

IN THE COURT OF APPEALS OF IOWA

No. 3-651 / 12-2302
Filed August 7, 2013

ELIZABETH HACKETT,
Plaintiff-Appellant,

vs.

CHARLES J. GAETA,
Defendant-Appellee.

JOSEPH B. GAETA,
Plaintiff-Appellant,

vs.

CHARLES J. GAETA,
Defendant-Appellee.

Appeal from the Iowa District Court for Muscatine County, Gary D. McKenrick, Judge.

Plaintiffs appeal the district court's grant of defendant's motion for directed verdict. **AFFIRMED.**

Patrick L. Woodward of McDonald, Woodward & Carlson, P.C., Davenport, for appellants.

Roger A. Huddle of Weaver & Huddle, Wapello, for appellee.

Considered by Doyle, P.J., and Danilson and Mullins, JJ.

MULLINS, J.

Plaintiffs, Elizabeth Hackett and Joseph Gaeta, appeal the district court's grant of defendant Charles J. Gaeta's motion for directed verdict in this action for intentional interference with contract and for attorney's fees incurred in dissolving a temporary injunction. Elizabeth and Joseph claim the court erred in concluding there was insufficient evidence to support certain essential elements of their claims. For the reasons stated below, we affirm the ruling of the district court.

I. BACKGROUND FACTS AND PROCEEDINGS.

The mother of all the parties to this proceeding died on January 4, 2011. The disposition of her assets and those of her husband, who died several years before, was governed largely by inter vivos trusts she and her husband had established. Each trust held an undivided one-half interest in two parcels of farm real estate. The trusts granted Charles an option to purchase any of the farm real estate, which was exercisable for six months from the date of death of the last settlor. The trust instruments provided that Charles's purchase price would be either that agreed upon by all of the siblings or, if no agreement could be reached, the value determined by an independent appraiser, subject to a \$30,000 credit in Charles's favor. If Charles did not timely exercise this option, the trust instruments provided for a sealed-bid auction for the real estate among the surviving siblings.

After the mother's death the parcels were appraised—one parcel of 169.85 acres valued at \$755,800 and one parcel of 189.56 acres valued at \$644,500. Before the six-month deadline Charles notified the estate that he

wished to exercise his option, but he offered \$300 per acre, less than 10% of the appraised value of the parcels. He maintains this was the price established by an oral agreement to purchase the real estate he and his father had entered into prior to his father's death. Because this offer did not comply with the requirements of the trust instruments, the attorney for the trusts concluded Charles had not properly exercised his option and offered the real estate for auction among the siblings. Charles thereafter filed a claim in probate of his right to purchase the real estate at the \$300-per-acre price. The executors disallowed the claim, and the auction proceeded. Elizabeth was the successful bidder for one parcel, and Joseph for the other.

In the probate proceedings, Charles then filed a request for hearing on the disallowance of his claim, seeking (1) specific performance of the oral agreement with his father, (2) a declaratory judgment that the trust instruments required the siblings to hold a family conference to determine a sale price for the real estate before resorting to an independent appraisal, and (3) a temporary injunction enjoining the sale of the real estate to Elizabeth and Joseph pending resolution of those claims. The probate court issued the temporary injunction. Ruling later on the merits of the claim, the court denied the relief sought and dissolved the temporary injunction, allowing the sale of the real estate to proceed. Elizabeth and Joseph each closed on the real estate transactions in the spring of 2012, several months after the originally planned closing date of October 4, 2011.

Elizabeth and Joseph each brought actions against Charles for intentional interference with their contracts to purchase the farm real estate, and the cases

were consolidated. They sought damages for legal fees and expenses in resisting Charles's claims and the burden of the delayed closings. They also sought an award of attorney's fees incurred in obtaining dissolution of the temporary injunction. At trial, Charles moved for a directed verdict at the close of the plaintiffs' case and renewed this motion at the close of all the evidence. The district court reserved its ruling on the motion and submitted the case to the jury. The jury found in favor of Elizabeth and Joseph on their intentional interference claims and on their request for an award of attorney's fees for dissolving the temporary injunction. Notwithstanding the jury's verdict, the district court subsequently granted the motion for directed verdict and entered judgment for Charles. Elizabeth and Joseph now appeal from that ruling.

II. SCOPE AND STANDARD OF REVIEW.

We review a trial court's ruling on a motion for directed verdict for errors at law. *Schmitt v. Koehring Cranes, Inc.*, 798 N.W.2d 491, 494 (Iowa Ct. App. 2011). If substantial evidence exists to support each element of a claim, a motion for directed verdict must be overruled. *Id.* "Evidence is substantial when a reasonable mind would accept it as adequate to reach a conclusion." *Godar v. Edwards*, 588 N.W.2d 701, 705 (Iowa 1999) (citing *Johnson v. Dodgen*, 451 N.W.2d 168, 171 (Iowa 1990)). We must view all the evidence in the light most favorable to the nonmoving party, taking into consideration all reasonable inferences that could fairly be made by the jury. *Schmitt*, 798 N.W.2d at 494.

