

SUPREME COURT OF ALASKA

Kenai Chrysler Center, Inc. v. Denison

167 P.3d 1240 (Alaska 2007) · No. Nos. S-11688, S-11707 · Decided September 21, 2007

SUMMARY

The Alaska Supreme Court affirmed a judgment arising from the sale of a vehicle to a person under a legal guardianship. It held that the guardianship rendered the sales contract void, gave constructive notice of the buyer's incapacity, and precluded the dealership from obtaining restitution. The court also upheld treble damages under Alaska's Unfair Trade Practices Act and rejected the parties' challenges concerning mitigation, joinder, discovery, attorney's fees, and sanctions.

CASE DETAILS

COURT	Supreme Court of Alaska
WRITING FOR THE COURT	Bryner, Chief Justice; Matthews, Justice; Eastaugh, Justice; Fabe, Justice; Carpeneti, Justice
JURISDICTION	Alaska
DECIDED	September 21, 2007
DOCKET	Nos. S-11688, S-11707
DISPOSITION	affirmed
PROCEDURAL POSTURE	Kenai Chrysler and DaimlerChrysler Insurance Agency appealed from a superior court judgment following summary judgment rulings and a jury verdict imposing liability under Alaska's Unfair Trade Practices Act. The Denisons cross-appealed the attorney's-fee award and the superior court's failure to rule on sanctions motions.
STANDARD OF REVIEW	Summary judgment is reviewed de novo. Discovery rulings are reviewed for abuse of discretion. Evidentiary rulings are generally reviewed for abuse of discretion, subject to preservation requirements. The sufficiency of evidence supporting a jury verdict is reviewed to determine whether any evidence supports the verdict. Interpretation of the UTPA is reviewed independently. The amount of an attorney's-fee award is reviewed for abuse of discretion.
PRECEDENTIAL VALUE	published precedential opinion of the Supreme Court of Alaska
PARTIES	Kenai Chrysler Center, Inc., DaimlerChrysler Insurance Agency, Inc. v. Dorothy Denison and Michael Denison, as guardians of David

TOPICS

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether David's contract with Kenai Chrysler was void as a matter of law because he was under a valid guardianship.
2. Whether evidence of alleged guardian neglect or abandonment created a genuine issue of material fact concerning David's contractual capacity.
3. Whether Kenai Chrysler was entitled to assert mitigation and failure-to-join defenses as a matter of law.
4. Whether the superior court properly denied Kenai Chrysler's motion to compel discovery.
5. Whether the superior court abused its discretion in allowing a document to refresh a witness's recollection and in limiting another witness's testimony.
6. Whether the evidence supported liability under Alaska's Unfair Trade Practices Act.
7. Whether the jury's awards for the value and loss of use of David's Pontiac were supported and whether the loss-of-use award was excessive.
8. Whether treble damages under the UTPA were waived when the Denisons withdrew their separate punitive-damages claim.
9. Whether the superior court properly calculated attorney's fees and excluded fees incurred in the related probate proceeding.
10. Whether the Denisons preserved their challenge to the superior court's failure to rule on their sanctions motions.

HOLDINGS

1. A valid legal guardianship precludes the formation of a valid contract with the ward; David's vehicle-sales contract was void as a matter of law.
2. Evidence of guardian neglect, independence-promoting conduct, or a lucid interval does not by itself restore a ward's contractual capacity; restoration requires termination or abandonment of the guardianship.
3. Kenai Chrysler could not obtain summary judgment barring all mitigation arguments because the reasonableness of the Denisons' delay in replacing the Pontiac was disputable, but any error was harmless because the issue was submitted to the jury.

