

SUPREME COURT OF TEXAS

Pura-Flo Corporation v. Donald Clanton

No. 20-0964 · No. No. 20-0964 · Decided November 19, 2021

SUMMARY

The Supreme Court of Texas held that the evidence did not support a \$50,000 award for future damages arising from breach of an indefinite, terminable-at-will rental-income agreement. Because neither the fact nor amount of future damages was established with reasonable certainty, the court reversed that portion of the court of appeals' judgment and rendered judgment that the respondent take nothing on his future-damages claim, while leaving the past-damages award intact.

CASE DETAILS

COURT	Supreme Court of Texas
JURISDICTION	Texas
DECIDED	November 19, 2021
DOCKET	No. 20-0964
DISPOSITION	reversed
PROCEDURAL POSTURE	Pura-Flo petitioned the Supreme Court of Texas for review of a divided court of appeals decision affirming a jury's award of future damages for breach of an indefinite-duration rental contract.
STANDARD OF REVIEW	The court reviewed whether legally sufficient evidence supported the jury's future-damages award and whether the evidence established both the fact and amount of future damages with reasonable certainty.
PRECEDENTIAL VALUE	published opinion; precedential Texas Supreme Court decision
PARTIES	Pura-Flo Corporation v. Donald Clanton

TOPICS

breach of contract damages commercial litigation appellate procedure standard of review

PRACTICE AREAS

contract law damages appellate procedure

QUESTIONS PRESENTED

1. Whether legally sufficient evidence supported the fact of future damages under a terminable-at-will contract of indefinite duration.
2. Whether legally sufficient evidence supported the amount of the \$50,000 future-damages award with reasonable certainty.
3. Whether a contract of indefinite duration may support a future-damages award in some circumstances.

HOLDINGS

1. The evidence did not establish with reasonable certainty that the contract would continue to produce income for Clanton after trial, because Pura-Flo had repeatedly and unequivocally attempted to terminate the relationship and no countervailing evidence showed that the contract would endure.
2. The \$50,000 future-damages award lacked a reasonable evidentiary basis because no evidence indicated that the contract would continue for any period after trial, much less the approximately five years represented by the award.
3. The court did not decide whether a terminable-at-will contract may support a future-damages award in some circumstances because, on this record, both the fact and amount of future damages lacked reasonable certainty.

KEY QUOTATIONS

“On this record, no reasonable basis exists for a juror to believe the contract would have continued after trial, and thus, no basis exists for reasonable certainty as to either the fact or amount of future damages.” (5)

“Both the fact and amount of future damages lacked reasonable certainty, and there was thus no evidence supporting the jury’s award.” (7)

FACTUAL BACKGROUND

Pura-Flo entered a rental-income agreement under which it transferred ownership of fifty income-producing water-cooler rental units and agreed to make monthly rental payments. Donald Clanton purchased the agreement in 2002 and received monthly payments for approximately fourteen years, until Pura-Flo stopped paying in December 2016. Pura-Flo made several unsuccessful efforts to justify ending the payments and asked Clanton to consider the agreement terminated. The jury awarded Clanton \$19,500 in past damages and \$50,000 in future damages.

PROCEDURAL HISTORY

A jury found that Pura-Flo breached a valid contract of indefinite duration and awarded Clanton \$19,500 in past damages and \$50,000 in future damages. Pura-Flo challenged only the sufficiency of the evidence supporting the future-damages award. The court of appeals affirmed, and the Supreme Court of Texas granted review, reversed the portion of the judgment affirming future damages, and rendered judgment that Clanton take nothing on that claim while leaving the past-damages award intact.

DISPOSITION

reversed

CASES CITED

- Kennedy v. McMullen, 39 S.W.2d 168, 174 (Tex. App.—Beaumont 1931, writ ref'd)
- Horizon Health Corp. v. Acadia Healthcare Co., 520 S.W.3d 848, 860 (Tex. 2017)
- Sw. Battery Corp. v. Owen, 115 S.W.2d 1097, 1098-99 (Tex. 1938)
- Phillips v. Carlton Energy Gr., LLC, 475 S.W.3d 265, 279 (Tex. 2015)
- Holt Atherton Indus., Inc. v. Heine, 835 S.W.2d 80, 84 (Tex. 1992)
- Szczepanik v. First S. Tr. Co., 883 S.W.2d 648, 649 (Tex. 1994)
- MCI Telecomms. Corp. v. Tex. Utils. Elec. Co., 995 S.W.2d 647, 654-55 (Tex. 1999)