

SUPREME COURT OF UTAH

Bakowski v. Mountain States Steel, Inc., 2002 UT 62

52 P.3d 1179 (Utah 2002) · No. No. 20000608 · Decided July 9, 2002

SUMMARY

The Utah Supreme Court affirmed summary judgment for Voest-Alpine in a dispute arising from a commercial lease, holding that the lease commenced on March 1, 1994, and required Voest-Alpine to procure liability insurance. The court further held that the lease’s waiver-of-subrogation provision barred Mountain States and its insurers from recovering settlement amounts, and upheld the attorney-fee award.

CASE DETAILS

|                       |                                                                                                                                                                                                                                                                                                           |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| COURT                 | Supreme Court of Utah                                                                                                                                                                                                                                                                                     |
| WRITING FOR THE COURT | Justice Russon; Chief Justice Durham; Associate Chief Justice Durrant; Justice Howe; Justice Wilkins                                                                                                                                                                                                      |
| JURISDICTION          | Utah                                                                                                                                                                                                                                                                                                      |
| DECIDED               | July 9, 2002                                                                                                                                                                                                                                                                                              |
| DOCKET                | No. 20000608                                                                                                                                                                                                                                                                                              |
| DISPOSITION           | affirmed                                                                                                                                                                                                                                                                                                  |
| PROCEDURAL POSTURE    | Mountain States appealed summary judgment in favor of Voest-Alpine on Mountain States' third-party claims for breach of contract and indemnification. Voest-Alpine cross-appealed the denial of its first summary judgment motion and the trial court's refusal to award additional attorney fees.        |
| STANDARD OF REVIEW    | Summary judgment and plain-language contract interpretation are reviewed for correctness, without deference. The facts and reasonable inferences are viewed in the light most favorable to the nonmoving party. The reasonableness and calculation of attorney fees are reviewed for abuse of discretion. |
| PRECEDENTIAL VALUE    | Published Utah Supreme Court opinion; precedential                                                                                                                                                                                                                                                        |
| PARTIES               | Mountain States Steel, Inc. v. Voest-Alpine Services & Technologies Corp.                                                                                                                                                                                                                                 |

TOPICS

subrogation

insurance coverage

landlord tenant

contract interpretation

remedies

## PRACTICE AREAS

contracts

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real estate

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remedies

## QUESTIONS PRESENTED

1. Whether the lease term and Voest-Alpine's duty to procure insurance commenced on March 1, 1994, or when Voest-Alpine took possession on April 6, 1994.
2. Whether the lease's waiver-of-subrogation provision barred Mountain States and its insurers from recovering amounts paid to settle the injury claims.
3. Whether the trial court abused its discretion by awarding Voest-Alpine \$30,206.45 rather than the additional attorney fees later sought.

## HOLDINGS

1. The lease commenced on March 1, 1994, as expressly provided by the lease, and Voest-Alpine's contractual duty to procure liability insurance was effective on that date.
2. The first sentence of the lease's waiver-of-subrogation provision independently waived Mountain States' claims and its insurers' subrogation rights for losses covered by any insurance policy in force at the time of loss.
3. The trial court did not abuse its discretion by limiting Voest-Alpine's attorney-fee award to \$30,206.45 rather than awarding the additional \$8,173.55 later asserted.

## KEY QUOTATIONS

*“When interpreting a contract, a court first looks to the contract's four corners to determine the parties' intentions, which are controlling.” (¶ 16)*

*“According to the plain language, Mountain States waived all causes of action against Voest-Alpine to recover for damages that were paid under any insurance policy.” (¶ 28)*

*“By unilaterally submitting a proposed award that increased the award from the trial court's ruling, Voest-Alpine attempted to obtain an unauthorized attorney fee award in an amount that the trial court never determined was reasonable.” (¶ 37)*

## FACTUAL BACKGROUND

Mountain States leased a commercial building to Voest-Alpine under an agreement commencing March 1, 1994. The lease required Mountain States to complete specified improvements and required Voest-Alpine to obtain liability insurance covering both parties; it also contained a mutual waiver of subrogation for losses insured under any policy in force at the time of loss. Before Voest-Alpine took possession, two Voest-Alpine employees were seriously injured while assisting with improvements, and Mountain States' insurers later settled their claims. Voest-Alpine refused Mountain States' tender of the defense, leading Mountain States to seek reimbursement under the lease.

