

SUPREME COURT OF NEBRASKA

Domjan v. Faith Regional Health Services

735 N.W.2d 355, 273 Neb. 877 (2007) · No. S-05-1463 · Decided July 6, 2007

SUMMARY

The Supreme Court of Nebraska reviewed a breach-of-contract dispute between Daniel Domjan, M.D., and Faith Regional Health Services involving recruitment, medical-direction, and promotional agreements. The court held that the jury instructions improperly characterized Domjan as an employee and applied an incorrect termination standard, creating prejudicial error. It reversed and remanded for a new trial on specified contract claims and the counterclaim, while leaving the Promotional Agreement judgment undisturbed.

CASE DETAILS

COURT	Supreme Court of Nebraska
WRITING FOR THE COURT	Miller-Lerman, J.; Heavican, C.J.; Wright, J.; Connolly, J.; Gerrard, J.; Stephan, J.; McCormack, J.
JURISDICTION	Nebraska
DECIDED	July 6, 2007
DOCKET	S-05-1463
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Domjan appealed from orders denying his application for attorney fees and granting Faith Regional's motion for a new trial limited to damages on Domjan's Recruitment Agreement claim. Faith Regional cross-appealed the denial of its motion for a new trial on liability for Domjan's Recruitment Agreement and Director Agreement claims and on Faith Regional's counterclaim for breach of the Recruitment Agreement.
STANDARD OF REVIEW	A motion for new trial is reviewed for abuse of discretion. The correctness of a jury instruction is a question of law reviewed independently. A party challenging a jury instruction must show prejudicial error or an adverse effect on a substantial right.
PRECEDENTIAL VALUE	published, precedential decision of the Supreme Court of Nebraska
PARTIES	Daniel Domjan, M.D. v. Faith Regional Health Services

TOPICS

breach of contract

contract interpretation

motion for new trial

civil procedure

appellate procedure

PRACTICE AREAS

contract law

civil procedure

appellate procedure

remedies

health law

employment law

QUESTIONS PRESENTED

1. Whether the district court abused its discretion by denying Faith Regional's motion for a new trial on Domjan's Recruitment Agreement and Director Agreement claims and Faith Regional's counterclaim.
2. Whether jury instructions using employment terminology and a good-cause employment-termination standard, rather than the parties' independent-contractor relationship and material-breach termination provision, were misleading and prejudicial.
3. Whether the court needed to reach Domjan's assignments concerning the damages retrial and attorney fees.

HOLDINGS

1. The jury instructions, taken as a whole, were misleading and confused the jury by incorrectly characterizing Domjan as an employee and by applying a good-cause employment-termination standard rather than the contractually agreed material-breach-or-default standard.
2. Faith Regional was entitled to a new trial on Domjan's claims for breach of the Recruitment Agreement and Director Agreement and on Faith Regional's counterclaim for breach of the Recruitment Agreement.
3. The court did not reach Domjan's assignments of error because the disposition of Faith Regional's cross-appeal was dispositive.

KEY QUOTATIONS

"The instructions in this case were not correct and were prejudicial." (362-363)

"We therefore reverse the district court's order overruling Faith Regional's motion for new trial on Domjan's claims that Faith Regional breached the Recruitment Agreement and the Director Agreement, and on Faith Regional's counterclaim asserting that Domjan breached the Recruitment Agreement and remand the cause for a new trial." (363)

FACTUAL BACKGROUND

Domjan and Faith Regional entered into three agreements in 2001 concerning Domjan's cardiothoracic surgery practice in Norfolk, Nebraska: a Recruitment Agreement, a Director Agreement, and a Promotional Agreement. The agreements characterized Domjan as an independent contractor, and the Recruitment and Director Agreements allowed termination for cause, defined as a material breach or default. After disputes arose concerning Domjan's services and relationships with staff, Faith Regional terminated the agreements, leading to Domjan's breach-of-contract suit and Faith Regional's counterclaim.

PROCEDURAL HISTORY

A jury found for Domjan on his breach of the Recruitment Agreement and Director Agreement claims, rejected his Promotional Agreement claim, and rejected Faith Regional's counterclaim. The district court entered judgment on the verdicts, denied Domjan's attorney-fee application, and ordered a new trial limited to damages on the Recruitment Agreement claim while denying a new trial on liability. The Nebraska Supreme Court addressed Faith Regional's cross-appeal first, reversed the denial of a new trial on the Recruitment Agreement and Director Agreement claims and the counterclaim, and remanded for a new trial; it did not reach Domjan's direct-appeal assignments.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Conduct a new trial on Domjan's claims that Faith Regional breached the Recruitment Agreement and Director Agreement and on Faith Regional's counterclaim that Domjan breached the Recruitment Agreement. The judgment on the Promotional Agreement claim remains in effect and is unaffected.

CASES CITED

- Roth v. Wiese, 271 Neb. 750, 716 N.W.2d 419 (2006)
- Worth v. Kolbeck, 273 Neb. 163, 728 N.W.2d 282 (2007)
- Jay v. Moog Automotive, 264 Neb. 875, 652 N.W.2d 872 (2002)
- Thompson v. Florida Drum Co., 651 So. 2d 180 (Fla. App. 1995)
- Phipps v. Skyview Farms, 259 Neb. 492, 610 N.W.2d 723 (2000)
- Pribil v. Koinzan, 266 Neb. 222, 665 N.W.2d 567 (2003)
- Castillo v. Young, 272 Neb. 240, 720 N.W.2d 40 (2006)