

SUPREME COURT OF CONNECTICUT

Connecticut Light & Power Co. v. Lighthouse Landings, Inc.

279 Conn. 90 (2006) · No. SC 17552; SC 17553 · Decided July 11, 2006

SUMMARY

The Connecticut Supreme Court reviewed consolidated appeals arising from the termination of a commercial lease for a proposed high-speed ferry terminal. It held that the trial court improperly reinstated the lease under equitable nonforfeiture and improperly granted Lighthouse's application for a prejudgment remedy, while also addressing whether the landlord's late appeal should be heard for good cause.

CASE DETAILS

COURT	Supreme Court of Connecticut
WRITING FOR THE COURT	Zarella, J.
JURISDICTION	Connecticut
DECIDED	July 11, 2006
DOCKET	SC 17552; SC 17553
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Consolidated appeals from judgments of the trial court in a declaratory judgment action and a civil action for damages. The Connecticut Supreme Court reviewed the trial court's reinstatement of a commercial lease under equitable nonforfeiture and its grant of Lighthouse's application for a prejudgment remedy.
STANDARD OF REVIEW	Contract interpretation is reviewed de novo when the contract language is definitive and the agreement is a commercial contract between sophisticated parties with relatively equal bargaining power. The court also reviewed the trial court's exercise of supervisory authority concerning the late appeal for abuse or proper exercise of discretion, as applicable.
PRECEDENTIAL VALUE	Published Connecticut Supreme Court opinion; precedential
PARTIES	Connecticut Light and Power Company v. Lighthouse Landings, Inc.

TOPICS

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QUESTIONS PRESENTED

1. Whether the Supreme Court should entertain the power company's late appeal from the trial court's lease-reinstatement decision.
2. Whether the lease required Lighthouse, after failing to obtain permits within the initial 180-day period, to choose between terminating the lease and extending the contingency period, or whether Lighthouse had a third option to do nothing and continue occupying the premises.
3. Whether the trial court properly reinstated the lease under the doctrine of equitable nonforfeiture.
4. Whether the trial court improperly granted Lighthouse's application for a prejudgment remedy based on alleged wrongful inducement and resulting damages.

HOLDINGS

1. The Supreme Court may exercise its supervisory authority to permit consideration of a late appeal when good cause and exceptional circumstances are shown, particularly when the delay resulted from an unforeseeable substantive modification of the earlier judgment beyond the appellant's control.
2. When Lighthouse failed to obtain the required permits within the initial 180-day period, article six required it to choose either to terminate the lease or to exercise the 60-day extension. The lease did not permit a third option of doing nothing and continuing to occupy the premises without the permits.
3. The trial court improperly reinstated the lease under equitable nonforfeiture because the power company properly terminated the lease under article six and did not wrongfully induce Lighthouse to exercise the extension option.
4. The trial court improperly granted Lighthouse's application for a prejudgment remedy because the ruling rested on the erroneous determination that the power company wrongfully induced Lighthouse to exercise the 60-day lease extension.

KEY QUOTATIONS

“Construing the language according to its ordinary meaning and usage, it is clear that the initial term of the lease was intended to be a “contingency period” subject to one of two choices by the tenant at the end of the first 180 days, these being “either” termination of the lease “or” extension of the lease for another sixty days should Lighthouse fail to obtain the applicable governmental permits and approvals.” (111)

“There was no third option of doing nothing.” (112)

FACTUAL BACKGROUND

The power company leased Lighthouse 3.6 acres in Stamford for a high-speed ferry terminal. The lease required Lighthouse to diligently obtain governmental permits and gave it, after 180 days without the permits, the choice either to terminate the lease or extend the contingency period for 60 days; after the extension, either party could terminate if the permits remained unobtained. Lighthouse exercised the extension but still lacked the permits, and the power company terminated the lease. The trial court later reinstated the lease and granted Lighthouse a prejudgment remedy based largely on its conclusion that the power company had wrongfully induced the extension and interfered with Lighthouse's permitting efforts.

PROCEDURAL HISTORY

The power company terminated the commercial lease after Lighthouse failed to obtain required permits during the initial 180-day period and an additional 60-day extension. Lighthouse sued for damages, and the power company brought a declaratory judgment action seeking confirmation that the lease had terminated properly. The trial court concluded that the termination complied with the lease but reinstated the lease under equitable nonforfeiture. It later denied the power company's motion for payment of back rent and granted Lighthouse a \$1,050,000 prejudgment remedy. The power company appealed, and the Supreme Court transferred the consolidated appeals from the Appellate Court.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

In Docket No. SC 17552, render judgment for Connecticut Light and Power Company, except with respect to the motion for payment of back rent. In Docket No. SC 17553, deny Lighthouse Landings, Inc.'s application for a prejudgment remedy. On remand, the trial court must consider Lighthouse's claims for damages arising from alleged breach of lease, unfair trade practices, intentional misrepresentation, negligent misrepresentation, and breach of the duty of good faith and fair dealing.

CASES CITED

- Dowling v. Slotnik, 244 Conn. 781, 788, 712 A.2d 396, cert. denied sub nom. Slotnik v. Considine, 525 U.S. 1017, 119 S. Ct. 542, 142 L. Ed. 2d 451 (1998)
- Alliance Partners, Inc. v. Voltarc Technologies, Inc., 263 Conn. 204, 212-14, 820 A.2d 224 (2003)
- Ramos v. Commissioner of Correction, 248 Conn. 52, 61-62, 727 A.2d 213 (1999)
- State v. Stead, 186 Conn. 222, 228, 440 A.2d 299 (1982)
- Tallmadge Bros., Inc. v. Iroquois Gas Transmission System, L.P., 252 Conn. 479, 495-96, 498, 746 A.2d 1277 (2000)
- R. T. Vanderbilt Co. v. Continental Casualty Co., 273 Conn. 448, 462, 870 A.2d 1048 (2005)
- Fountain Co. v. Stein, 97 Conn. 619, 626-27, 118 A. 47 (1922)
- Fellows v. Martin, 217 Conn. 57, 64-65, 69, 584 A.2d 458 (1991)
- Commissioner of Transportation v. Rocky Mountain, LLC, 277 Conn. 696, 706, 894 A.2d 259 (2006)

- Union & New Haven Trust Co. v. Taft Realty Co., 123 Conn. 9, 15, 192 A. 268 (1937)
- Coxe v. Coxe, 2 Conn. App. 543, 547-48, 481 A.2d 86 (1984)

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