

SUPREME COURT OF ALABAMA

Matthews Bros. Construction Co. v. Stonebrook Development, L.L.C.

854 So. 2d 584 (Ala. 2003) · Decided February 21, 2003

SUMMARY

The Alabama Supreme Court affirmed the Court of Civil Appeals’ judgment in a dispute involving roadway construction, alleged design defects, indemnity, and breach of warranty. The Court held that the contractor’s third-party indemnity claim against the architect and related entity was not barred by the applicable statute of limitations because the claim accrued when liability became fixed and actual loss was sustained. The Court also affirmed the reversal of the property developer’s breach-of-warranty judgment, concluding that the evidence did not establish that deficiencies in the contractor’s work caused the roadway failures.

CASE DETAILS

COURT	Supreme Court of Alabama
WRITING FOR THE COURT	Brown; Houston; Lyons; Johnstone; Harwood; Woodall; Stuart; See; Moore
JURISDICTION	Alabama
DECIDED	February 21, 2003
DISPOSITION	affirmed
PROCEDURAL POSTURE	Stonebrook Development, Bill Sanford, and Sanford, Bell & Associates petitioned for a writ of certiorari to review the Alabama Court of Civil Appeals' reversal of portions of a trial court judgment in a construction-related breach-of-warranty and negligence action.
STANDARD OF REVIEW	For factual findings following ore tenus evidence, the trial court's conclusions are presumed correct and will not be disturbed unless clearly erroneous, unsupported by the evidence, manifestly unjust, or against the great weight of the evidence. The converted Rule 12(b)(6) motion was reviewed under the summary-judgment standard.
PRECEDENTIAL VALUE	Published, precedential decision of the Supreme Court of Alabama
PARTIES	Stonebrook Development, L.L.C., Bill N. Sanford, Sanford, Bell & Associates, Inc. v. Matthews Brothers Construction Co.

TOPICS

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negligence

statute of limitations

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether Matthews Brothers' third-party indemnity claim against Sanford and SBA was barred by the two-year statute of limitations applicable to claims against architects and engineers.
2. Whether the Court of Civil Appeals properly reversed the trial court's judgment for Stonebrook on its breach-of-warranty counterclaim under the ore tenus standard.
3. Whether the Court of Civil Appeals improperly applied the law governing causation in breach-of-warranty claims.

HOLDINGS

1. Matthews Brothers' indemnity claim against Sanford and SBA was not time-barred because the claim accrued when Matthews Brothers suffered actual loss through an adverse judgment and resulting liability, not when construction delays first occurred or when Matthews Brothers merely faced the possibility of liquidated damages.
2. The trial court's judgment for Stonebrook on its breach-of-warranty counterclaim was properly reversed because Stonebrook failed to prove that deficiencies in Matthews Brothers' work caused the roadway failures or otherwise breached the warranty.
3. The occurrence rule discussed in *Ex parte Panell* did not control the indemnity issue because *Panell* concerned legal malpractice rather than indemnity and was only a plurality opinion.

KEY QUOTATIONS

"In such cases, the cause of action 'accrues,' and the statute of limitations begins to run, 'when and only when, the damages are sustained.'" (854 So. 2d at 589)

"Facing the possibility of paying monetary damages to another party, and actually paying such damages, are not the same." (854 So. 2d at 590)

FACTUAL BACKGROUND

Stonebrook developed a residential neighborhood using plans prepared by Bill Sanford and Sanford, Bell & Associates. Matthews Brothers contracted to construct the neighborhood roadways, but construction was delayed and the roads later experienced continuing failures. Matthews Brothers attributed the problems and its supplemental repair work to defective roadway design, soil, groundwater, and weather conditions, while Stonebrook attributed them to deficient workmanship and sought liquidated damages and warranty damages.

PROCEDURAL HISTORY

Matthews Brothers sued Stonebrook for payment relating to construction and supplemental road work, and later asserted a third-party indemnity claim against Sanford and SBA based on alleged negligent roadway design. The trial court dismissed the indemnity claims, granted Stonebrook partial summary judgment on its liquidated-damages counterclaim, and ultimately ruled for Stonebrook on Matthews Brothers' claims and Stonebrook's breach-of-warranty counterclaim. The Court of Civil Appeals reversed the dismissal of the indemnity claim and the judgments concerning liquidated damages and breach of warranty. The Alabama Supreme Court granted certiorari and affirmed the Court of Civil Appeals' judgment.

DISPOSITION

affirmed

CASES CITED

- Matthews Bros. Constr. Co. v. Stonebrook Dev., L.L.C., 854 So. 2d 573 (Ala. Civ. App. 2001)
- Bass Pecan Co. v. Berga, 694 So. 2d 1311 (Ala. 1997)
- Payne v. Alabama Cemetery Association, Inc., 413 So. 2d 1067, 1072 (Ala. 1982)
- Garrett v. Raytheon Co., 368 So. 2d 516, 519 (Ala. 1979)
- Corona Coal Co. v. Hendon, 213 Ala. 323, 104 So. 799 (1925)
- West Pratt Coal Co. v. Dorman, 161 Ala. 389, 49 So. 849 (1909)
- Kelly v. Shropshire, 199 Ala. 602, 75 So. 291 (1917)
- Smith v. Medtronic, Inc., 607 So. 2d 156, 159 (Ala. 1992)
- Alabama Power Co. v. Cummings, 466 So. 2d 99, 102 (Ala. 1985)
- Rumford v. Valley Pest Control, Inc., 629 So. 2d 623, 627 (Ala. 1993)
- Dorsey v. Bowers, 709 So. 2d 51, 56 (Ala. Civ. App. 1998)
- American Commercial Barge Line Co. v. Roush, 793 So. 2d 726, 729-30 (Ala. 2000)
- Alabama Kraft Co. v. Southeast Alabama Gas District, 569 So. 2d 697, 700 (Ala. 1990)
- Bellevue South Associates v. HRH Construction Corp., 78 N.Y.2d 282, 579 N.E.2d 195, 574 N.Y.S.2d 165 (1991)
- Hillcrest Country Club v. N.D. Judds Co., 236 Neb. 233, 461 N.W.2d 55 (1990)
- Kala Investments, Inc. v. Sklar, 538 So. 2d 909 (Fla. Dist. Ct. App. 1989)
- Ex parte Panell, 756 So. 2d 862 (Ala. 1999)
- Ex parte Lamar Advertising Co., 849 So. 2d 928, 929-30 (Ala. 2002)
- American Petroleum Equipment & Construction, Inc. v. Fancher, 708 So. 2d 129, 132 (Ala. 1997)
- Gates Rubber Co. v. Cantrell, 678 So. 2d 754 (Ala. 1996)
- Graveman v. Wind Drift Owners' Association, Inc., 607 So. 2d 199 (Ala. 1992)
- Stubbs v. Brookwood Medical Center, 767 So. 2d 359 (Ala. Civ. App. 2000)