UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

Omni Hotels Mgmt. Corp. v. Ultimate Parking, LLC

61 F.4th 215 (1st Cir. 2023) · No. No. 21-1745 · Decided March 2, 2023

SUMMARY

The First Circuit held that Omni Hotels was entitled to contractual indemnification from Ultimate Parking for attorney's fees incurred in a premises-liability action. Applying Rhode Island law, the court concluded that the agreement's exclusion for claims arising from Omni's negligence required a factual finding of negligence, not merely allegations in the underlying complaint. The court vacated the district court's summary judgment for Ultimate and directed entry of judgment for Omni.

CASE DETAILS

COURT	United States Court of Appeals for the First Circuit
WRITING FOR THE COURT	Lipez, Circuit Judge; Barron, Chief Judge; Gelpí, Circuit Judge
JURISDICTION	Federal
DECIDED	March 2, 2023
DOCKET	No. 21-1745
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Omni appealed the district court's summary judgment for Ultimate on Omni's contractual and common-law indemnification crossclaims arising from a personal-injury action that had been settled and dismissed.
STANDARD OF REVIEW	De novo review of the grant of summary judgment and construction of unambiguous contract language; whether contract language is ambiguous is also reviewed de novo.
PRECEDENTIAL VALUE	published and precedential
PARTIES	Omni Hotels Management Corporation, d/b/a Omni Hotel v. Ultimate Parking, LLC

TOPICS

contracts · contract interpretation · equitable relief · appellate procedure · standard of review

PRACTICE AREAS

contracts commercial litigation torts remedies appellate procedure

QUESTIONS PRESENTED

1. Whether the Concession Agreement's exception for claims that arise from Omni's negligence defeats Ultimate's indemnification obligation based solely on allegations of negligence or instead requires a factual finding that Omni was negligent.
2. Whether Omni was entitled to contractual indemnification for its litigation expenses under the Concession Agreement.
3. Whether Omni was entitled to common-law or equitable indemnification.
4. Whether the First Circuit should review the district court's earlier denial of Omni's summary-judgment motion on Caruso's negligence claims after those claims had been settled and dismissed.

HOLDINGS

1. In the indemnification provision, "arises from" carries materially the same meaning as "caused by" under relevant Rhode Island precedent.
2. The Concession Agreement's exception to Ultimate's indemnification obligation is fault-based and does not defeat indemnification merely because a third party alleges negligence by Omni; a factual finding that Omni was negligent is required.
3. Omni is entitled to contractual indemnification from Ultimate, and the district court must enter judgment for Omni on that claim after determining the amount due.

KEY QUOTATIONS

> *“We thus hold that "arises from" in the pertinent phrase of the Concession Agreement carries materially the same meaning as "caused by.""* (- 13 -)

> *“Ultimate's commitment to indemnify Omni is negated only if Omni in fact bears some culpability for the third party's alleged harm -- a finding that to this point in the litigation has not been made.”* (- 23 -)

> *“Vacated and remanded. Costs to appellant.”* (- 27 -)

FACTUAL BACKGROUND

John Caruso was injured in May 2016 when he tripped on the curb separating the Omni Hotel's valet driveway from its main entrance while carrying luggage. He alleged that Omni negligently failed to warn guests about or mark the curb and that Ultimate negligently parked vehicles near the curb. Omni and Ultimate had a Concession Agreement requiring Ultimate to indemnify Omni for claims arising from Ultimate's operation of the valet business, except claims arising from Omni's negligence, intentional acts, or misconduct. Ultimate settled Caruso's claims on behalf of itself and Omni, after which Omni sought indemnification from Ultimate for its litigation expenses.

PROCEDURAL HISTORY

John Caruso sued Omni in Rhode Island state court, and Omni removed the action to the United States District Court for the District of Rhode Island based on diversity jurisdiction. Caruso later amended his complaint to add Ultimate. After the district court denied both defendants' summary-judgment motions on Caruso's negligence claims, Ultimate settled the case with Caruso on behalf of itself and Omni. The district court dismissed Caruso's claims, reinstated Omni's crossclaims, and then granted summary judgment to Ultimate on the indemnification claims. The First Circuit vacated the judgment on Omni's contractual indemnification claim and remanded with instructions to enter judgment for Omni after determining the amount due.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Vacate the summary judgment for Ultimate on Omni's contractual indemnification crossclaim and enter judgment for Omni on that claim after whatever proceedings the district court deems appropriate to determine the amount due to Omni.