III. DISCUSSION.

On appeal, Elizabeth and Joseph contend the district court erred in granting Charles's motion for directed verdict as to their claim of intentional interference with contract. They also argue the district court erroneously granted Charles's motion for directed verdict as to their claim for attorney's fees incurred in dissolving the temporary injunction.

A. Intentional Inference with Contract.

To make a successful claim for intentional interference with an existing contract, a plaintiff must prove each of five elements: "(1) plaintiff had a contract with a third-party; (2) defendant knew of the contract; (3) defendant intentionally and improperly interfered with the contract; (4) the interference caused the third-party not to perform, or made performance more burdensome or expensive; and (5) damage to the plaintiff resulted." *Green v. Racing Ass'n of Cent. Iowa*, 713 N.W.2d 234, 243 (Iowa 2006) (citation omitted). The mere intent to interfere with a contract does not render the interference improper; the impropriety of the interference must be independently established. See *id.* at 244. Factors relevant to deciding whether the interference is improper include the following:

1. The nature of the conduct.
2. The Defendant's motive.
3. The interests of the party with which the conduct interferes.
4. The interest sought to be advanced by the Defendant.
5. The social interests in protecting the freedom of action of the Defendant and the contractual interests of the other party.
6. The nearness or remoteness of the Defendant's conduct to the interference.
7. The relations between the parties.

Id. (citing Restatement (Second) of Torts § 767, at 26-27 (1979)).

The jury below found that Charles intentionally and improperly interfered with Elizabeth's and Joseph's contracts to purchase the parcels from the estate. Even assuming Charles intentionally interfered with the contracts, we agree with the district court that Elizabeth and Joseph did not present sufficient evidence to support a reasonable conclusion that the interference was improper. "[A] party does not improperly interfere with another's contract by exercising its own legal rights in protection of its own financial interests." *Berger v. Cas' Feed Store, Inc.*, 543 N.W.2d 597, 599 (Iowa 1996). Rather, there must be substantial evidence that the party's predominant purpose was to cause injury to the plaintiff. See *id.* at 599–600.

Here, Charles's motive was to assert his legal rights based on an alleged agreement he had made with his father for purchase of the farm real estate. Even if he sought to prevent or delay Elizabeth and Joseph in closing on their respective real estate transactions, and thereby caused them injury, this was not, as they contend, the sole motivation for his petitioning the probate court. Rather, it was a necessary incident to his primary purpose—fully asserting his legal rights to protect his financial interest in the farm real estate before the sale to Elizabeth and Joseph could defeat it. Our review of the record convinces us that Elizabeth and Joseph have not produced substantial evidence that any interference with their contracts was improper, an essential element of their claim. Thus, the district court did not err in granting Charles's motion for directed verdict as to the intentional interference with contract claim.

B. Attorney's Fees.

Elizabeth and Joseph also claim the district court erred in directing verdict and granting judgment for Charles with regard to their request for attorney's fees incurred in obtaining the dissolution of the temporary injunction on the sale of the real estate. Where an injunction is the sole relief sought, and a temporary injunction issues and is subsequently dissolved, the defendant in the injunction suit is entitled to recover attorney's fees expended in procuring the dissolution. *Milwaukee W. Bank v. Cedars of Cedar Rapids, Inc.*, 170 N.W.2d 670, 673–74 (Iowa 1969). Where, however, an injunction is only collateral or auxiliary to the primary subject matter of the action, a defendant may not recover. *Id.* at 674.

Charles's request for hearing, on its face, disposes of the claim for attorney's fees. In addition to a temporary injunction, he sought specific performance of the alleged oral agreement he had with his father and a declaratory judgment that the trust instruments mandated a family conference to establish a sale price for the parcels before resort to an independent appraisal. The prayer for a temporary injunction was a request for a form of prejudgment relief to preserve the status quo in the event that the underlying claims based on the alleged contract and interpretation of the trust instruments proved successful. There is no evidence to support a reasonable conclusion that the injunction was anything other than auxiliary to the main subject matter of Charles's request for hearing. Therefore, the district court properly directed the verdict and ruled that Elizabeth and Joseph are not entitled to a recovery of attorney's fees.

As we find no substantial evidence that any interference with Elizabeth's and Joseph's contracts was improper or that the temporary injunction was the sole relief sought by Charles in his claim against the estate, we conclude the district court did not err in granting Charles's motion for directed verdict.

AFFIRMED.