SUPREME COURT OF IDAHO

St. Luke's Magic Valley Regional Medical Center v. Luciani

154 Idaho 37 (2013) · Decided January 23, 2013

SUMMARY

The Idaho Supreme Court answered a certified question concerning whether a legal malpractice claim may be assigned in a commercial transaction. The court held that although legal malpractice claims are generally not assignable, such a claim is assignable when transferred to a successor in interest along with other business assets and liabilities. St. Luke's therefore could pursue Magic Valley's malpractice claim against its former counsel.

CASE DETAILS

COURT	Supreme Court of Idaho
WRITING FOR THE COURT	Jones, J.; Burdick, C.J.; Eismann, J.; Horton, J.; Kidwell, J. pro tem.
JURISDICTION	Idaho
DECIDED	January 23, 2013
DISPOSITION	other
PROCEDURAL POSTURE	The United States District Court for the District of Idaho certified a question of Idaho law to the Supreme Court of Idaho under Idaho Appellate Rule 12.3 concerning whether a legal malpractice claim transferred in a commercial transaction was assignable.
STANDARD OF REVIEW	Free review because the certified issue was a question of law. The court limited its consideration to the facts contained in the certification order.
PRECEDENTIAL VALUE	Published Idaho Supreme Court opinion establishing Idaho law on assignability of legal malpractice claims transferred with business assets and liabilities in a commercial transaction.
PARTIES	St. Luke's Magic Valley Regional Medical Center v. Thomas R. Luciani, Stamper, Rubens, Stocker & Smith P.S.

TOPICS

professional negligence · commercial litigation · appellate procedure · appellate jurisdiction · torts

PRACTICE AREAS

legal malpractice | commercial transactions | civil procedure | appellate procedure

QUESTIONS PRESENTED

1. Whether a legal malpractice claim is assignable under Idaho law when transferred to a successor in interest as part of a commercial transaction involving the transfer of other business assets and liabilities.
2. Whether St. Luke's, as Magic Valley's successor under the commercial transaction, could assert Magic Valley's legal malpractice claim against Luciani.

HOLDINGS

1. Although legal malpractice claims are generally not assignable in Idaho, a legal malpractice claim transferred to an assignee in a commercial transaction together with other business assets and liabilities is assignable.
2. St. Luke's could step into the shoes of Magic Valley and pursue Magic Valley's legal malpractice claim against Luciani.

KEY QUOTATIONS

> *"Although legal malpractice claims are generally not assignable, where the legal malpractice claim is transferred to an assignee in a commercial transaction, along with other business assets and liabilities, such a claim is assignable."* (41)

> *"St. Luke's can step into the shoes of Magic Valley for Magic Valley's legal malpractice claim against Luciani."* (44)

FACTUAL BACKGROUND

Luciani and his law firm represented Magic Valley Regional Medical Center in defending wrongful-termination and False Claims Act claims. Magic Valley terminated Luciani and later transferred its assets and liabilities, including claims against third parties, to St. Luke's in a broad commercial transaction. St. Luke's assumed and defended the underlying litigation, settled it for $4.25 million, incurred approximately $12 million in defense expenses, and then sued for legal malpractice; Magic Valley no longer existed after the transaction.

PROCEDURAL HISTORY

St. Luke's sued Luciani and his law firm in federal diversity litigation for legal malpractice arising from their defense of the Suter litigation. The defendants moved for summary judgment, arguing that the malpractice claim could not be assigned under Idaho law. The federal district court certified the assignability issue to the Idaho Supreme Court because no controlling Idaho precedent squarely addressed it.

DISPOSITION

other

REMAND INSTRUCTIONS

The court answered the certified question in the affirmative; no remand instructions were issued to the federal district court in the opinion.

CASES CITED

- Harrigfeld v. Hancock, 140 Idaho 134, 90 P.3d 884 (2004)
- Peone v. Regulus Stud Mills, Inc., 113 Idaho 374, 744 P.2d 102 (1987)
- Kunz v. Utah Power & Light Co., 117 Idaho 901, 792 P.2d 926 (1990)
- Purco Fleet Servs., Inc. v. Idaho State Dep't of Fin., 140 Idaho 121, 90 P.3d 346 (2004)
- MacLeod v. Stelle, 43 Idaho 64, 249 P. 254 (1926)
- Bishop v. Owens, 152 Idaho 616, 272 P.3d 1247 (2012)
- Goodley v. Wank & Wank, Inc., 62 Cal. App. 3d 389, 133 Cal. Rptr. 83 (1976)
- Cerberus Partners, L.P. v. Gadsby & Hannah, 728 A.2d 1057 (R.I. 1999)
- Richter v. Analex Corp., 940 F. Supp. 353 (D.D.C. 1996)
- Hedlund Mfg. Co. v. Weiser, Stapler & Spivak, 517 Pa. 522, 539 A.2d 357 (1988)
- Learning Curve Int'l, Inc. v. Seyfarth Shaw, LLP, 392 Ill. App. 3d 1068, 331 Ill. Dec. 843, 911 N.E.2d 1073 (2009)
- Thurston v. Cont'l Cas. Co., 567 A.2d 922 (Me. 1989)
- Burnison v. Johnston, 277 Neb. 622, 764 N.W.2d 96 (2009)
- Jones Motor Co. v. Holtkamp, Liese, Beckemeier & Childress, P.C., 197 F.3d 1190 (7th Cir. 1999)
- Picadilly, Inc. v. Raikos, 582 N.E.2d 338 (Ind. 1991)
- Bank IV Wichita, Nat'l Ass'n v. Arn, Mullins, Unruh, Kuhn & Wilson, 250 Kan. 490, 827 P.2d 758 (1992)
- MNC Credit Corp. v. Sickels, 255 Va. 314, 497 S.E.2d 331 (1998)
- Kiley v. Jennings, Strouss & Salmon, 187 Ariz. 136, 927 P.2d 796 (Ariz. Ct. App. 1996)
- Washington v. Fireman's Fund Ins. Co., 459 So. 2d 1148 (Fla. Dist. Ct. App. 1984)
- Christison v. Jones, 83 Ill. App. 3d 334, 39 Ill. Dec. 560, 405 N.E.2d 8 (1980)
- Joos v. Drillock, 127 Mich. App. 99, 338 N.W.2d 736 (1983)
- Wagener v. McDonald, 509 N.W.2d 188 (Minn. Ct. App. 1993)
- Rosby Corp. v. Townsend, Yosha, Cline & Price, 800 N.E.2d 661 (Ind. Ct. App. 2003)
- Moorhouse v. Ambassador Ins. Co., 147 Mich. App. 412, 383 N.W.2d 219 (1985)