SUPREME COURT OF NEVADA

J.J. Industries, LLC v. Bennett, 119 Nev. 269

71 P.3d 1264 (2003) · No. No. 35873 · Decided July 8, 2003

SUMMARY

The Supreme Court of Nevada defines the knowledge and intentional-act elements of an intentional interference with contractual relations claim. The court holds that Hale Bennett's conduct was not supported by sufficient evidence of an intent to induce breach and reverses the judgment against him. It also reduces the breach-of-contract damages against Norman Kaye from $598,000 to $98,000 and remands for entry of the reduced award.

CASE DETAILS

COURT	Supreme Court of Nevada
WRITING FOR THE COURT	Agosti, C.J.; Rose, J.; Maupin, J.
JURISDICTION	Nevada
DECIDED	July 8, 2003
DOCKET	No. 35873
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	J.J. Industries appealed adverse rulings concerning the dismissal of Kay Bennett and its specific-performance claim. Hale Bennett cross-appealed the jury verdict imposing intentional-interference damages, and Norman Kaye challenged the breach-of-contract damages award.
STANDARD OF REVIEW	For a challenge to the sufficiency of the evidence, the court views all inferences in favor of the prevailing party and determines whether substantial evidence supports the jury's verdict; it may not weigh conflicting evidence. The court reviewed the damages award as a matter of law and rejected an award based on speculation.
PRECEDENTIAL VALUE	Published Nevada Supreme Court opinion; precedential.
PARTIES	J.J. Industries, LLC v. Hale B. Bennett, Norman Kaye, Kay Bennett

TOPICS

intentional interference with contract · breach of contract · damages · remedies

PRACTICE AREAS

torts contracts real estate remedies

QUESTIONS PRESENTED

1. Whether there was sufficient evidence that Hale Bennett knew of J.J. Industries' contract with Kaye.
2. Whether knowledge of an existing contract, together with entering into a competing purchase agreement, establishes the intentional acts required for intentional interference with contractual relations.
3. Whether the jury's $598,000 breach-of-contract damages award against Kaye was legally supportable or speculative.
4. Whether the district court erred in dismissing Kay Bennett and J.J. Industries' specific-performance claim.

HOLDINGS

1. A plaintiff may establish the knowledge element by showing that the defendant knew of the existing contract or, at minimum, knew facts from which the existence of the contract could reasonably be inferred.
2. Mere knowledge of an existing contract and entry into an agreement with a contracting party are insufficient to establish intentional interference. The plaintiff must prove that the defendant intended to induce the other party to breach the contract, requiring evidence of the defendant's motive or purpose.
3. The evidence was insufficient to support liability against Hale Bennett for intentional interference with J.J. Industries' contractual relations.
4. Damages for breach of a contract to sell real estate are the difference between the contract price and the property's market value on the date of breach; an award based on speculative evidence cannot stand.

KEY QUOTATIONS

> *"Thus, mere knowledge of the contract is insufficient to establish that the defendant intended or designed to disrupt the plaintiff's contractual relationship; instead, the plaintiff must demonstrate that the defendant intended to induce the other party to breach the contract with the plaintiff."* (71 P.3d at 1268)

> *"Thus, we conclude that the jury's contract damage award of $598,000 was based on speculation."* (71 P.3d at 1269)

FACTUAL BACKGROUND

Norman Kaye entered into a $152,000 agreement to sell undeveloped Nevada property to J.J. Industries, but the transaction did not close after title complications involving an earlier deed of trust. Kaye later told Hale Bennett that the existing sale had been terminated, and Bennett purchased the property for $250,000. Bennett had learned of J.J. Industries' recorded memorandum of purchase during a title search but disregarded it as describing different property. A jury found for J.J. Industries and awarded damages against both Kaye and Bennett.

PROCEDURAL HISTORY

J.J. Industries sued Norman Kaye for breach of contract and Hale and Kay Bennett for interference with contractual relations arising from competing purchases of real property. The district court dismissed the specific-performance claim because Silver Springs was not joined and dismissed Kay Bennett during trial for lack of evidence of interference. A jury found for J.J. Industries, awarding $598,000 against Kaye and $336,000 against Hale Bennett. The Nevada Supreme Court reversed the judgment against Hale Bennett, reversed the contract-damages award against Kaye and remanded with instructions to reduce it to $98,000, and affirmed the judgment in all other respects.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand to the district court with instructions to reduce the breach-of-contract damage award against Norman Kaye to $98,000. The judgment against Hale Bennett is reversed, and the judgment is affirmed in all other respects.

CASES CITED

- Taylor v. Thunder, 116 Nev. 968, 974, 13 P.3d 43, 46 (2000)
- Sutherland v. Gross, 105 Nev. 192, 196, 772 P.2d 1287, 1290 (1989)
- Nat. Right to Life P.A. Com. v. Friends of Bryan, 741 F. Supp. 807, 813-14 (D. Nev. 1990)
- Sebastian Intern., Inc. v. Russolillo, 162 F. Supp. 2d 1198, 1204 (C.D. Cal. 2001)
- Las Vegas Investors v. Pacific Malibu Dev. Corp., 867 F. Supp. 920, 925 (D. Nev. 1994)
- Ramona Manor Convalescent Hosp. v. Care Enters., 177 Cal. App. 3d 1120, 225 Cal. Rptr. 120, 124-25 (Ct. App. 1986)
- DeVoto v. Pacific Fid. Life Ins. Co., 618 F.2d 1340, 1347 (9th Cir. 1980)
- Harris v. Shell Dev. Corp., 95 Nev. 348, 352, 594 P.2d 731, 734 (1979)
- Gramanz v. T-Shirts & Souvenirs, Inc., 111 Nev. 478, 485, 894 P.2d 342, 347 (1995)