

SUMMARY STATEMENT

Benjamin Yates and Circle PI, LLC v. Hull Farms, Inc.

Docket No. 51667

Hull Farms, Inc. (“Hull Farms”) and Benjamin H. Yates (“Yates”) entered into a Purchase and Sale Agreement (PSA) for the sale of a large ranch located in Custer County, Idaho. During the negotiations, the parties signed two addendums to the PSA, agreeing to have five acres set aside for Yates’ personal use, following a survey to determine the legal description. This five acre parcel (“Parcel”) was to be quitclaimed back to Yates after the completion of the sale of the ranch.

In the year following deeding of the ranch to Hull Farms, Yates sent a letter to Hull Farms claiming that he was being locked out of the cabin located on the Parcel. Yates sued for specific performance, arguing that Hull Farms must convey the Parcel to Yates based on the terms of the PSA and its addenda. Yates sought summary judgment against Hull Farms. The district court denied Yates’ motion and granted summary judgment in favor of Hull Farms. The court held that the addenda failed to adequately describe the Parcel and was therefore unenforceable. The court further held that the PSA merged with the deed and that only the terms of the deed control the rights of the parties. Because the deed did not mention the Parcel, PSA, or the addenda, the court held that Yates could not claim that Hull Farms breached the PSA.

Hull Farms then sought attorney fees from Yates. In response, Yates filed a motion to disallow attorney fees, which the district court granted. Hull Farms appealed, arguing (1) because Yates attempted to enforce the PSA in the underlying lawsuit, the attorney fees provision was triggered; (2) Hull Farms is entitled to attorney fees under I.C. § 12-120(3) because the nature of the transaction was commercial; and (3) Hull Farms is entitled to attorney fees under I.C. § 12-121 because Yates brought the underlying claim frivolously. Yates argued (1) the district court ruled that the PSA merged with the deed and therefore no attorney fees can be awarded under the PSA; (2) I.C. § 12-120(3) does not apply because the basis of his claim was for the personal use of the Parcel; and (3) Yates brought the underlying claim in good faith and Hull Farms is not entitled to attorney fees under I.C. § 12-121.

The Court of Appeals held that Hull Farms was entitled to attorney fees under the PSA as the prevailing party. The Court reasoned that, based on *Hilbert v. Hough*, 132 Idaho 203, 969 P.2d 836 (Ct. App. 1998), a party may be entitled to attorney fees under the contract even where the contract is held to be unenforceable. The Court further held that Yates had brought the underlying

claim based on the PSA and therefore, the Court should look to the PSA to determine an award of attorney fees. Because the PSA contained an attorney fees provision, Hull Farms was entitled to an award for attorney fees as the prevailing party.

The Court also held that Hull Farms was entitled to an award for attorney fees under I.C. § 12-120(3) because the sale of the ranch under these circumstances was a commercial transaction and the basis upon which recovery was sought. The Court reasoned that but for the PSA and the commercial transaction, there would be no claim for relief by Yates regarding the five-acre parcel, which was part of the original commercial transaction.

The Court reversed the district court's denial of attorney fees and awarded Hull Farms costs and attorney fees on appeal.

This summary constitutes no part of the opinion of the Court but has been prepared by court staff for the convenience of the public.