SUPREME COURT OF IDAHO

Griffith v. Clear Lakes Trout Co., Inc., 143 Idaho 733

152 P.3d 604 (2007) · No. No. 32385 · Decided January 31, 2007

SUMMARY

The Idaho Supreme Court held that a contract between a trout grower and a trout hatchery was enforceable despite differing interpretations of the term "market size." The court upheld findings that the hatchery breached the contract by delaying and limiting deliveries and affirmed damages for increased production costs and mortality losses. It also held that damages should have been awarded for lost profits during the final two years of the contract, subject to the court's further analysis.

CASE DETAILS

COURT	Supreme Court of Idaho
WRITING FOR THE COURT	Schroeder, Chief Justice; Trout, Justice; Eismann, Justice; Burdick, Justice; Jones, Justice
JURISDICTION	Idaho
DECIDED	January 31, 2007
DOCKET	No. 32385
DISPOSITION	vacated
PROCEDURAL POSTURE	Clear Lakes appealed after a bench trial judgment holding that it breached its trout-purchase agreement and awarding Griffith damages and attorney fees. Griffith cross-appealed the denial of additional lost-profit damages for the final two contract years.
STANDARD OF REVIEW	Following a court trial, the Idaho Supreme Court reviews whether the evidence supports the findings of fact and whether the findings support the conclusions of law. Findings of fact supported by substantial and competent evidence are not clearly erroneous, while conclusions of law are reviewed independently.
PRECEDENTIAL VALUE	Published Idaho Supreme Court opinion; precedential.
PARTIES	Clear Lakes Trout Co., Inc. v. Rodney Griffith and Carla Griffith, individually and dba Boswell Farms

TOPICS

contract interpretation · contract formation · uniform commercial code · damages · appellate procedure

PRACTICE AREAS

contracts · uniform commercial code · commercial litigation · remedies · appellate procedure

QUESTIONS PRESENTED

1. Whether the parties formed an enforceable contract despite differing alleged interpretations of the term "market size."
2. Whether the contract required Clear Lakes to accept trout deliveries within a reasonable time and with limited frequency.
3. Whether the evidence sufficiently established causation and the amount of lost-profit damages for increased production costs and mortality losses.
4. Whether damages for lost profits during the final two years of the contract were too speculative to award.
5. Whether Griffith was the prevailing party entitled to attorney fees.

HOLDINGS

1. A contract for the sale of goods is not unenforceable merely because a material term is disputed or left open; where the parties intended to contract and there is a reasonably certain basis for a remedy, the contract is enforceable. Substantial evidence supported the finding that the parties understood "market size" to mean trout approximating one pound live weight.
2. The agreement imposed an implied obligation on Clear Lakes to accept trout deliveries within a reasonable time and with limited frequency, and substantial evidence supported the finding that Clear Lakes breached that obligation.
3. Lost-profit and compensatory damages may be awarded when the evidence proves both causation and amount with reasonable certainty; absolute certainty or mathematical exactitude is not required. The evidence supported the awards for increased production costs and mortality losses.
4. The existence of losses during the final two years was established sufficiently to require consideration of damages; the district court erred by refusing to award or determine those damages solely because the future quantity of fish was uncertain. The denial of damages for years six and seven was vacated and remanded for determination.
5. Griffith was the prevailing party despite recovering less than initially requested and despite offsets for amounts owed to Clear Lakes, and was entitled to attorney fees under I.C. § 12-120(3) both below and on appeal.

KEY QUOTATIONS

> *"Mere disagreement between the parties as to the meaning of a term is not enough to invalidate a contract entirely; the applicable standard is reasonable certainty as to the material terms of a contract, not absolute certainty relative to every detail."* (at 608)

> *"While damages may be difficult to determine it is clear that the Clear Lakes breach deprived Griffith of the opportunity to complete performance of the contact for the remaining years and that losses for those years occurred."* (at 614)

FACTUAL BACKGROUND

Clear Lakes and the Griffiths entered a six-year agreement under which the Griffiths would grow small trout and sell them back to Clear Lakes when they reached "market size." The parties performed satisfactorily for approximately three years, but Clear Lakes thereafter delayed deliveries and accepted smaller loads as its customers demanded larger fish, causing overcrowding, increased costs, and higher mortality at the Griffiths' farm. The district court found that "market size" meant trout approximating one pound live weight, that Clear Lakes breached an implied obligation to accept timely and reasonably scheduled deliveries, and that the breach caused increased production costs and mortality losses.

PROCEDURAL HISTORY

The district court denied both parties' cross-motions for summary judgment, conducted a court trial, found that a valid contract existed and that Clear Lakes breached its obligation to take timely deliveries, and awarded Griffith damages for increased production costs and mortality losses. The court denied damages for additional fish that might have been raised during the final two contract years as speculative, awarded attorney fees to Griffith, and offset amounts owed to Clear Lakes. The Idaho Supreme Court affirmed the contract, breach, existing-damages, and attorney-fee rulings, but vacated the denial of damages for years six and seven and remanded for a determination of those damages.

DISPOSITION

vacated

REMAND INSTRUCTIONS

Remand to determine the damages Griffith sustained for lost profits during years six and seven of the contract. The judgment is otherwise affirmed, including the findings of contract formation, breach, existing damages, and attorney fees.

CASES CITED

- Idaho Forest Industries, Inc. v. Hayden Lake Watershed Imp. Dist., 135 Idaho 316, 17 P.3d 260 (2000)
- Sun Valley Shamrock Resources, Inc. v. Travelers Leasing Corp., 118 Idaho 116, 794 P.2d 1389 (1990)
- Indep. Lead Mines Co. v. Hecla Mining Co., 143 Idaho 22, 137 P.3d 409 (2006)
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- Elec. Wholesale Supply Co. v. Nielson, 136 Idaho 814, 41 P.3d 242 (2001)
- Barry v. Pac. West Constr., Inc., 140 Idaho 827, 103 P.3d 440 (2004)
- Barnes v. Huck, 97 Idaho 173, 540 P.2d 1352 (1975)
- Paloukos v. Intermountain Chevrolet Co., 99 Idaho 740, 588 P.2d 939 (1978)

- Raffles v. Wichelhaus, 2 H. & C. 906, 159 Eng. Rep. 375 (Ex. 1864)
- Sells v. Robinson, 141 Idaho 767, 118 P.3d 99 (2005)
- Bumgarner v. Bumgarner, 124 Idaho 629, 862 P.2d 321 (Ct. App. 1993)
- Inland Group of Companies v. Providence Washington Ins. Co., 133 Idaho 249, 985 P.2d 674 (1999)
- Hummer v. Evans, 129 Idaho 274, 923 P.2d 981 (1996)
- Fuller v. Wolters, 119 Idaho 415, 807 P.2d 633 (1991)
- Big Butte Ranch, Inc. v. Grasmick, 91 Idaho 6, 415 P.2d 48 (1966)
- Magic Valley Truck Brokers, Inc. v. Meyer, 133 Idaho 110, 982 P.2d 945 (Ct. App. 1999)
- Gillingham Constr. v. Newby-Wiggins Constr., Inc., 142 Idaho 15, 121 P.3d 946 (2005)
- Smith v. Mitton, 140 Idaho 893, 104 P.3d 367 (2004)