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BLOGS

Damages

The Sixth Circuit Upholds Lower Court's Allocation of a Jury's Damages Award

In *Laethem Equipment Company, et al. v. Deere & Company*, 2012 U.S. App. LEXIS 12135 (June 13, 2012), the U.S. Court of Appeals for the Sixth Circuit held that Michigan's comparative-fault scheme did not require a reduction in the jury's award of damages to the plaintiffs – two agricultural dealerships and their owners – and the Michigan Farm and Utility Equipment Act ("MFUEA") did not require the dealerships to make an election of remedies between their breach of contract claims and their statutory claims.

Francis Laethem owned and operated two agricultural dealerships for many years and, shortly before his death, put the dealerships' stock into a Trust. Upon Francis' death, his children (Michael, Mark, and Kathryn Laethem) became the beneficiaries of the Trust and Michael and Mark were given authority to operate the two dealerships. A dispute arose among the siblings regarding the ownership of the dealerships, which eventually led Deere to terminate them (allegedly in conjunction with Kathryn). The brothers and the two dealerships filed suit against Deere in the U.S. District Court for the Eastern District of Michigan, alleging, among other things, breach of contract, tortious interference with business relationships, and various violations of Michigan state laws. The jury returned a verdict for the dealerships and awarded damages.

On appeal, Deere argued that Michigan's comparative-fault scheme required a reduction of damages where the damages were a result of liability for contract as well as tort. On the tort claim, the jury had found that 65% of the fault was allocated to Deere and 35% of the fault was allocated to Kathryn Laethem, a non-party to the lawsuit. The Court of Appeals upheld the allocation of damages. It found that only one of the dealerships' theories of liability was subject to Michigan's comparative-fault scheme and that if Deere had been found liable only on that claim, the damages would have been reduced in proportion to the fault allocation. However, the court found that the damages award was also supported by two additional theories of liability that were not subject to the comparative-fault scheme, thus entitling the dealerships to a full recovery of damages without any reduction.

Deere also argued that the MFUEA required the dealerships to elect recovery either on their breach of contract claim or their statutory claim, but not both. The Court of Appeals disagreed. It found that the MFUEA provides for two types of remedies: an inventory buy-back remedy and a common law breach of contract remedy. It also found that the Act did not require the dealerships to choose between their two claims.