

IN THE COURT OF APPEALS OF IOWA

BENJAMIN P. CHAIT,)

Plaintiff-Appellee,)

vs.)

RONALD EVANS, KAREN EVANS, GENE)
EVANS and JUNE EVANS, Individually,)
and HAWKEYE HOSPITALITY CO., INC.)
an Iowa Corporation, doing business)
under the assumed name of CLAYTON)
HOUSE MOTEL,)

Defendants-Appellants.)

Filed June 29, 1988

FILED

JUN 29 1988

CLERK SUPREME COURT

7-592
87-190

39

Appeal from the Iowa District Court for Johnson County (No. 48217),
Harold J. Swailes, Judge.

Defendants appeal from a district court judgment for the plaintiff in an
action for breach of a covenant of quiet enjoyment and intentional interference
with prospective or existing contractual relations. **AFFIRMED.**

Joseph C. Johnston of Joe Johnston Law Firm, P.C., Iowa City, for
defendants-appellants.

Marc B. Moen, Iowa City, for plaintiff-appellee.

Heard by Oxberger, C.J., and Sackett and Habhab, JJ.

OXBERGER, C.J.

Defendants Ron, Karen, Gene and June Evans and Hawkeye Hospitality Company, Inc. appeal the district court's decision awarding the plaintiff Benjamin Chait \$7,001 in damages. Mr. Chait sued the defendants in four counts: (1) breach of quiet enjoyment clause in Chait's business lease with the defendants; (2) tortious interference with a business enterprise (dismissed by the court); (3) intentional interference with a prospective or existing contract; and (4) prayer for punitive damages (dismissed by the court). Defendants contend that the evidence fails to support the court's finding that defendants interfered with a contractual relationship, specifically: (1) no valid contract existed between Chait and a third-party named Belding; (2) the requisite length of time regarding the issue of knowledge on the part of the defendants was not fulfilled; (3) the evidence proves the existence of defendants' affirmative defense of protecting their legal interest; (4) the actions of the defendants were not the cause of the breakdown between Chait and Belding; and (5) the defendants did not act to injure the plaintiff. We affirm the district court's decision and award of \$7,001 to the plaintiff Benjamin Chait.

Our review is at law on errors assigned; we review the evidence in a light most favorable to the trial court's decision. Kurtenbach v. TeKippe, 260 N.W.2d 53 (Iowa 1977). The court will not interfere with the trial court's determination regarding the credibility of the witnesses and the weight the court attaches to such testimony. Hawkeye Specialty Company v. Bendix Corporation, 160 N.W.2d 341, 343 (Iowa 1968).

Defendants argue there is no substantial evidence to support the trial court's finding that the defendants interfered with the contractual relationship between the plaintiff, Chait and Belding. The evidence reveals that Chait had leased a bar known as the "Treehouse Lounge" from the defendants. Defendant

Ron Evans occupied the paramount decision-making position in the closely-held corporation which signed the lease with Chait. The relationship between Mr. Chait and Ron Evans was turbulent during the course of the lease. Mr. Chait's efforts to negotiate an extension of the lease was met with repeated rejection. He then decided to find someone who would take assignment of the lease and buy out his business interest in the lounge. Negotiations were initiated with Carol Belding, resulting in an oral agreement in which Belding would take the assignment and buy out in exchange for \$17,000 to \$19,500. Ms. Belding phoned Mr. Evans to discuss her assumption of the business. As a result of this phone call, Ms. Belding decided not to go forward with the agreement because Ron Evans informed her it was illegal. This suit was filed. Some months later Belding and the defendants negotiated their own contract.

The intentional interference with a contractual relationship or with a prospective business advantage is a recognized tort in Iowa. C.F. Sales, Inc. v. Amfert, Inc., 344 N.W.2d 543, 555 (Iowa 1983) and Harsha v. State Savings Bank, 346 N.W.2d 791, 799 (Iowa 1984). Elements to be proven by the plaintiff are:

1. Existence of a valid contractual relationship or business expectancy;
2. Knowledge of the relationship on the part of the interferer;
3. Intentional interference causing breach or termination of the relationship or expectancy;
4. Resultant damage to the party whose relationship or expectancy has been disrupted; and (where interference with prospective business advantage is alleged, there must also be)
5. The actor acted with a purpose to injure or destroy the plaintiff.

C.F. Sales, Inc. at p. 555 and Harsha at p. 799. (Emphasis added.)

We find that there is substantial evidence to prove that Ron Evans directly interfered with the relationship between Belding and Chait. As stated previously Belding decided to cancel her agreement after she spoke with Ron Evans because

Evans told her that the agreement was illegal. Under the provisions of the lease, Evans had the right to either consent to the lease assignment or demand the balance of rent due on the lease. Evans did not have the right to persuade Belding to cancel her agreement with Chait. Defendants argue they were merely acting in good faith to preserve a legally-protected right. The court found they had not proven this affirmative defense. We agree. Their rights were specifically outlined in the lease, as specified above. They did not exercise either option and instead took action to persuade Belding to cancel her agreement.

Defendants assert that the agreement between Chait and Belding was not valid because the defendants did not exercise their options under the lease regarding assignments; and, therefore, the first element of tortious interference cannot be proven. We disagree. The actions of the defendants in performing their lease agreement with Chait is irrelevant as to whether Chait and Belding had reached an agreement as between themselves. Edward Vantine Studios v. Fraternal Composite Services, Inc., 373 N.W.2d 512, 514 (Iowa App. 1985). Both Chait and Belding testified they had a firm agreement. Additionally, there is nothing in the lease between the plaintiff and defendants which requires the landlord's consent to make the assignment valid.

Defendants assert that the second element of tortious interference implies a lengthy period of time in which to acquire knowledge of the relationship. This argument is untenable. Defendants cite no cases to support it. The evidence clearly shows that once Ron Evans was told by Ms. Belding that she would assume the plaintiff's lease, Mr. Evans tried to persuade her otherwise. See Am.Jur. 2d, Interference, Section 11, p. 289.

Defendants argue that they did not intentionally interfere with the relationship between Belding and Chait, but rather acted to protect their legal interests.

The court found that the defendants had no legal interest to protect. As stated previously, we agree. There is substantial evidence in the record to prove that Ron Evans deliberately and intentionally sought to interfere. He did not give any indication to Ms. Belding regarding his choice of options under the lease provisions concerning assignment. To the contrary, he tried to talk her out of proceeding with her agreement with Chait.

We have previously addressed the fact that Mr. Evan's discussion with Ms Belding caused her to terminate her agreement with Chait. Her testimony, Chait's, and attorney Muller's support this. Mr. Evans testified to the contrary. The court did not believe his testimony.

Finally, defendants assert that they did not act for the purpose of injuring the plaintiff. The evidence is clear that Ron Evans had a history of hostility towards Chait during their landlord/tenant relationship. Evans had the option of pursuing his legal rights under the lease agreement. He chose not to do so. Rather, he attempted to and succeeded at obstructing the relationship between Chait and Belding.

We affirm the district court's judgment awarding \$7,001 to the plaintiff and tax costs of this appeal to the defendants.

AFFIRMED.