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**IN THE SUPREME COURT OF THE STATE OF IDAHO**

**2014 Opinion No. 51**

**SAINT ALPHONSUS DIVERSIFIED CARE, )  
INC., an Idaho nonprofit corporation, )**

**Plaintiff-Appellant, )**

**v. )**

**MRI ASSOCIATES, LLP., an Idaho limited )  
liability partnership, )**

**Defendant-Respondent. )**

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**MRI ASSOCIATES, LLP, an Idaho limited )  
liability partnership; MRI LIMITED, an )  
Idaho limited partnership; and MRI )  
MOBILE LIMITED, an Idaho limited )  
partnership, )**

**Counterclaimants-Respondents, )**

**v. )**

**SAINT ALPHONSUS DIVERSIFIED CARE, )  
INC., an Idaho nonprofit corporation, and )  
SAINT ALPHONSUS REGIONAL )  
MEDICAL CENTER, an Idaho nonprofit )  
corporation, )**

**Counterdefendants-Appellants. )**

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**Docket No. 40012**

Appeal from the District Court of the Fourth Judicial District of the State of Idaho, in and for Ada County. The Hon. Michael Wetherell, District Judge.

Donald B. Ayer, Jones Day, Washington, D.C., Boise, argued for Saint Alphonsus.

Wade L. Woodard, Andersen Banducci, PLLC, Boise, argued for MRI Associates.

The Judgment of the district court is affirmed.

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In a unanimous decision, the Idaho Supreme Court affirmed the jury verdict awarding damages totaling \$52,084,513 against Saint Alphonsus Regional Medical Center for breach of contract and tortious conduct regarding MRI Associates, LLP, and its two limited partnerships which owned and operated magnetic resonance imaging scanners, and the \$4.6 million judgment obtained by Saint Alphonsus as the value of its partnership share.

Saint Alphonsus Diversified Care, Inc., and others formed a general partnership named MRI Associates. Saint Alphonsus Regional Medical Center, Inc., a non-profit hospital, is the sole member of Saint Alphonsus Diversified Care, Inc. (collectively “Saint Alphonsus”). The parties executed a written partnership agreement effective on April 26, 1985. The primary purpose of the partnership was to acquire and operate diagnostic and therapeutic devices, equipment, and accessories, beginning with a magnetic resonance imaging (MRI) scanner. MRI Associates and others formed two limited partnerships. One was named MRI Limited Partnership, and it owned and operated an MRI scanner located on the hospital campus of St. Alphonsus (“MRI Center”). The other limited partnership was named MRI Mobile Limited Partnership, and it owned and operated mobile MRI scanners (“MRI Mobile”).

For decades, a group of radiologists known as Gem State Radiologists (“Radiologists”) interpreted medical images pursuant to a contract that gave them the exclusive right to serve the radiological needs of patients of Saint Alphonsus. After the formation of MRI Associates, they interpreted MRI scans performed at MRI Center. In 1998, the Radiologists began planning to construct and operate an outpatient facility in Boise that was located away from the hospital. The proposed facility would provide a full range of medical imaging services, including MRI imaging. There were negotiations among the Radiologists, Saint Alphonsus, and MRI Associates to have one medical imaging entity, but those negotiations were unsuccessful. There was evidence that Saint Alphonsus was negotiating against MRI Associates with the Radiologists. On July 23, 1999, the Radiologists formed Intermountain Medical Imaging, LLC, (“IMI”), and on September 1, 1999, they opened their facility.

In 1998, Saint Alphonsus began negotiating with the Radiologists to partner with them in the imaging center. On July 1, 2001, Saint Alphonsus became a member of IMI. On June 3, 2002, IMI opened another facility in Meridian. Finally, on February 24, 2004, Saint Alphonsus gave notice to MRI Associates that it would dissociate from the partnership effective on April 1, 2004. Under the partnership agreement, upon dissociation Saint Alphonsus could not compete with MRI Associates for a period of one year.

On October 18, 2004, Saint Alphonsus filed this action seeking to recover the value of its partnership interest from MRI Associates, and MRI Associates responded by filing a multi-count counterclaim and claims against third parties. The third-party claims were ultimately dismissed. The jury found St. Alphonsus liable on all causes of action, and it was awarded a judgment in the sum of \$36.3 million. That judgment was vacated on appeal, *Saint Alphonsus Diversified Care, Inc. v. MRI Associates, LLP*, 148 Idaho 479, 224 P.3d 1068 (2009), and the case was remanded for further proceedings. On remand, MRI Center and MRI Mobile were joined as counterclaimants (collectively, with MRI Associates, the “MRI Entities”).

The case was again tried to a jury. The district court submitted four claims for relief to the jury: breach of contract, intentional interference with a prospective economic advantage, breach of fiduciary duty, and civil conspiracy. The jury found in favor of the MRI Entities on

each of the claims. Under the judgment entered by the district court, the awards under each claim for relief were in the alternative. The highest award to each of the MRI Entities was: \$3,906,338 to MRI Associates; \$25,828,208 to MRI Center; and \$22,349,967 to MRI Mobile, which totaled \$52,084,513. On its complaint, Saint Alphonsus was awarded \$4.6 million against MRI Associates. Saint Alphonsus appealed, and the MRI Entities cross-appealed.

On appeal, the Supreme Court held that Saint Alphonsus had not shown the district court abused its discretion in permitting the addition of the two limited partnerships as parties. The Court also held that Saint Alphonsus had not shown that the district court erred in failing to grant the motion for a judgment notwithstanding the verdict. The Court held that although the district court wrongly concluded the jury could find that Saint Alphonsus breached a fiduciary duty if it dissociated for the purpose of monetary gain, the district court's errors had not been shown to affect any substantial right of Saint Alphonsus.

In addition, the Supreme Court held the district court did not err in determining that Saint Alphonsus was entitled to a reduction in any damages awarded against it based on the apportionment of fault determined at trial. The Court held that the district court did not err in including accrued interest on Saint Alphonsus's judgment when calculating the sum it was entitled to have offset against the award to MRI Associates.

Finally, the Court held that the district court did not err in dismissing the claim regarding the Eagle facility. Because the MRI Entities and Saint Alphonsus each prevailed in part in this appeal, the Court held that neither party was entitled to an award of attorney fees.