DISTRICT OF COLUMBIA COURT OF APPEALS

Steuart Investment Co. v. Meyer Group, Ltd.

61 A.3d 1227 (D.C. 2013) · Decided March 7, 2013

SUMMARY

The District of Columbia Court of Appeals affirmed a judgment awarding a commercial real estate broker a 3 percent commission for negotiating a ten-year lease. The court held that the landlord and broker formed an implied-in-fact contract, based on the parties' conduct, industry custom, notice of the expected commission, and the benefit of the broker's services. The court also upheld the trial court's exclusion of rent escalations from the commission calculation and declined to reach alternative unjust-enrichment and equitable-estoppel theories.

CASE DETAILS

COURT	District of Columbia Court of Appeals
WRITING FOR THE COURT	Beckwith, Associate Judge; Beckwith; Oberly; Reid
JURISDICTION	District of Columbia
DECIDED	March 7, 2013
DISPOSITION	affirmed
PROCEDURAL POSTURE	Steuart appealed after a Superior Court bench trial judgment holding it liable for a commercial real estate brokerage commission under an implied-in-fact contract, unjust enrichment, and equitable estoppel. The Meyer Group cross-appealed the exclusion of rent escalations from the commission calculation and the denial of prejudgment interest.
STANDARD OF REVIEW	On appeal from a nonjury trial, factual findings are reviewed for clear error and the judgment may not be set aside for factual error unless plainly wrong or unsupported by evidence; legal conclusions are reviewed de novo. Contract interpretation involving extrinsic evidence and factual determinations is reviewed for clear error.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Steuart Investment Company v. The Meyer Group, Ltd.

TOPICS

contracts · commercial litigation · real estate · quantum meruit · damages

PRACTICE AREAS

contracts · commercial real estate · brokerage commissions · unjust enrichment · prejudgment interest

QUESTIONS PRESENTED

1. Whether the circumstances established an implied-in-fact contract obligating Steuart to pay The Meyer Group's brokerage commission even though the broker had been retained by the tenant.
2. Whether the implied-in-fact contract included rent escalations in the aggregate lease value used to calculate the commission.
3. Whether The Meyer Group was entitled to prejudgment interest under D.C. Code § 15-108.

HOLDINGS

1. An implied-in-fact contract existed obligating Steuart to pay The Meyer Group's brokerage commission. A tenant-retained commercial real estate broker may establish such a contract with the landlord by showing that the landlord understood the services were rendered for its benefit, knew the broker expected compensation from it, and benefited from the services.
2. The trial court did not clearly err in finding that the implied-in-fact contract did not include rent escalations in the aggregate lease value used to calculate the commission.
3. The Meyer Group was not entitled to prejudgment interest under D.C. Code § 15-108 because the commission was not an easily ascertainable sum certain and there was no showing that interest was payable by contract, law, or usage.

KEY QUOTATIONS

> *"An implied-in-fact contract is a true contract, containing all necessary elements of a binding agreement; it differs from other contracts only in that it has not been committed to writing or stated orally in express terms, but rather is inferred from the conduct of the parties in the milieu in which they dealt."* (61 A.3d at 1233-34)

> *"These documents establish that all of the parties understood that Steuart would be paying The Meyer Group's commission, and that this was not a situation in which Steuart would be held accountable, out of the blue, for benefits it inadvertently gleaned from the relationship between two other contracting parties and that it had no reason to think it would be paying for."* (61 A.3d at 1236)

> *"Accordingly, we affirm the trial court's denial of prejudgment interest."* (61 A.3d at 1241)

FACTUAL BACKGROUND

The Meyer Group represented the Center for Applied Linguistics in negotiating a new ten-year lease with Steuart Investment Company for commercial property in Washington, D.C. The broker repeatedly informed Steuart that it expected the landlord to pay the industry-standard three-percent commission, and Steuart continued negotiations while knowing of that expectation, despite internally intending to offer only two percent. The resulting lease acknowledged that Steuart would pay any commission due to The Meyer Group, but Steuart never paid; the trial court awarded the broker $166,046.76 based on a three-percent commission calculated without rent escalations.

PROCEDURAL HISTORY

The Superior Court conducted a two-day bench trial and entered findings and conclusions awarding The Meyer Group $166,046.76, plus costs and post-judgment interest. The court denied The Meyer Group's motion to amend the judgment seeking inclusion of rent escalations and prejudgment interest. The District of Columbia Court of Appeals affirmed.

DISPOSITION

affirmed

CASES CITED

- Vereen v. Clayborne, 623 A.2d 1190, 1193 (D.C. 1993)
- Bloomgarden v. Coyer, 479 F.2d 201, 208-09 (D.C. Cir. 1973)
- H.G. Smithy Co. v. Washington Med. Ctr., Inc., 374 A.2d 891, 893 (D.C. 1977)
- Fred Ezra Co. v. Pedas, 682 A.2d 173, 176-77 (D.C. 1996)
- Jordan Keys & Jessamy, LLP v. St. Paul Fire & Marine Ins. Co., 870 A.2d 58, 61-62 (D.C. 2005)
- Woodruff v. New State Ice Co., 197 F.2d 36, 38 (10th Cir. 1952)
- Joseph P. Day Realty Corp. v. Chera, 308 A.D.2d 148, 151, 762 N.Y.S.2d 373 (N.Y. App. Div. 2003)
- Sibbald v. The Bethlehem Iron Co., 83 N.Y. 378, 380 (1881)
- Edmund J. Flynn Co. v. LaVay, 431 A.2d 543, 549 (D.C. 1981)
- Bracey v. Bracey, 589 A.2d 415, 417 (D.C. 1991)
- District of Columbia v. District of Columbia Public Service Comm'n, 963 A.2d 1144, 1155-56 (D.C. 2009)
- Waverly Taylor, Inc. v. Polinger, 583 A.2d 179, 182 (D.C. 1990)
- Zoob v. Jordan, 841 A.2d 761, 764 (D.C. 2004)
- Cahn v. Antioch Univ., 482 A.2d 120, 128 (D.C. 1984)
- Hinton v. Sealander Brokerage Co., 917 A.2d 95, 101 (D.C. 2007)
- Hutchison Bros. Excavating Co. v. District of Columbia, 511 A.2d 3, 6 (D.C. 1986)
- William F. Klingensmith, Inc. v. District of Columbia, 370 A.2d 1341, 1343 (D.C. 1977)
- District Cablevision Ltd. P'ship v. Bassin, 828 A.2d 714, 731-32 (D.C. 2003)
- District of Columbia v. Pierce Assoc., Inc., 527 A.2d 306, 311 (D.C. 1987)
- Fairfax Vill. Condo. VIII Unit Owners' Ass'n v. Fairfax Vill. Cmty. Ass'n, 726 A.2d 675, 677 n. 4 (D.C. 1999)
- Bragdon v. Twenty-Five Twelve Assocs. Ltd. P'ship, 856 A.2d 1165, 1171-72 (D.C. 2004)
- Hartford Accident & Indem. Co. v. District of Columbia, 441 A.2d 969, 974 (D.C. 1982)
- District of Columbia v. Campbell, 580 A.2d 1295, 1300-01 (D.C. 1990)
- Fudali v. Pivotal Corp., 623 F. Supp. 2d 11, 18 (D.D.C. 2008)
- Regional Redevelopment Corp. v. Hoke, 547 A.2d 1006, 1011 n. 5 (D.C. 1988)