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Damages

Iowa Court Denies Damages and Attorneys' Fees to Dealer That Prevailed in Wrongful Termination Suit

In *FECO, Ltd. v. Highway Equipment Co.*, 2013 Iowa App. LEXIS 94 (Iowa Ct. App. Jan. 9, 2013), the Iowa Court of Appeals affirmed a trial court's denial of damages and attorneys' fees to a prevailing plaintiff in a dealership termination suit. FECO had served as an agricultural equipment dealer for Highway Equipment before the latter terminated the parties' agreement in 2002. Highway Equipment admitted that it did not have good cause for termination and that it did not provide the necessary notice of termination, as required by the Iowa dealership statute. When considering damages, however, the trial court found that after the wrongful termination, FECO successfully began selling its own proprietary line of equipment and appeared to be in no worse position than it was before the termination. The court declined to award any damages because it found that FECO had fully mitigated any potential loss that arose from the termination of the dealership agreement. Because the court awarded no damages, it also declined to grant costs and attorneys' fees to FECO.

In affirming the trial court's ruling on mitigation, the Iowa Court of Appeals concluded that the trial court was not clearly erroneous in finding that Highway Equipment's damages expert was more credible than FECO's. The trial court noted that FECO's claim for damages of over four million dollars suffered from the thorough and damaging cross-examination of its expert, which questioning demonstrated that many of the numbers used in the expert's report were inconsistent with historical data, lacked factual support, or were simply wrong. The court concluded that reliance on this report "would require considerable speculation . . . without a sufficient base of data to support it." The court also concluded that it was proper for the trial court to consider Highway Equipment's evidence that FECO had fully mitigated its damages even though it did not specifically plead an affirmative defense of mitigation, because Iowa law only requires a defendant to plead a defense of failure to mitigate damages. The substantial evidence at trial supported the trial court's determination of expert credibility, and did not reflect an improper shift of the burden to disprove mitigation. Finally, the appellate court held that the trial court properly denied costs and attorneys' fees because the statute only provided for those costs "together with" actual damages, and did not permit an award of costs and fees standing alone.

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