

NORTH DAKOTA SUPREME COURT

Ehlen v. Melvin

2012 ND 246 (N.D. 2012) · Decided November 27, 2012

SUMMARY

Paul Ehlen appealed judgments dismissing his action against John M. and LynnDee Melvin to enforce a real-property purchase agreement. The North Dakota Supreme Court held that the Melvins' material modifications constituted a counteroffer, which Ehlen did not accept, so no contract was formed. The court affirmed the judgment and declined to address the Melvins' attorney-fee argument because they had not cross-appealed.

CASE DETAILS

COURT	North Dakota Supreme Court
WRITING FOR THE COURT	Kapsner, Justice; Gerald W. VandeWalle, Chief Justice; Mary Muehlen Maring, Justice; Daniel J. Crothers, Justice; Dale V. Sandstrom, Justice
JURISDICTION	North Dakota
DECIDED	November 27, 2012
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from a judgment dismissing an action to enforce a real-property purchase agreement, an award of costs, and an amended judgment.
STANDARD OF REVIEW	The existence of a contract is reviewed as a question of law only when mutual consent and the other contract elements are demonstrated clearly and unambiguously on the face of the writing. Otherwise, contract formation is a question of fact reviewed under the clearly erroneous standard. The court does not reweigh evidence or reassess credibility.
PRECEDENTIAL VALUE	Published North Dakota Supreme Court opinion; precedential.
PARTIES	Paul Ehlen v. John M. Melvin, LynnDee Melvin

TOPICS

mutual assent

offer and acceptance

contract formation

parol evidence rule

statute of frauds

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the Melvins' written substantive changes and additions to Ehlen's purchase agreement constituted a counteroffer rather than an acceptance.
2. Whether the parties mutually assented to a binding contract for the sale of the real property.
3. Whether Ehlen accepted the Melvins' counteroffer through silence, inaction, or conduct.
4. Whether the parol evidence rule or statute of frauds barred the Melvins from asserting that their modifications constituted a counteroffer.
5. Whether the Melvins could obtain attorney fees on appeal without filing a cross-appeal.

HOLDINGS

1. The district court correctly found that the parties did not mutually consent to a contract because the Melvins made substantive changes and additions to Ehlen's offer, and the parties did not agree to the essential terms.
2. The Melvins' material changes and additions to the purchase documents constituted a counteroffer, not an absolute and unqualified acceptance.
3. Ehlen did not accept the Melvins' counteroffer; silence, failure to reject, and the absence of any signed or initialed acceptance did not establish acceptance.
4. The parol evidence rule did not apply because the alleged modifications were written and no valid contract existed.
5. The statute of frauds did not apply because the parties did not rely on an oral agreement or orally agreed additional terms; the Melvins' counteroffer was in writing.
6. The court would not address the Melvins' attorney-fee argument because they did not file a cross-appeal, which was necessary to seek a more favorable result than they received below.

KEY QUOTATIONS

“The acceptance of a contract must be absolute and unqualified, and a qualified acceptance is a counter proposal.” (823 N.W.2d at 783)

“The parties must agree on the same thing in the same sense, and the use of the words that a document is “a legally binding contract” does not mean that a contract exists.” (823 N.W.2d at 784)

FACTUAL BACKGROUND

Ehlen sent the Melvins a signed purchase agreement offering \$850,000 for their McIntosh County real property, along with an amendment containing additional terms. The Melvins made handwritten substantive changes and additions, including as-is language, limitations on conveyed mineral rights, and disclosures concerning a federal wetlands easement and an agricultural lease, then signed and returned the documents. Ehlen did not sign or

initial the modified documents, pay the purchase price, or otherwise communicate acceptance, and the Melvins later terminated the transaction.

PROCEDURAL HISTORY

After a court trial, the district court found that no contract existed because the Melvins' written modifications constituted a counteroffer that Ehlen never accepted. The court dismissed Ehlen's claims with prejudice and awarded the Melvins costs, while reversing its prior attorney-fee award. Ehlen appealed the judgments and amended judgment; the North Dakota Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- Jerry Harmon Motors, Inc. v. First Nat. Bank & Trust Co., 472 N.W.2d 748 (N.D. 1991)
- B.J. Kadrmas, Inc. v. Oxbow Energy, LLC, 2007 ND 12, 727 N.W.2d 270
- Come Big or Stay Home, LLC v. EOG Resources, Inc., 2012 ND 91, 816 N.W.2d 80
- Stout v. Fisher Indus., Inc., 1999 ND 218, 603 N.W.2d 52
- Berg v. Lien, 522 N.W.2d 455 (N.D. 1994)
- Wucherpfennig v. Dooley, 351 N.W.2d 443 (N.D. 1984)
- Greenberg v. Stewart, 236 N.W.2d 862 (N.D. 1975)
- Beiseker v. Amberson, 17 N.D. 215, 116 N.W. 94 (1908)
- Stonewood Hotel Corp., Inc. v. Davis Dev., Inc., 447 N.W.2d 286 (N.D. 1989)
- Lire, Inc. v. Bob's Pizza Inn Restaurants, Inc., 541 N.W.2d 432 (N.D. 1995)
- Silbernagel v. Silbernagel, 2007 ND 124, 736 N.W.2d 441
- Evenson v. Quantum Indus., Inc., 2004 ND 178, 687 N.W.2d 241
- Kalvoda v. Bismarck Pub. Sch. Dist., 2011 ND 32, 794 N.W.2d 454
- Hovet v. Hebron Pub. Sch. Dist., 419 N.W.2d 189 (N.D. 1988)