

SUPREME COURT OF VIRGINIA

Francis Hospitality, Inc. v. Read Properties, LLC, 296 Va. 358

820 S.E.2d 607 (2018) · No. Record No. 170894 · Decided November 21, 2018

SUMMARY

The Supreme Court of Virginia held that parties to a contract cannot be liable for tortious interference with their own contract. Because the business-conspiracy claims were predicated on the unsuccessful tortious-interference claims, those claims and the award of treble damages and attorney's fees were reversed. The court left undisturbed the \$34,020 breach-of-contract judgment against Francis Hospitality and Delta.

CASE DETAILS

COURT	Supreme Court of Virginia
WRITING FOR THE COURT	Justice Elizabeth A. McClanahan
JURISDICTION	Virginia
DECIDED	November 21, 2018
DOCKET	Record No. 170894
DISPOSITION	reversed
PROCEDURAL POSTURE	Francis Hospitality and Delta appealed after a bench trial in which the circuit court ruled for Read Properties on breach of contract, intentional interference with contract, and statutory business conspiracy, awarding three-fold damages and attorney's fees on the conspiracy claim.
PRECEDENTIAL VALUE	Published opinion; binding precedent of the Supreme Court of Virginia.
PARTIES	Francis Hospitality, Inc., Delta Educational Systems, Inc. v. Read Properties, LLC, d/b/a Coldwell Banker Commercial Read & Company

TOPICS

intentional interference with contract

breach of contract

commercial litigation

damages

torts

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether Francis Hospitality and Delta could be liable for intentionally interfering with the lease agreement when they were parties to that contractual relationship.
2. Whether the alleged tortious interference could serve as the underlying unlawful act for Read Properties' statutory business-conspiracy claims under Code §§ 18.2-499 and -500.
3. Whether the circuit court's breach-of-contract judgment should remain undisturbed.

HOLDINGS

1. A party to a contract cannot be held liable for tortious interference with that contract; liability for tortious interference lies only against a stranger or other party outside the contractual relationship.
2. Because the tortious-interference claims failed as a matter of law, they could not supply the underlying unlawful act required for Read Properties' statutory business-conspiracy claims under Code §§ 18.2-499 and -500.
3. The circuit court's judgment that Francis Hospitality and Delta were jointly liable for \$34,020 in remaining leasing fees remained undisturbed.

KEY QUOTATIONS

“Therefore, as we stated unequivocally in Fox v. Deese, 234 Va. 412, 427 (1987), “[a] person cannot intentionally interfere with his own contract.”” (at 5)

“An action for tortious interference with a contract or business expectancy, however, does not lie against parties to the contract, but only lies against those outside the contractual relationship, i.e., strangers to the contract or business expectancy.” (at 7)

FACTUAL BACKGROUND

Read Properties acquired Forehand's rights under a commercial lease that required payment of a monthly leasing fee. After Francis Hospitality purchased the leased property and assumed the lease, the leasing-fee payments stopped. Francis Hospitality and Delta later amended the lease to eliminate the leasing-fee provision, leading Read Properties to sue for breach of contract, intentional interference with contract, and statutory business conspiracy.

PROCEDURAL HISTORY

Read Properties initially filed a warrant in debt in the Lynchburg General District Court seeking unpaid leasing fees. It nonsuited that action and filed the present circuit-court case. After a bench trial, the Circuit Court of the City of Lynchburg entered judgment for Read Properties on all three claims, including three-fold damages and attorney's fees under Code § 18.2-500. The Supreme Court of Virginia reversed the judgments on tortious interference and statutory business conspiracy, while leaving the breach-of-contract judgment undisturbed and entering final judgment for Read Properties in the amount of \$34,020.

DISPOSITION

reversed

REMAND INSTRUCTIONS

No remand. The court entered final judgment for Read Properties in the amount of \$34,020, representing the remaining leasing fees, while reversing the three-fold damages and attorney's-fee award.

CASES CITED

- Chaves v. Johnson, 230 Va. 112 (1985)
- Dunlap v. Cottman Transmission Sys., 287 Va. 207 (2014)
- Fox v. Deese, 234 Va. 412 (1987)
- Allen Realty Corp. v. Holbert, 227 Va. 441, 449 (1984)
- Beco Construction Co. v. J-U-B Engineers, Inc., 184 P.3d 844 (Idaho 2008)
- Holloway v. Skinner, 898 S.W.2d 793 (Tex. 1995)
- Houser v. Redmond, 586 P.2d 482, 484 (Wash. 1978)
- Board of Trustees v. Holso, 584 P.2d 1009, 1017 (Wyo. 1978)