## PROCEDURAL HISTORY

After Bakowski sued Mountain States for injuries from a workplace accident, Mountain States filed a third-party action against Voest-Alpine, alleging that Voest-Alpine breached the lease by failing to procure insurance covering Mountain States. Mountain States' insurers settled Bakowski's and Ramirez's claims, while the third-party action remained pending. The trial court initially ruled that the lease and insurance obligations commenced on March 1, 1994, but later granted Voest-Alpine summary judgment based on the lease's waiver-of-subrogation clause and awarded \$30,206.45 in attorney fees. The Utah Supreme Court affirmed.

## DISPOSITION

affirmed

## CASES CITED

- Ault v. Holden, 2002 UT 33, ¶ 15, 44 P.3d 781
- Holmes Dev., LLC v. Cook, 2002 UT 38, ¶ 21, 48 P.3d 895
- DCM Inv. Corp. v. Pinecrest Inv. Co., 2001 UT 91, ¶ 6, 34 P.3d 785
- Cent. Fla. Invs., Inc. v. Parkwest Assocs., 2002 UT 3, ¶ 12, 40 P.3d 599
- Winegar v. Froerer Corp., 813 P.2d 104, 108 (Utah 1991)
- Zions First Nat'l Bank v. Nat'l Am. Title Ins. Co., 749 P.2d 651, 653 (Utah 1988)
- Gibbs M. Smith, Inc. v. United States Fid. & Guar. Co., 949 P.2d 337, 340 (Utah 1997)
- Copper State Leasing Co. v. Blacker Appliance & Furniture Co., 770 P.2d 88, 90 (Utah 1988)
- Nova Cas. Co. v. Able Constr., Inc., 1999 UT 69, ¶ 6, 983 P.2d 575
- Faulkner v. Farnsworth, 665 P.2d 1292, 1293 (Utah 1983)
- Rio Algom Corp. v. Jimco Ltd., 618 P.2d 497, 505 (Utah 1980)
- Utah Coal & Lumber Rest., Inc. v. Outdoor Endeavors Unlimited, 2001 UT 100, ¶ 12, 40 P.3d 581
- Battistone v. Am. Land & Dev. Co., 607 P.2d 837, 839 (Utah 1980)
- State Farm Mut. Auto. Ins. Co. v. Northwestern Nat'l Ins. Co., 912 P.2d 983, 985 (Utah 1996)
- Educators Mut. Ins. Ass'n v. Allied Prop. & Cas. Ins. Co., 890 P.2d 1029, 1030-31 (Utah 1995)
- Hill v. State Farm Mut. Auto. Ins. Co., 765 P.2d 864, 866 (Utah 1988)
- Nat'l Union Fire Ins. Co. of Pittsburgh, Pa. v. John Zink Co., 972 S.W.2d 839, 843-44 (Tex. App. 1998)
- E.H. Ashley & Co. v. Wells Fargo Alarm Servs., 907 F.2d 1274, 1277 (1st Cir. 1990)
- Fashion Place Inv., Ltd. v. Salt Lake County, 776 P.2d 941, 945 (Utah Ct. App. 1989)
- Ind. Ins. Co. v. Erlich, 880 F. Supp. 513, 516-19 (W.D. Mich. 1994)
- Harlington Realty Corp. v. S.L.G. Discount Corp., 162 A.D.2d 176, 556 N.Y.S.2d 308, 309 (N.Y. App. Div. 1990)
- R.T. Nielson Co. v. Cook, 2002 UT 11, ¶ 20, 40 P.3d 1119
- Dixie State Bank v. Bracken, 764 P.2d 985, 988-89 (Utah 1988)
- Miller v. USAA Cas. Ins. Co., 2002 UT 6, ¶ 69, 44 P.3d 663

- Faust v. KAI Techs., Inc., 2000 UT 82, ¶ 17, 15 P.3d 1266
- Ault v. Holden, 2002 UT 33, ¶ 47, 44 P.3d 781
- ProMax Dev. Corp. v. Raile, 2000 UT 4, ¶ 16, 998 P.2d 254
- N.A.R., Inc. v. Walker, 2001 UT 98, ¶¶ 2-7, 37 P.3d 1068

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