CASES CITED

- Caruso v. Omni Hotels Mgmt. Corp., 559 F. Supp. 3d 69, 72-73 (D.R.I. 2021)
- Muldowney v. Weatherking Prods., Inc., 509 A.2d 441, 443 (R.I. 1986)
- Walsh v. Lend Lease (US) Constr., 155 A.3d 1201, 1205-06 (R.I. 2017)
- Manning v. New Eng. Power Co., No. PC98-5091, 2004 WL 3190204, at *2-3 (R.I. Super. Ct. Dec. 22, 2004)
- Sansone v. Morton Mach. Works, Inc., 957 A.2d 386, 393-95 (R.I. 2008)
- Am. Com. Ins. Co. v. Porto, 811 A.2d 1185, 1189-97 (R.I. 2002)
- Furtado v. Goncalves, 63 A.3d 533, 537 (R.I. 2013)
- Mgmt. Cap., L.L.C. v. F.A.F., Inc., 209 A.3d 1162, 1173 (R.I. 2019)
- Andrukiewicz v. Andrukiewicz, 860 A.2d 235, 238 (R.I. 2004)
- Boschetto v. Boschetto, 224 A.3d 824, 829 (R.I. 2020)
- Young v. Warwick Rollermagic Skating Ctr., Inc., 973 A.2d 553, 558, 560 (R.I. 2009)
- New London Cnty. Mut. Ins. Co. v. Fontaine, 45 A.3d 551, 557 (R.I. 2012)
- Beacon Mut. Ins. Co. v. Spino Bros., Inc., 11 A.3d 645, 649 (R.I. 2011)
- R.I. Hosp. Tr. Nat'l Bank v. Dudley Serv. Corp., 605 A.2d 1325, 1327 (R.I. 1992)
- Dower v. Dower's Inc., 217 A.2d 437, 439 (R.I. 1966)
- Railton v. Taylor, 38 A. 980, 982 (R.I. 1897)
- Applied Indus. Materials Corp. v. Mallinckrodt, Inc., 102 F. Supp. 2d 934, 943 (N.D. Ill. 2000)
- Rodrigues v. DePasquale Bldg. & Realty Co., 926 A.2d 616, 620 n.2 (R.I. 2007)
- Perry v. Blum, 629 F.3d 1, 11 (1st Cir. 2010)
- Shea v. Millett, 36 F.4th 1, 6 (1st Cir. 2022)
- Emps. Fire Ins. Co. v. Beals, 240 A.2d 397, 403 (R.I. 1968)

- Travelers Cas. & Sur. Co. v. Providence Wash. Ins. Co., 685 F.3d 22, 25 (1st Cir. 2012)
- Progressive Cas. Ins. Co. v. Narragansett Auto Sales, 764 A.2d 722, 724 (R.I. 2001)
- Ervin v. Sears, Roebuck & Co., 469 N.E.2d 243, 249-50 (Ill. App. Ct. 1984)
- Siebe, Inc. v. Louis M. Gerson Co., 908 N.E.2d 819, 829 (Mass. App. Ct. 2009)
- Johnson v. Mod. Cont'l Constr. Co., 731 N.E.2d 96, 99 (Mass. App. Ct. 2000)
- Vt. Mut. Ins. Co. v. Maguire, 662 F.3d 51, 59 (1st Cir. 2011)
- Narragansett Jewelry Co. v. St. Paul Fire & Marine Ins. Co., 526 F. Supp. 2d 245, 246 (D.R.I. 2007)
- Jackson v. Quincy Mut. Fire Ins. Co., 159 A.3d 610, 614 (R.I. 2017)
- Sturbridge Home Builders, Inc. v. Downing Seaport, Inc., 890 A.2d 58, 63 (R.I. 2005)