

INDIANA SUPREME COURT

International Business Machines Corporation v. State of Indiana,
acting on behalf of the Indiana Family & Social Services
Administration

19S-PL-19 · No. 19S-PL-19 · Decided June 26, 2019

SUMMARY

The Indiana Supreme Court addresses post-judgment interest on International Business Machines Corporation's \$49.5 million award for assignment and equipment fees arising from its contract with the State of Indiana to modernize the welfare eligibility system. The court holds that interest runs from the judgment on remand because the original judgment was not final while damages and offsets remained unresolved. The court summarily affirms the Court of Appeals on other issues and affirms the trial court, while Justice Slaughter concurs in part and dissents in part regarding the classification and amount of the State's damages.

CASE DETAILS

COURT	Indiana Supreme Court
WRITING FOR THE COURT	Justice David; Chief Justice Rush; Justice Goff; Justice Slaughter; Justice Massa
JURISDICTION	Indiana
DECIDED	June 26, 2019
DOCKET	19S-PL-19
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal and cross-appeal from the Marion Superior Court following remand from the Indiana Supreme Court; transfer was granted from the Indiana Court of Appeals.
STANDARD OF REVIEW	For special findings under Indiana Trial Rule 52(A), the reviewing court may affirm on any legal theory supported by the findings. A damages award will not be reversed if it is within the scope of the evidence. The entitlement to post-judgment interest is governed by statute, and statutory interpretation is reviewed de novo.
PRECEDENTIAL VALUE	published and precedential Indiana Supreme Court opinion

PARTIES

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TOPICS

government contracts

contracts

damages

appellate procedure

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether IBM was entitled to post-judgment interest on its \$49,510,795 award of assignment and equipment fees from the date of the original 2012 judgment or only from the date of the judgment entered on remand.
2. Whether the Court of Appeals and trial court erred on the parties' other damages and factual-findings issues.

HOLDINGS

1. IBM's post-judgment interest on its \$49,510,795 award runs from the judgment entered on remand, not from the original 2012 judgment, because the original judgment was not final as to all issues and parties.
2. The Court summarily affirmed the Court of Appeals on all other issues and affirmed the trial court on all issues.

KEY QUOTATIONS

"Finding that the original 2012 judgment was not "final," we hold that the post-judgment interest due to IBM runs from the judgment on remand." (at 3)

"a judgment is reversed on appeal and remanded to the trial court for the entry of a new judgment, post-judgment interest accrues from the date the trial court enters the new judgment." (at 5)

"Not all the issues as to all parties were resolved at the time of remand" (at 6)

FACTUAL BACKGROUND

Indiana and IBM entered into a ten-year, approximately \$1.3 billion Master Services Agreement to modernize Indiana's welfare eligibility system. Indiana terminated the agreement less than three years later, alleging performance problems, and the Indiana Supreme Court previously determined that IBM materially breached the agreement. After remand, the trial court awarded Indiana \$128 million in damages and credited IBM \$49,510,795 for assignment and equipment fees, resulting in a net judgment of \$78,178,109 owed to Indiana.

PROCEDURAL HISTORY

The Indiana Supreme Court previously held that IBM materially breached the Master Services Agreement and remanded for determination of damages and appropriate offsets. On remand, the trial court awarded the State \$128 million in damages, credited IBM with \$49,510,795 in offsets, and entered a net judgment of \$78,178,109, denying IBM post-judgment interest on its offset award. The Court of Appeals affirmed in part, reversed in part, and remanded, holding that IBM was entitled to post-judgment interest from the original judgment. The Indiana Supreme Court granted transfer, vacated the Court of Appeals opinion, resolved the interest issue, summarily affirmed the remaining appellate rulings, and affirmed the trial court.

DISPOSITION

affirmed

CASES CITED

- State v. International Business Machines Corp., 51 N.E.3d 150 (Ind. 2016)
- International Business Machines Corp. v. State on behalf of Indiana Family & Social Services Administration, 112 N.E.3d 1088 (Ind. Ct. App. 2018)
- G & N Aircraft, Inc. v. Boehm, 743 N.E.2d 227, 234 (Ind. 2001)
- Dunn v. Cadiente, 516 N.E.2d 52, 54 (Ind. 1987)
- Tinch v. Davidson, 784 N.E.2d 551, 553 (Ind. Ct. App. 2003)
- ESPN, Inc. v. University of Notre Dame Police Department, 62 N.E.3d 1192, 1195 (Ind. 2016)
- Beam v. Wausau Insurance Co., 765 N.E.2d 524, 534-535 (Ind. 2002)
- Georgos v. Jackson, 790 N.E.2d 448, 451 (Ind. 2003)