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Legal Research Paper: Breach of Contract

Background of Breach of Contract

When two or more parties come to a contract agreement, and one party fails to perform one or more of the terms of the contract, this action will trigger a Breach of Contract. A Breach of Contract is when one or more parties fail to perform the agreements of a contract after the scheduled performance date. Contract breaches can also breached before the performance date, this type of breach is called an Anticipatory Breach. An example of Anticipatory breach is, if a party tells the other party that they will not fulfill the terms of the contract before the scheduled performance date, the non-breaching party can use this as the termination of the contract and sue the other party for breach of contract. The non-breaching party can however, choose to wait until the scheduled performance date to see if the alleged breaching party would choose fulfill the terms of the contract. The alleged breaching party can also decide to inform the non-breaching party that they will decide to fulfill the terms of the contract, only if the non-breaching contract didn't make arrangements with another party.

The injured party of the contracts can sue the breaching party for monetary damages or another equitable satisfaction. This process of litigation is called a remedy. A remedy is the course of action available to the non-breaching party to obtain satisfaction from an injury caused by the breaching party. Remedies can either be legal or equitable. Types of legal remedies are waiver, compensatory, consequential, punitive, nominal, and liquidated. A waiver is when the injured party decides to cancel the contract when the contract has been breached. A compensatory damage is compensation for the direct loss to the injured party. A consequential damage is an indirect award when the breaching party knows that the contract formed can damage the non-breaching party. A punitive damage is monetary awards additional to compensatory damage awards to punish the breaching party and to discourage breaching parties in doing something similar in the future. A nominal damage is a very small monetary (usually a dollar) award against the breaching party when no real damage occurs, despite the contract being breached. A liquidated damage is an amount of damages set in advance before the contract, and if the contract is breached, the breaching party would have to pay for that set amount.

Equitable remedies can be used when monetary awards do not fulfill the injured parties satisfaction. These remedies consist of rescission, specific performance, and injunction. A rescission is when one party breaches the contract and the non-breaching party decides to call off the contract. This results in both parties returning all considerations back to the original owner and the original contract never existed after this. A specific performance is when a breached contract cannot be compensated by monetary awards and the court will order the breaching party to carry out the original contract. An injunction is when the monetary damages, rescissions, and specific performances are not satisfactory remedies and the court issues an order to prevent the breaching party to do a certain act.

Breaching parties of a contract also have their defenses. The types of defenses the breaching party can use are fraud, duress, undue influence, and mistake. Fraud is when one party engages in a contract with another party with false information. There are four types of frauds:

false statement or concealment of a material fact, intentional mistake or concealment, reliance on false statement or concealment, and proof of damages. Duress is when a party claims that they were pressured by coercive actions to enter into a contract. Undue influence is when a person has power over another person and uses it to their advantage. Such as, getting the other person to enter into a contract. Lastly, a mistake is when a person claims they entered into contract by misunderstanding and mistakes can be unilateral or mutual.

Breach of Contract Case

Lisa Warrington is a woman that resided at Great Falls, Montana and has twenty-two years in her nursing career. In 2014, she was offered a job at Great Falls Clinic and three days before her official start day as a clinical manager, she was fired over a rumor. She and her husband desperately tried to get an answer for why they fired her three days before her official start day as a clinical manager and the only response they got back was, "negative information from 'credible leadership' from her former employer". She tried to get her old job back at Benefis, but they told her she needed to re-apply. Warrington and her husband eventually found a better job at Helena, Montana and had to leave everything behind to work there. Desperate to find the truth, Warrington resorted to litigation with Great Falls Clinic in 2015.

When Warrington opened up in 2015 about resorting to litigation to find out the truth of why she wasn't hired, "Great Falls Clinic sought to stop the case before it actually started, claiming it had never actually entered a contract with Warrington". Warrington engaged in litigation anyways and "sued Great Falls Clinic for Breach of Contract, Negligence and violating a covenant of good faith and fair dealing". Once the case started, a state judge came to conclusion that there was a contract that was formed. Great Falls Clinic appealed to that decision and took it to the state Supreme Court. The Supreme Court came to a conclusion that a contract for future employment had been breached. The jury would then have to decide how much Great Falls Clinic owesher due to the breach of contract on future employment, or according to Great Falls Clinic's attorney states, "how much she actually suffered from that breach of contract?". Even after she sued for breach of contract, she still has not found out the truth of why Great Falls Clinic fired her. But after discovery processes ahead of trial, she realized that a former co-worker of hers, Kristy Mahlum, was part of the reason why they fired her. Mahlum was the "credible leadership from Benefis" that told "Great Falls Clinic human resource personnel that Warrington wouldn't be right for the job". Mahalum testified at the trial and Warrington's reaction was, "It was like she distanced herself, like she didn't have any part in what happened to me". Mahlum also said that she feels responsibility for Warrington being fired, but it was Great Falls Clinic's decision to her hiring and firing. During the trial, Great Falls Clinic's attorneys claimed that, "Warrington was actually better off after the hiring flimflam, considering she was making more money at the Montana State Fund --- About $6000 a year more --- than she would have with the contract the clinic offered". Warrington's attorney counter claimed with, "the clinic had not only breached its contract, it also violated a legal agreement known as 'good faith and fair dealing'...crossing that line, put the clinic on the hook for damages between $250,000 and $631,000". The five day trial went on for two months and the jury concluded that Great Falls Clinic will compensate by paying Warrington $220,000 for the breach. Judge John Kutzman also shot down the "good faith and fair dealings" claim, so Warrington and her attorney are appealing this decision and taking it to the Supreme Court, which the case right now is still ongoing.

Conclusion

Warrington and her husband resorted to Litigation to find out the truth about why she was fired three days before the official start date as a clinical manager. She sued "for breach of contract, negligence and violating a covenant of good faith and fair dealings". Her claims for breach of contract compensated her for $220,000 and her other claims were shot down by the judge. She appealed her other claims to the Supreme Court and is still currently ongoing. I agree with the court's decision to compensate Warrington for suing for breach of contract because she got fired over a rumor and she was compensated after she resorted to litigation. I don't believe the other claims are necessary, considering the fact that she resorted to litigation in the beginning with the main goal to find out the truth to why she got fired three days before her official start date. She sued, found out the truth, and got compensated. She also got a new job that pays more than Great Falls Clinic. That is why I agree with the court's decision, despite her appealing her other claims with the Supreme Court.

References

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