4. GMAC was not a necessary party because the contract assigned to it was never validly formed and the Denisons could obtain complete relief from Kenai Chrysler.
5. The superior court did not abuse its discretion by denying the motion to compel because Kenai Chrysler failed to make a genuine good-faith effort to meet and confer before seeking court intervention.
6. A merchant's mere good-faith but mistaken assertion that a contract is valid is insufficient by itself to establish an UTPA violation, but conduct going beyond that assertion and demonstrating deceptive, unethical, oppressive, or unfair treatment may support liability. The evidence here was sufficient for the jury to find a violation.
7. The \$5,000 loss-of-use award was supported by the evidence and was not excessive because it was not all out of proportion to the Pontiac's fair market value.
8. The Denisons' withdrawal of their separate punitive-damages claim did not waive their right to mandatory treble damages under AS 45.50.531(a).
9. The superior court acted within its discretion in reducing the requested UTPA attorney's fees by twenty percent and excluding fees incurred in the related probate proceeding.

KEY QUOTATIONS

“Under the Restatement (Second) of Contracts, the existence of a valid legal guardianship precludes the formation of a valid contract with the guardianship's ward.” (1248)

“In short, Kenai Chrysler failed to adduce any evidence sufficient to raise a genuine issue of material fact precluding the superior court from ruling as a matter of law that David's status as a ward rendered his contract with Kenai Chrysler void.” (1249)

“In our view, a jury considering the totality of these circumstances in the light most favorable to the Denisons could reasonably have found that Kenai Chrysler's attempts to enforce the sales contract blatantly disregarded the Denisons' rights and amounted to unethical conduct.” (1257)

“In short, we find no merit to Kenai Chrysler's argument that the Denisons waived their right to treble damages under the UTPA by agreeing to withdraw their additional claim for punitive damages.” (1260)

FACTUAL BACKGROUND

David Denison, a developmentally disabled adult under a formal guardianship held by his parents, purchased a Dodge Neon from Kenai Chrysler without a cosigner. Shortly after the sale, his mother notified the dealership of the guardianship, showed the guardianship papers, and demanded that the dealership take back the vehicle, but the dealership repeatedly treated the contract as valid, returned the vehicle to David, sold his trade-in, and pursued enforcement-related actions. The Denisons ultimately sued for declaratory and injunctive relief, damages under Alaska's Unfair Trade Practices Act, and other remedies.

PROCEDURAL HISTORY

David Denison's guardians sued after Kenai Chrysler refused to rescind a vehicle sale made while David was under a formal guardianship. The superior court declared the contract void, granted summary judgment against

Kenai Chrysler on its affirmative defenses and counterclaims, and conducted a jury trial on the UTPA claim. The jury awarded actual damages, the court awarded treble damages and attorney's fees, and the Supreme Court affirmed the judgment on both the appeal and cross-appeal.

DISPOSITION

affirmed

CASES CITED

- Pappert v. Sargent, 847 P.2d 66 (Alaska 1993)
- The Emporium v. Boyle, 7 Alaska 80 (1923)
- Huntington National Bank v. Toland, 71 Ohio App. 3d 576, 594 N.E.2d 1103 (1991)
- Alaska Construction Equipment, Inc. v. Star Trucking, Inc., 128 P.3d 164 (Alaska 2006)
- Ben Lomond, Inc. v. Campbell, 691 P.2d 1042 (Alaska 1984)
- State v. Stanley, 506 P.2d 1284 (Alaska 1973)
- Nautilus Marine Enterprises, Inc. v. Valdez Fisheries Development Association, 943 P.2d 1201 (Alaska 1997)
- State v. O'Neill Investigations, Inc., 609 P.2d 520 (Alaska 1980)
- S. Atlantic Ltd. Partnership of Tennessee, L.P. v. Riese, 284 F.3d 518 (4th Cir. 2002)
- Regency Nissan, Inc. v. Taylor, 194 Ga. App. 645, 391 S.E.2d 467 (1990)
- Larson v. Benediktsson, 152 P.3d 1159 (Alaska 2007)
- J.M.R. v. S.T.R., 15 P.3d 253 (Alaska 2001)
- Gamble v. Northstore Partnership, 28 P.3d 286 (Alaska 2001)
- Hunsicker v. Thompson, 717 P.2d 358 (Alaska 1986)
- Thomas v. State, 391 P.2d 18 (Alaska 1964)

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