

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
OHIO, WESTERN DIVISION

Industrial Power Systems, Inc. v. Kraft Heinz Food Co. LLC

Case No. 3:22-cv-01703 · No. 3:22-cv-01703 · Decided February 13, 2026

SUMMARY

In this bench-trial memorandum opinion, the Northern District of Ohio addresses construction-project delays, change orders, breach-of-contract claims, mechanic’s-lien validity, quiet title, slander of title, indemnification, and delay damages. The court concluded that Kraft Heinz failed to prove a material breach by Industrial Power Systems or invalidate its mechanic’s lien, while IPS established liability on its delay claim; the opinion indicates that damages remained for determination.

CASE DETAILS

COURT	United States District Court for the Northern District of Ohio, Western Division
WRITING FOR THE COURT	Jack Zouhary
JURISDICTION	United States District Court for the Northern District of Ohio
DECIDED	February 13, 2026
DOCKET	3:22-cv-01703
DISPOSITION	other
PROCEDURAL POSTURE	Following a bench trial on liability, the district court issued findings of fact and conclusions of law under Federal Rule of Civil Procedure 52(a) concerning the parties' competing contract, delay, mechanic's-lien, indemnification, and related claims.
STANDARD OF REVIEW	Bench-trial findings under Federal Rule of Civil Procedure 52(a); factual findings are based on the trial record and legal conclusions are determined under applicable Ohio law.
PRECEDENTIAL VALUE	Federal district-court memorandum opinion; precedential status is not stated in the provided text.
PARTIES	Industrial Power Systems, Inc. v. Kraft Heinz Food Co. LLC

TOPICS

- construction defects
- construction law
- breach of contract
- mechanics liens
- damages

PRACTICE AREAS

construction law

contracts

commercial litigation

mechanics liens

damages

remedies

QUESTIONS PRESENTED

1. Whether IPS materially breached the construction contracts by failing to meet project schedules or by its construction management, sequencing, and pacing.
2. Whether Kraft was entitled to liquidated damages based on project delay.
3. Whether IPS's mechanic's lien was invalid because of the property description or the timing of its recording.
4. Whether Kraft's quiet-title and slander-of-title claims based on the mechanic's lien could succeed.
5. Whether Kraft could enforce contractual indemnification against IPS for losses arising from IPS's alleged breach or lien-related conduct.
6. Whether IPS established entitlement and causation on its delay-related breach-of-contract claim.
7. Whether IPS provided sufficient actual or constructive notice of its delay claim under the contractual notice requirements.
8. Whether IPS could recover under unjust enrichment despite the express contractual framework governing the parties' relationship.
9. Whether IPS's lien-foreclosure claim could be resolved during the liability phase.

HOLDINGS

1. Kraft failed to prove that IPS materially breached the contract. Project delay, without more, did not establish material nonperformance where the evidence showed continued performance, substantial compliance, and delays associated with design problems, owner directives, changes, and other project conditions.
2. Kraft was not entitled to liquidated damages because the court found no material breach by IPS and the record reflected responsibility for delay on both sides.
3. Kraft failed to prove that IPS's mechanic's lien was invalid because of either the property-description discrepancy or the timing of recording. The lien was timely and its detailed legal description sufficiently identified the property.
4. Kraft's quiet-title and slander-of-title claims failed. The lien was not shown to be an invalid cloud on title, and Kraft did not prove the falsity, malice or reckless disregard, and special-damages elements required for slander of title.
5. Kraft could not recover contractual indemnification on the liability record because it failed to prove a triggering breach, and its proposed construction of the indemnity clause would be unenforceable to the extent it shifted liability for Kraft's own negligence.
6. IPS established liability on its delay-related breach-of-contract theory. Owner-driven and design-related problems, later changes, and resulting critical-path, sequencing, rework, and productivity impacts caused compensable delay, subject to determination of damages in a later phase.

7. IPS satisfied the notice element of its delay claim through actual and, at minimum, constructive notice. Kraft received contemporaneous communications, meeting and change-order information, and formal claim submissions identifying the delay and cost impacts.
8. IPS could not recover under unjust enrichment because the express Construction Services Agreement and purchase orders governed the parties' relationship and supplied the measure of compensation for the dispute.
9. The lien-foreclosure claim could not be resolved at the liability phase and was dismissed without prejudice to renewal in an appropriate procedural posture consistent with Ohio foreclosure requirements and the eventual damages determination.

KEY QUOTATIONS

“The dispositive question at this stage is whether the evidence shows that IPS committed a material failure of performance, which is a failure “so fundamental to a contract that the failure to perform defeats the essential purpose of the contract or makes it impossible for the other party to perform.””

“Simply put, Kraft did not prove that IPS committed a material breach of the contract.”

