

SUPREME COURT OF NORTH DAKOTA

Ritter, Laber and Associates, Inc.; Elizabeth Cantarine, Personal Representative of the Estate of Eugene A. Burdick; and Russell L. Kiker v. Koch Oil, Inc., a division of Koch Industries, Inc.

2004 ND 117 (N.D. 2004) · No. No. 20030347 · Decided June 3, 2004

SUMMARY

The Supreme Court of North Dakota reviewed a summary judgment dismissing class-action claims against Koch Oil for conversion, unjust enrichment, and an accounting, as well as the denial of a motion to amend the complaint to add breach of contract. The court held that disputed issues of material fact supported the conversion claim and an accounting, while the contractual relationships precluded unjust enrichment and the trial court did not abuse its discretion in denying amendment. The court affirmed in part, reversed in part, and remanded.

CASE DETAILS

COURT	Supreme Court of North Dakota
WRITING FOR THE COURT	Sandstrom, Justice; Dale V. Sandstrom; William A. Neumann; Mary Muehlen Maring; Carol Ronning Kapsner; Gerald W. VandeWalle, C.J.
JURISDICTION	North Dakota
DECIDED	June 3, 2004
DOCKET	No. 20030347
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Plaintiffs appealed from a summary judgment dismissing their claims for conversion, unjust enrichment, and an accounting, and from the denial of their motion to amend the complaint to add a breach-of-contract claim.
STANDARD OF REVIEW	Summary judgment is reviewed de novo on the entire record, viewing the evidence in the light most favorable to the opposing party; denial of a motion to amend pleadings is reviewed for abuse of discretion.
PRECEDENTIAL VALUE	published North Dakota Supreme Court opinion

PARTIES

Ritter, Laber and Associates, Inc., Elizabeth Cantarine, Personal Representative of the Estate of Eugene A. Burdick, Russell L. Kiker v. Koch Oil, Inc., a division of Koch Industries, Inc.

TOPICS

conversion

unjust enrichment

accounting

summary judgment

motion to amend

PRACTICE AREAS

civil procedure

torts

contracts

remedies

commercial litigation

QUESTIONS PRESENTED

1. Whether disputed issues of material fact precluded summary judgment on the plaintiffs' conversion claim.
2. Whether the parties' contractual relationships precluded the plaintiffs' unjust-enrichment claims.
3. Whether the plaintiffs were entitled to an accounting after the conversion claim survived summary judgment.
4. Whether the trial court abused its discretion by denying the plaintiffs' motion to amend the complaint to add a breach-of-contract claim.

HOLDINGS

1. Claims for conversion and breach of contract may arise from the same facts. The plaintiffs' allegations that Koch wrongfully deprived them of excess unreported oil and the proceeds from its sale stated a potential conversion claim independent of contractual liability.
2. The plaintiffs could not recover under unjust enrichment because their contractual relationships defined their rights concerning the oil and proceeds. Express contracts precluded the claims of plaintiffs who contracted directly with Koch, and the lack of a direct benefit at the plaintiffs' expense precluded the claims of plaintiffs who contracted through producers.
3. Because the conversion claim was reinstated, the plaintiffs had an equitable basis for seeking an accounting, and dismissal of the accounting request was improper.
4. The trial court did not abuse its discretion by denying the plaintiffs' motion to amend the complaint to add a breach-of-contract claim.

KEY QUOTATIONS

“Conversion consists of a tortious detention or destruction of personal property, or a wrongful exercise of dominion or control over the property inconsistent with or in defiance of the rights of the owner.” (§ 11)

“Although Koch may have been entitled to initially take the oil, the gist of conversion is not the acquisition of the property but the wrongful deprivation of that property.” (§ 20)

“We said it is well-settled that unjust enrichment applies only in the absence of a contract between the parties, and there can be no implied-in-law contract when there is an express contract between the parties relative to the same subject matter.” (¶ 28)

FACTUAL BACKGROUND

Koch purchased oil under division orders that specified payment and measurement methods. The plaintiffs alleged Koch paid for oil based on hand-gauging measurements at the wells but later measured oil by volumetric meter, systematically adjusting the well measurements and obtaining more than 750,000 barrels without reporting or paying for the excess. Koch allegedly sold the unreported oil and retained the proceeds.

