

SUPREME COURT OF IOWA

CMT Highway, LLC, an Iowa Limited Company v. Logan
Contractors Supply, Inc., an Iowa Corporation

CMT Highway · No. 24-1158 · Decided April 24, 2026

SUMMARY

The Iowa Supreme Court reviews a dispute arising from a seller’s breach of contracts for road-construction materials and the buyer’s purchase of substitute goods. The court holds that a buyer exercising the Iowa Code section 554.2712 cover remedy is not required to accept the breaching seller’s higher-priced offer, while remaining subject to the common-law duty to mitigate damages. The court affirms the finding that the buyer’s purchases from other vendors at prevailing market prices were reasonable and remands for related judgment adjustments consistent with the court of appeals’ disposition.

CASE DETAILS

COURT	Supreme Court of Iowa
WRITING FOR THE COURT	Oxley, J.; all other justices joined
JURISDICTION	Iowa Supreme Court
DECIDED	April 24, 2026
DOCKET	24-1158
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	CMT Highway sought further review of a court of appeals decision affirming the district court's rulings on contract formation, breach, and cover damages. The Supreme Court of Iowa granted further review but limited its review to whether Logan Contractors reasonably mitigated its damages by purchasing substitute goods rather than accepting CMT's higher-price offer.
STANDARD OF REVIEW	Breach-of-contract actions are reviewed for correction of errors at law. Because the case was tried to the bench, the district court's factual findings have the force of a special verdict and are binding if supported by substantial evidence. Evidence is substantial when a reasonable mind would accept it as adequate to reach the same findings, and the evidence is viewed in the light most favorable to the trial court's judgment.

PRECEDENTIAL VALUE	published; precedential
PARTIES	CMT Highway, LLC v. Logan Contractors Supply, Inc.

TOPICS

uniform commercial code contracts remedies damages commercial litigation

PRACTICE AREAS

contracts uniform commercial code commercial litigation remedies construction law

QUESTIONS PRESENTED

1. Whether an aggrieved buyer exercising the cover remedy under Iowa Code section 554.2712 is required to accept the breaching seller's offer to provide the same goods at a higher price.
2. Whether substantial evidence supported the district court's finding that Logan Contractors reasonably mitigated its damages by purchasing substitute goods from other vendors at then-current market prices rather than accepting CMT's lower-priced offer.
3. Whether a buyer's cover purchases must be the cheapest available substitute goods under Iowa Code section 554.2712.

HOLDINGS

1. An aggrieved buyer is not required to deal with the breaching seller in exercising its right to cover under Iowa Code section 554.2712, even when the breaching seller's offer is the least costly alternative to the original agreement.
2. Substantial evidence supported the district court's finding that Logan Contractors reasonably mitigated its damages by rejecting CMT's unilateral price increase and purchasing substitute goods from other manufacturers.
3. Section 554.2712 does not require the buyer to select the cheapest substitute goods; it requires a reasonable purchase made in good faith and without unreasonable delay.

KEY QUOTATIONS

"We hold that an aggrieved buyer is not required to deal with the breaching seller in exercising its right to cover." (at 2)

"The test of proper cover is whether at the time and place the buyer acted in good faith and in a reasonable manner, and it is immaterial that hindsight may later prove that the method of cover used was not the cheapest or most effective." (at 17)

"Either way, section 554.2712 does not hinge on whether cover goods were the cheapest substitute." (at 19)

FACTUAL BACKGROUND

CMT manufactured dowel baskets and related road-construction products for Logan Contractors under a longstanding course of dealing involving project quotes and purchase orders. During 2021, pandemic-related steel shortages and transportation problems caused CMT to miss delivery dates, and CMT ultimately demanded higher prices on existing orders or an end to the parties' relationship. Logan Contractors treated CMT's demand as a breach, solicited bids from multiple alternative manufacturers, and purchased substitute goods at or slightly below prevailing market prices. Those purchases cost \$1,529,264.57 more than the original contract prices, while CMT's proposed increases would have totaled \$310,082.08.

PROCEDURAL HISTORY

CMT sued Logan Contractors for breach of contract after Logan withheld payment for materials CMT had supplied. Logan Contractors counterclaimed for breach of contract and promissory estoppel. After a four-day bench trial, the district court found both parties liable on their respective breach claims, offset the awards, and awarded Logan Contractors \$1,529,264.57 for its cover purchases. The court of appeals affirmed the relevant liability and damages rulings but vacated and remanded the judgment to correct double-counted prejudgment interest. The Supreme Court of Iowa granted CMT's application for further review only as to mitigation and cover, affirmed the reasonableness finding, and remanded for correction of prejudgment interest.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The district court must incorporate the paragraph drafted by the court of appeals concerning prejudgment interest and correct the portion of the judgment that awarded double prejudgment interest. The court of appeals' decision was affirmed in part and vacated in part, and the district court judgment was affirmed in part and vacated in part.

CASES CITED

- *Kanzmeier v. McCoppin*, 398 N.W.2d 826, 831-32 (Iowa 1987)
- *Holmes v. Pomeroy*, 959 N.W.2d 387, 389 (Iowa 2021)
- *Hills Bank & Tr. Co. v. Converse*, 772 N.W.2d 764, 770 (Iowa 2009)
- *Iowa Mortg. Ctr., L.L.C. v. Baccam*, 841 N.W.2d 107, 110 (Iowa 2013)
- *Metro. Prop. & Cas. Ins. v. Auto-Owners Mut. Ins.*, 924 N.W.2d 833, 839 (Iowa 2019)
- *Grall v. Meyer*, 173 N.W.2d 61, 63 (Iowa 1969)
- *UE Loc. 893/IUP v. State*, 997 N.W.2d 1, 15 (Iowa 2023)
- *Meyers v. Delaney*, 529 N.W.2d 288, 289-90 (Iowa 1995)
- *Brokaw v. Winfield-Mt. Union Cmty. Sch. Dist.*, 788 N.W.2d 386, 388 (Iowa 2010)
- *BRC Rubber & Plastics, Inc. v. Continental Carbon Co.*, 981 F.3d 618, 630, 633-34 (7th Cir. 2020)
- *Bartlett Grain Co., LP v. Sheeder*, 829 N.W.2d 18, 23 (Iowa 2013)
- *Flanagan v. Consol. Nutrition, L.C.*, 627 N.W.2d 573, 578 (Iowa Ct. App. 2001)
- *F.S. Credit Corp. v. Shear Elevator, Inc.*, 377 N.W.2d 227, 233 (Iowa 1985)

- Clinton Physical Therapy Servs., P.C. v. John Deere Health Care, Inc., 714 N.W.2d 603, 606 n.1 (Iowa 2006)
- Lawrence v. Porter, 63 F. 62, 65-68 (6th Cir. 1894)
- Eberspaecher North America, Inc. v. Van-Rob, Inc., 544 F. Supp. 2d 592, 601 (E.D. Mich. 2008)
- Kelsey-Hayes Co. v. Galtaco Redlaw Castings Corp., 749 F. Supp. 794, 795 (E.D. Mich. 1990)
- B. B. Walker Co. v. Ashland Chemical Co., 474 F. Supp. 651, 655 (M.D.N.C. 1979)
- Dobbs v. Jackson Women's Health Org., 597 U.S. 215, 348 (2022) (Roberts, C.J., concurring in the judgment)
- Cain v. Grosshans & Petersen, Inc., 413 P.2d 98, 102-03 (Kan. 1966)
- R.E.T. Corp. v. Frank Paxton Co., 329 N.W.2d 416, 419, 422 (Iowa 1983)

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