“On this record, IPS has established liability on its delay theory.”

“At minimum, the record reveals constructive notice.”

“Because IPS has established a valid delay claim, this case now proceeds to damages -- how much of the delay is attributable to Kraft, and how much is owed to IPS.”

FACTUAL BACKGROUND

Kraft retained IPS to perform civil, mechanical, millwright, and electrical work at Kraft's Fremont, Ohio facility under a Construction Services Agreement and several purchase orders. The project was operated under an aggressive schedule while engineering drawings, shop-drawing approvals, field conditions, materials, and design details remained incomplete or changed, causing delays, resequencing, rework, trade stacking, and additional change-order activity. IPS repeatedly communicated the design and schedule impacts to Kraft and later submitted requests for equitable adjustment and formal delay-related notices. After completion, IPS recorded a mechanic's lien and brought claims including breach of contract and lien enforcement.

PROCEDURAL HISTORY

IPS sued Kraft after a construction project, asserting breach of contract, unjust enrichment, and mechanic's-lien enforcement claims. Kraft counterclaimed for breach of contract and asserted that IPS's mechanic's lien was invalid, along with related quiet-title, slander-of-title, liquidated-damages, and indemnification theories. After a bench trial limited to liability, the court rejected Kraft's material-breach and lien-invalidity theories, found IPS liable on its delay theory, rejected unjust enrichment as duplicative of the express contract, and dismissed the lien-foreclosure claim without prejudice; damages remained for a later phase.

DISPOSITION

other

REMAND INSTRUCTIONS

No remand to another court. The case proceeds to a damages phase concerning the amount of delay attributable to Kraft and the amount owed to IPS. The lien-foreclosure claim is dismissed without prejudice to renewal in an appropriate procedural posture consistent with Ohio foreclosure requirements and the eventual damages determination.

CASES CITED

- Price v. KNL Custom Homes, Inc., 2015-Ohio-436, ¶ 32 (Ohio Ct. App. 2015)
- Marion Family YMCA v. Hensel, 178 Ohio App. 3d 140, 142-143 (Ohio Ct. App. 2008)
- Crockett Homes, Inc. v. Tracy, 2024-Ohio-1464, ¶ 125 (Ohio Ct. App. 2024)
- Thompson v. Executive Transportation Service, 2004 WL 291188, at *3 (Ohio Ct. App. 2004)
- Dugan & Meyers Construction Co. v. Ohio Department of Administrative Services, 113 Ohio St. 3d 226, 230, 232 (Ohio 2007)
- Merritt v. Anderson, 2009 WL 975749, at *3-*5 (Ohio Ct. App. 2009)
- Applied Contracting Corp. v. Ohio Department of Transportation, 2011 WL 4947364, ¶ 108 (Ohio Ct. Cl. 2011)
- Turzillo Contracting Co. v. Messer & Sons, Inc., 23 Ohio App. 2d 179, 184 (Ohio Ct. App. 1969)
- Buckeye State Hauling, Inc. v. Troy, 1974 WL 184519, at *2 (Ohio Ct. App. 1974)
- Guernsey Bank v. Milano Sports Enterprises, 2008-Ohio-2420, ¶ 42 (Ohio Ct. App. 2008)
- McClure v. Fischer Attached Homes, 145 Ohio Misc. 2d 38, ¶¶ 14, 21-22 (Ohio Misc. 2007)
- Green v. Lemarr, 139 Ohio App. 3d 414, 430 (Ohio Ct. App. 2000)
- Worth v. Aetna Casualty & Surety Co., 32 Ohio St. 3d 238, 240 (Ohio 1987)
- Employers' Fire Insurance Co. v. Danis Building Construction Co., 2000 WL 1234321, at *4-*5 (6th Cir. 2000)
- Inland Waters Pollution Control, Inc. v. Marra/Majestic Joint Venture, 2008 WL 5732798, at *9 (N.D. Ohio 2008)
- Rabin v. Anthony Allega Cement Contractor, Inc., 2001 WL 1355979, at *9 (Ohio Ct. App. 2001)
- Roger J. Au & Son, Inc. v. Northeast Ohio Regional Sewer District, 29 Ohio App. 3d 284, 284-285 (Ohio Ct. App. 1986)
- Lucero v. Ohio Department of Rehabilitation & Correction, 2011 WL 6171366, at *5 (Ohio Ct. App. 2011)
- Clifton v. Johnson, 2019 WL 2763002, at *3 (Ohio Ct. App. 2019)
- Gallo v. Westfield National Insurance Co., 2009 WL 625522, at *3 (Ohio Ct. App. 2009)
- MRI Software LLC v. University of Minnesota Foundation—Dinnaken Housing, LLC, 2024 WL 3052071, at *5 (N.D. Ohio 2024)