PROCEDURAL HISTORY

The case arose as a class action involving royalty and leasehold interests in North Dakota oil wells. The trial court granted Koch summary judgment on the conversion and unjust-enrichment claims, dismissed the request for an accounting, and denied the motion to amend the complaint to add a breach-of-contract claim. The North Dakota Supreme Court affirmed in part, reversed in part, and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Proceed consistently with the opinion, including allowing the plaintiffs' conversion and accounting claims to proceed while maintaining dismissal of the unjust-enrichment claim and denial of leave to amend to add breach of contract.

CASES CITED

- Ritter, Laber and Assocs., Inc. v. Koch Oil, Inc., 2001 ND 56, 623 N.W.2d 424
- Ritter, Laber and Assocs., Inc. v. Koch Oil, Inc., 2000 ND 15, 605 N.W.2d 153
- Bender v. Aviko, 2002 ND 13, ¶ 4, 638 N.W.2d 545
- Fetch v. Quam, 2001 ND 48, ¶¶ 8-9, 623 N.W.2d 357
- Perry Center, Inc. v. Heitkamp, 1998 ND 78, ¶ 18, 576 N.W.2d 505
- Sargent County Bank v. Wentworth, 547 N.W.2d 753, 762 (N.D. 1996)
- Napoleon Livestock Auction, Inc. v. Rohrich, 406 N.W.2d 346, 351 (N.D. 1987)
- Taugher v. Northern Pac. Ry. Co., 21 N.D. 111, 120, 129 N.W. 747, 750 (1910)
- Dairy Dep't v. Harvey Cheese, Inc., 278 N.W.2d 137, 144 (N.D. 1979)
- John Deere Co. v. Nygaard Equip. Inc., 225 N.W.2d 80, 89 (N.D. 1974)
- Christensen v. Farmers State Bank, 157 N.W.2d 352, 357 (N.D. 1968)
- Hook v. Crary, 142 N.W.2d 140, 149 (N.D. 1966)
- Leach v. Kelsch, 106 N.W.2d 358, 360-65 (N.D. 1960)

- *Finstrom v. First State Bank*, 525 N.W.2d 675, 677-78 (N.D. 1994)
- *Hochstetler v. Graber*, 78 N.D. 90, 94-95, 102, 48 N.W.2d 15, 18-19, 22 (1951)
- *Golly v. Northland Elevator Co.*, 53 N.D. 564, 568-70, 207 N.W. 438, 439-40 (1926)
- *Ansin v. River Oaks Furniture, Inc.*, 105 F.3d 745, 755 (1st Cir. 1997)
- *National Union Fire Ins. Co. v. Care Flight Ambulance Serv., Inc.*, 18 F.3d 323, 326 (5th Cir. 1994)
- *Woods Petroleum Corp. v. Delhi Gas Pipeline Corp.*, 700 P.2d 1023, 1027-28 (Okla. Ct. App. 1983)
- *Pan American Petroleum Corp. v. Long*, 340 F.2d 211, 219-25 (5th Cir. 1964)
- *BTA Oil Producers, Inc. v. MDU Resources Group, Inc.*, 2002 ND 55, ¶¶ 19-24, 36-42, 642 N.W.2d 873
- *Apache Corp. v. MDU Resources Group, Inc.*, 1999 ND 247, ¶¶ 2, 6, 14-15, 603 N.W.2d 891
- *Cavalier County Mem'l Hosp. Ass'n v. Kartes*, 343 N.W.2d 781, 784 (N.D. 1984)
- *Midland Diesel Serv. and Engine Co. v. Sivertson*, 307 N.W.2d 555, 557 (N.D. 1981)
- *Opp v. Matzke*, 1997 ND 32, ¶ 8, 559 N.W.2d 837
- *A & A Metal Bldgs. v. I-S, Inc.*, 274 N.W.2d 183, 189 (N.D. 1978)
- *Schlichenmayer v. Luithle*, 221 N.W.2d 77, 83 (N.D. 1974)
- *Matter of Estate of Zent*, 459 N.W.2d 795, 798 (N.D. 1990)
- *Zuger v. North Dakota Ins. Guar. Ass'n*, 494 N.W.2d 135, 138 (N.D. 1992)
- *Stuber v. Taylor*, 200 N.W.2d 276, 280 (N.D. 1972)
- *Messiha v. State*, 1998 ND 149, ¶ 7, 583 N.W.2d 385
- *Narum v. Faxx Foods, Inc.*, 1999 ND 45, ¶ 29, 590 N.W.2d 454