Connecticut
DECIDED	May 10, 2011
DOCKET	No. 18074
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The defendants appealed and the plaintiff and third-party defendant cross-appealed from a Superior Court judgment in a breach-of-contract and mechanic's-lien foreclosure action. The Supreme Court of Connecticut transferred the appeal from the Appellate Court.
STANDARD OF REVIEW	Legal determinations by an attorney trial referee are reviewed de novo for legal and logical correctness and support in the referee's factual findings. The trial court may not retry factual issues but must review the entire referee report to determine whether its recommendations are supported. Contract interpretation is plenary when the contract is unambiguous.
PRECEDENTIAL VALUE	Published precedential opinion
PARTIES	Jeffrey T. Miller, Cheryl Miller v. The FCM Group, Inc.

TOPICS

construction law · breach of contract · mechanics liens · contract interpretation · appellate procedure

PRACTICE AREAS

construction law · contracts · real estate · remedies · appellate procedure

QUESTIONS PRESENTED

1. Whether Cheryl Miller, who neither signed the construction contract nor held title to the property, could be held liable for breach of that contract based solely on alleged equitable or beneficial ownership.
2. Whether FCM proved an unpaid contract balance and could recover that balance or foreclose a mechanic's lien securing it.
3. Whether the construction contract permitted monetary damages for delays caused by change orders and the wetlands-permitting process.
4. Whether the mechanic's lien securing claimed delay damages was valid.
5. Whether Jeffrey Miller was entitled to reasonable attorney's fees under General Statutes § 49-8(c) for successfully invalidating the delay-damages mechanic's lien.

HOLDINGS

1. A person who is not a party to a contract is not liable for its breach merely because she allegedly has an equitable or beneficial ownership interest in property related to the contract. Cheryl Miller therefore could not be held liable on the construction contract.
2. A contractor may not recover a contract balance that it failed to prove represented materials furnished or services rendered, particularly where the evidence showed that the contractor had been paid more than the value of the work completed.
3. A mechanic's lien cannot secure payment for materials not furnished or services not rendered, and the $30,761.98 lien was therefore invalid. The strict-foreclosure judgment and the plaintiff's attorney's-fee award under § 52-249(a) had to be reversed.
4. The contract did not permit FCM to recover monetary damages for delays caused by change orders or the wetlands-permitting process. For delays not covered by the owner's separate-contractor provision, the contract provided an extension of time as the exclusive remedy.
5. Because FCM was not entitled to recover the claimed delay damages, the $343,351.47 mechanic's lien securing those damages was invalid, and Jeffrey Miller was entitled to the statutory damages awarded under § 49-8(c).
6. The trial court was required to determine Jeffrey Miller's reasonable attorney's fees under § 49-8(c) because his claim was properly before the court and the statute mandates attorney's fees to the prevailing party.

KEY QUOTATIONS

> *"only parties to contracts are liable for their breach."* (*54)

> *"A contract must be construed to effectuate the intent of the parties, which is determined from its language interpreted in the light of the situation of the parties and the circumstances connected with the transaction."*

> (*62)

> *“the exclusive remedy for construction delays is an extension of time within which to complete construction.”* (*63)

FACTUAL BACKGROUND

FCM contracted with Jeffrey Miller to build a single-family home; Jeffrey alone owned the property and signed the construction contract. The project underwent numerous written change orders, and the parties disputed final payment, project delays, and mechanic's liens filed by FCM. FCM filed liens for an alleged contract balance and delay damages, but the evidence showed that FCM had been paid approximately 96 percent of the revised contract price while completing approximately 95 percent of the work.

PROCEDURAL HISTORY

The trial court accepted an attorney trial referee's report, awarded FCM damages for delay, lost profit, and an alleged contract balance, awarded the defendants $5,000 for failure to release an invalid mechanic's lien, entered strict foreclosure, and later awarded FCM attorney's fees. The Supreme Court reversed substantial portions of the judgment, affirmed the $3,660.67 lost-profit award and the $5,000 statutory award to Jeffrey Miller, and remanded for determination of Jeffrey Miller's reasonable attorney's fees under General Statutes § 49-8(c).

DISPOSITION

```
reversed_and_remanded
```

REMAND INSTRUCTIONS

Determine the reasonable attorney's fees to which Jeffrey Miller is entitled under General Statutes § 49-8(c) in connection with invalidating the $343,351.47 mechanic's lien.

CASES CITED

- Alliance Partners, Inc. v. Oxford Health Plans, Inc., 263 Conn. 191, 201-202, 819 A.2d 227 (2003)
- Centerbrook, Architects & Planners v. Laurel Nursing Services, Inc., 224 Conn. 580, 620 A.2d 127 (1993)
- Hees v. Burke Construction, Inc., 290 Conn. 1, 7-8, 961 A.2d 373 (2009)
- Stone v. Rosenfield, 141 Conn. 188, 191-92, 104 A.2d 545 (1954)
- Intercity Development, LLC v. Andrade, 286 Conn. 177, 184, 942 A.2d 1028 (2008)
- Allstate Life Ins. Co. v. BFA Ltd. Partnership, 287 Conn. 307, 313, 948 A.2d 318 (2008)
- O'Connor v. Waterbury, 286 Conn. 732, 744, 945 A.2d 936 (2008)
- Levine v. Advest, Inc., 244 Conn. 732, 753, 714 A.2d 649 (1998)
- Economos v. Liljedahl Bros., Inc., 279 Conn. 300, 302-303 n.4, 901 A.2d 1198 (2006)
- Burgess Construction Co. v. M. Morrin & Son Co., 526 F.2d 108, 114-15 (10th Cir. 1975), cert. denied, 429 U.S. 866 (1976)
- SS-II, LLC v. Bridge Street Associates, 293 Conn. 287, 302, 977 A.2d 189 (2009)