

SUPREME COURT OF ALASKA

Alaska Construction & Engineering, Inc. v. Balzer Pacific Equipment Co.

130 P.3d 932 (Alaska 2006) · No. Nos. S-11168, S-11225 · Decided January 27, 2006

SUMMARY

The Alaska Supreme Court affirmed a judgment designating Balzer Pacific Equipment Company as the prevailing party in a dispute over leased construction equipment. The court held that the attorney-fee provision in the option-to-purchase agreement did not apply, that the lease's repossession fee provision did not cover Balzer's post-repossession trial fees, and that prejudgment interest was properly calculated at the statutory rate rather than the 18% rate printed on invoices.

CASE DETAILS

COURT	Supreme Court of Alaska
WRITING FOR THE COURT	Justice Carpeneti; Chief Justice Bryner; Justice Eastaugh; Justice Fabe
JURISDICTION	Alaska
DECIDED	January 27, 2006
DOCKET	Nos. S-11168, S-11225
DISPOSITION	affirmed
PROCEDURAL POSTURE	ACE appealed the superior court's designation of Balzer as the prevailing party for purposes of attorney's fees and costs. Balzer cross-appealed the rulings limiting contractual attorney's fees and applying the statutory prejudgment-interest rate rather than the eighteen-percent rate printed on its invoices.
STANDARD OF REVIEW	The court reviewed prevailing-party status and awards of costs and attorney's fees for abuse of discretion. Contract interpretation and interpretation of the Alaska Civil Rules were reviewed independently.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Alaska Construction & Engineering, Inc. v. Balzer Pacific Equipment Company

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QUESTIONS PRESENTED

1. Whether the superior court abused its discretion by designating Balzer, rather than both parties, as the prevailing party for purposes of attorney's fees and costs.
2. Whether the attorney's-fees provision in the separately executed option-to-purchase agreement applied to Balzer's efforts to repossess leased equipment.
3. Whether the repossession provision in the lease entitled Balzer to full contractual attorney's fees and costs incurred after it obtained physical possession of the equipment, including fees incurred at trial.
4. Whether ACE agreed to an eighteen-percent prejudgment-interest rate printed on Balzer's repair invoices through the parties' course of performance.

HOLDINGS

1. A party need not prevail on every issue to be the prevailing party for purposes of attorney's fees and costs, but must prevail on the main issues of the action. Because Balzer prevailed on the principal breach-of-contract claims, obtained the larger and substantially requested recovery, and ACE recovered only nominally on a less significant counterclaim, the superior court properly designated Balzer as the sole prevailing party.
2. The attorney's-fees provision in the option-to-purchase agreement did not apply to Balzer's repossession-related fees because the lease and the option to purchase were separate agreements. The option provision applied only to fees associated with securing payment for purchased items.
3. Balzer's repossession was effectuated when it obtained physical possession of the equipment in January 2002, and the lease's repossession-fee provision did not entitle Balzer to full contractual attorney's fees for trial proceedings occurring after repossession.
4. The statutory prejudgment-interest rate of three and three-quarters percent applied because Balzer failed to establish that ACE knew of and had a reasonable opportunity to object to the eighteen-percent rate printed on repair invoices, and therefore did not prove acquiescence to that rate.

KEY QUOTATIONS

"But the 'party must be successful with regard to the main issues in the action,' though it 'need not prevail on every subsidiary issue.'" (935)

"When interpreting a contract, we strive to give effect and reasonable meaning to all provisions of the instrument, and we interpret contract terms so as to avoid interpretations that cause conflicts among the provisions." (937)

"We are unable to conclude on the facts presented that ACE acquiesced to the eighteen percent provision." (941)

FACTUAL BACKGROUND

ACE leased rock-crushing equipment from Balzer under two agreements that included an option to purchase. ACE defaulted on rental payments and failed to return the equipment, leading Balzer to sue for breach of contract and seek prejudgment delivery. After ACE voluntarily turned over the equipment in exchange for Balzer's bond, a jury found ACE liable for breach of contract and violation of the implied covenant, awarded Balzer approximately \$50,500, rejected ACE's principal defenses and counterclaims, and awarded ACE approximately \$10,000 for negligent misrepresentation. Balzer later sought broader contractual attorney's fees and eighteen-percent prejudgment interest based on language printed on repair invoices.

PROCEDURAL HISTORY

Balzer sued ACE for breach of equipment-lease contracts, unpaid rent, and return of the equipment, and obtained prejudgment delivery after posting a bond. After a jury found that ACE breached the contracts and violated the implied covenant of good faith and fair dealing, awarded Balzer approximately \$50,500, rejected ACE's affirmative defenses and principal counterclaims, and awarded ACE approximately \$10,000 for negligent misrepresentation, the superior court designated Balzer the prevailing party. The superior court awarded full contractual fees through repossession, denied full contractual fees for trial, and calculated prejudgment interest at the statutory rate of three and three-quarters percent. The Alaska Supreme Court affirmed in all respects.

DISPOSITION

affirmed

CASES CITED

- *Fernandes v. Portwine*, 56 P.3d 1, 4-5 (Alaska 2002)
- *Peterson v. Ek*, 93 P.3d 458, 463 (Alaska 2004)
- *Airoulofski v. State*, 922 P.2d 889, 892 (Alaska 1996)
- *Casey v. Semco Energy, Inc.*, 92 P.3d 379, 382 (Alaska 2004)
- *Hickel v. Southeast Conference*, 868 P.2d 919, 925 n. 7 (Alaska 1994)
- *Cont'l Ins. Co. v. U.S. Fid. & Guar. Co.*, 552 P.2d 1122, 1125 (Alaska 1976)
- *Buoy v. ERA Helicopters, Inc.*, 771 P.2d 439, 448 (Alaska 1989)
- *Andrus v. Lena*, 975 P.2d 54, 58 (Alaska 1999)
- *Blumenshine v. Baptiste*, 869 P.2d 470, 474 (Alaska 1994)
- *Modern Constr., Inc. v. Barce, Inc.*, 556 P.2d 528, 530 (Alaska 1976)
- *Wessells v. State, Dep't of Highways*, 562 P.2d 1042, 1049 n. 23 (Alaska 1977)
- *McBain v. Pratt*, 514 P.2d 823, 828 (Alaska 1973)
- *Brown v. Baker*, 688 P.2d 943, 950 (Alaska 1984)
- *Eastman Kodak Co. v. Thomas Gordon & Assocs., Inc.*, 789 So. 2d 360, 361-62, 364 (Fla. Dist. App. 2001)
- *Burroughs v. U.S. Fid. & Guar.*, 74 N.M. 618, 397 P.2d 10 (1964)
- *Quintana v. Knowles*, 113 N.M. 382, 827 P.2d 97 (1992)
- *America Rents v. Crawley*, 77 Ohio App. 3d 801, 603 N.E.2d 1079 (1991)

- A & G Constr. Co., Inc. v. Reid Bros. Logging Co., Inc., 547 P.2d 1207, 1215-17 (Alaska 1976)

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