

SUPREME COURT OF THE STATE OF MONTANA

Brooke v. State

2020 MT 187 (Mont. 2020) · No. DA 19-0506 · Decided July 28, 2020

SUMMARY

The Montana Supreme Court affirmed summary judgment for the State in a class action brought by contract attorneys for the Office of the State Public Defender. The court held that the attorneys’ agreements clearly permitted the State to prospectively modify compensation rates for existing cases upon notice, subject to statutory and good-faith limitations, and that the agreements were not illusory.

CASE DETAILS

COURT	Supreme Court of the State of Montana
WRITING FOR THE COURT	Chief Justice Mike McGrath; Justice James Jeremiah Shea; Justice Beth Baker; Justice Ingrid Gustafson; Justice Jim Rice
JURISDICTION	Montana
DECIDED	July 28, 2020
DOCKET	DA 19-0506
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from an order granting the State's motion for summary judgment and denying appellants' motion for partial summary judgment in a class action seeking declaratory, injunctive, and damages relief for alleged breach of contract and violation of the Montana Contract Clause.
STANDARD OF REVIEW	Summary judgment is reviewed de novo.
PRECEDENTIAL VALUE	published opinion; precedential
PARTIES	Nick Brooke, Ethan Lerman, Brian West, all others similarly situated v. State of Montana, Steve Bullock, in his official capacity as Governor, Rhonda Schaffer, in her official capacity as Director of the Office of the State Public Defender

TOPICS

- government contracts
- contract interpretation
- implied covenant of good faith
- contracts
- standard of review

PRACTICE AREAS

government contracts

contracts

constitutional law

appellate procedure

QUESTIONS PRESENTED

1. Whether the MOU permitted OPD to make prospective changes to contract attorneys' compensation rates for services performed on existing cases.
2. Whether the MOU was illusory because it allowed the OPD Director to modify compensation rates.
3. Whether OPD's rate reductions violated the Montana Constitution's Contract Clause.

HOLDINGS

1. The MOU clearly permitted OPD to prospectively modify the compensation fee schedule, including for services performed on cases that had already been accepted, provided that notice was given.
2. The MOU was not illusory because OPD's authority to modify compensation rates was constrained by the contractual duty of good faith and fair dealing and by statutory requirements that contracting be fair and compensation reasonable.
3. The rate reductions did not violate the Montana Contract Clause because the appellants did not establish that the reductions were made in bad faith or were unreasonable, and the reductions did not conflict with the MOU's terms.

KEY QUOTATIONS

“The plain language of the MOU provides that OPD may change the fee schedule at any time, provided notice is given.” (¶ 9)

“The MOU’s language clearly provides for prospective modification of compensation rates at the OPD Director’s discretion.” (¶ 16)

FACTUAL BACKGROUND

The appellants were Montana attorneys who entered Memoranda of Understanding with the Office of the State Public Defender to represent indigent clients assigned to them when OPD could not provide representation. The MOU incorporated a fee schedule stating that compensation rates were subject to change by the OPD Director upon notice. Because of a projected budget shortfall, OPD reduced the hourly rate for legal services from \$62 to \$56 and the rate for case-related travel from \$62 to \$45, effective April 1, 2018. The appellants had existing cases when the reductions took effect and continued representing their clients under the reduced rates.

PROCEDURAL HISTORY

Appellants, attorneys contracting with the Office of the State Public Defender, filed a class action challenging prospective reductions in compensation rates for services performed on existing cases. The First Judicial District Court granted the State's motion for summary judgment, concluding that the governing Memorandum of Understanding permitted the Director to change fee rates upon notice and that the Contract Clause claim failed. The Montana Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- City of Missoula v. Fox, 2019 MT 250, ¶ 6, 397 Mont. 388, 450 P.3d 898
- Watters v. City of Billings, 2017 MT 211, ¶ 16, 388 Mont. 376, 404 P.3d 379
- Smith v. Sorensen, 748 F.2d 427, 436-37 (8th Cir. 1984)
- Somont Oil Co. v. Nutter, 228 Mont. 467, 473, 743 P.2d 1016, 1019 (1987)
- Knucklehead Land Co. v. Accutitle, Inc., 2007 MT 301, ¶ 18, 340 Mont. 62, 172 P.3d 116
- Phelps v. Frampton, 2007 MT 263, ¶ 38, 339 Mont. 330, 170 P.3d 474