

COURT OF APPEALS OF UTAH

John B. Mitchell v. Arco Industrial Sales, Arco Packaging/Janitorial Sales, and John A. Mitchell

Mitchell, 2026 UT App 75 (Utah Ct. App. 2026) · No. 20240635-CA · Decided May 7, 2026

SUMMARY

The Utah Court of Appeals held that Utah Rule of Civil Procedure 55 does not require an evidentiary hearing in every default case involving unliquidated damages when the damages can be calculated with mathematical accuracy. However, defaulted defendants must receive a full opportunity to be heard on damages, which the district court failed to provide because it allowed only the plaintiff to submit supporting expert evidence. The court vacated the damages award and remanded, while upholding the waiver of the statute-of-limitations defense and the propriety of prejudgment interest.

CASE DETAILS

COURT	Court of Appeals of Utah
WRITING FOR THE COURT	Amy J. Oliver; Gregory K. Orme; David N. Mortensen
JURISDICTION	Utah Court of Appeals
DECIDED	May 7, 2026
DOCKET	20240635-CA
DISPOSITION	vacated
PROCEDURAL POSTURE	Second appeal from a damages determination following entry of default as a discovery sanction. The district court awarded lost past earnings and prejudgment interest based on declarations and expert reports, and the defaulted defendants appealed.
STANDARD OF REVIEW	Issues involving the interpretation and application of a rule of civil procedure, waiver of an affirmative defense, and an award of prejudgment interest are reviewed for correctness.
PRECEDENTIAL VALUE	Published opinion
PARTIES	Arco Industrial Sales, Arco Packaging/Janitorial Sales, John A. Mitchell v. John B. Mitchell

TOPICS

- default
- damages
- prejudgment interest
- civil procedure
- appellate procedure

PRACTICE AREAS

civil procedure

appellate procedure

commercial litigation

remedies

employment law

QUESTIONS PRESENTED

1. Whether Utah Rule of Civil Procedure 55(b)(2) required an evidentiary hearing before the district court determined damages following entry of default.
2. Whether the defaulted defendants were nevertheless entitled to a full opportunity to be heard on the amount of damages.
3. Whether the statute of limitations defense was waived when the defendants' answer asserting it was struck.
4. Whether prejudgment interest was proper when the parties disagreed about the calculation of damages.

HOLDINGS

1. Rule 55(b)(2) does not require an actual evidentiary hearing in every case involving unliquidated damages. Depending on whether the damages can be calculated with mathematical certainty, the district court may have discretion to determine damages through methods other than an in-person evidentiary hearing.
2. A defaulted defendant is entitled to a full opportunity to be heard on the issue of damages, even when the court determines damages without an in-person evidentiary hearing.
3. The statute of limitations defense was waived because the defendants' answer asserting the affirmative defense had been struck and the defendants could not revive the defense after default.
4. Prejudgment interest was proper because the damages were calculable, even though the parties disagreed about the appropriate method of calculation.

KEY QUOTATIONS

“Appellants were entitled to a “full opportunity to be heard on the issue of damages.”” (¶ 23)

“While an evidentiary hearing was not mandatory, Appellants were entitled to be fully heard on the issue of damages.” (¶ 30)

FACTUAL BACKGROUND

John sued his father and Arco companies based on alleged unfulfilled promises connected to John's work at Arco. After the defendants' answer was struck and default was entered as a discovery sanction, the district court determined damages without holding an evidentiary hearing. Although the defendants agreed that evidence could initially be submitted by declarations, the court concluded they had no role beyond hearing John's evidence and did not permit them to submit their own expert report or affidavits. The court ultimately awarded John \$619,807 in lost past earnings and \$305,616 in prejudgment interest.

PROCEDURAL HISTORY

John B. Mitchell sued his father and the father's companies over alleged unfulfilled promises arising from John's employment at Arco. In an earlier appeal, the Utah Court of Appeals affirmed the district court's entry of default against the defendants. On remand, the district court determined damages through declarations, awarded lost past earnings and prejudgment interest, and later amended the judgment to \$925,423. The court vacated the damages award because the defendants were not given a full opportunity to be heard on damages, and remanded for further proceedings.

DISPOSITION

vacated

REMAND INSTRUCTIONS

Vacate the damages award and remand for the district court to reassess damages, allowing both sides a full opportunity to be heard. The district court may conduct hearings or order references as necessary and proper under Utah Rule of Civil Procedure 55(b)(2).

CASES CITED

- Mitchell v. Arco Industrial Sales, 2023 UT App 70, 533 P.3d 394
- Jenco, LC v. Valderra Land Holdings, LLC, 2025 UT 20, 572 P.3d 381
- James v. Galetka, 965 P.2d 567 (Utah Ct. App. 1998)
- Diversified Striping Sys. Inc. v. Kraus, 2022 UT App 91, 516 P.3d 306
- Synergetics v. Marathon Ranching Co., 701 P.2d 1106 (Utah 1985)
- Amica Mutual Insurance Co. v. Schettler, 768 P.2d 950 (Utah Ct. App. 1989)
- Skanchy v. Calcados Ortope SA, 952 P.2d 1071 (Utah 1998)
- Sewell v. Xpress Lube, 2013 UT 61, 321 P.3d 1080
- Cadlerock Joint Venture II, LP v. Envelope Packaging of Utah, Inc., 2011 UT App 98, 251 P.3d 837
- Pitts v. Pine Meadow Ranch, Inc., 589 P.2d 767 (Utah 1978)
- Eldridge v. Johndrow, 2015 UT 21, 345 P.3d 553
- Bjork v. April Industries, Inc., 560 P.2d 315 (Utah 1977)
- Staker v. Huntington Cleveland Irrigation Co., 664 P.2d 1188 (Utah 1983)
- State v. Jackson, 2011 UT App 318, 263 P.3d 540
- State v. Low, 2008 UT 58, 192 P.3d 867
- Harris v. IES Associates, Inc., 2003 UT App 112, 69 P.3d 297
- Encon Utah, LLC v. Fluor Ames Kraemer, LLC, 2009 UT 7, 210 P.3d 263