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CONTRACTS - CALIFORNIA

John Russo Industrial Sheetmetal, Inc. v. City of Los Angeles Department of Airports

Court of Appeal, First District, Division 5, California - November 26, 2018 - Cal.Rptr.3d - 29 Cal.App.5th 378 - 2018 WL 6168139

Manufacturer of aircraft rescue and firefighting vehicles sued city department of airports for breach of contract, alleging department breached contract under which manufacturer agreed to provide department with specialized airport firefighting trucks. Department sued manufacturer for breach of contract and for breach of the California False Claims Act (CFCA) with respect to the sale of the trucks, and the actions were consolidated.

Following jury trial, the Superior Court awarded department \$1 in contract damages, found in favor of manufacturer on department's CFCA claim, found in favor of department on manufacturer's contract claim, awarded department costs as prevailing party on contract claims, and awarded manufacturer attorney fees on CFCA claim, finding claim frivolous and harassing. Department appealed, challenging fee award.

The Court of Appeal held that:

- Term "action" in CFCA attorney fee provision referred specifically to the CFCA cause of action without regard to other causes of action brought in same lawsuit;
- Fact that CFCA claim survived preverdict motions did not demonstrate that claim was not frivolous and harassing; and
- Department failed to meet its burden on appeal to show that trial court erred in finding that CFCA claim was frivolous and harassing.

Term "action" in California False Claims Act (CFCA) provision providing for award of attorney fees to defendant against political subdivision if defendant prevails in the action and court finds that claim was clearly frivolous refers specifically to the CFCA cause of action without regard to other causes of action brought in the same lawsuit, and thus court may award defendant fees for prevailing on CFCA claims found to be frivolous, even if political subdivision prevails in the action as a whole under statute providing for costs to prevailing party; CFCA does not prevent CFCA causes of action from being joined with other causes of action in a single lawsuit, and permitting award of fees comports with purpose of attorney fee provision to deter bringing lawsuits without foundation.

Fact that California False Claims Act (CFCA) claim filed by city department of airports against manufacturer of specialized airport firefighting trucks with respect to sale of trucks to the department survived preverdict motions did not demonstrate that CFCA claim was not frivolous and harassing, and thus manufacturer was not precluded from recovering attorney fees as prevailing party on CFCA claim on such basis; that trial court allowed CFCA claim to go to the jury did not relieve department of responsibility to litigate a factually-grounded claim.

City department of airports failed to meet its burden on appeal to show that trial court erred in

finding that California False Claims Act (CFCA) claim filed against manufacturer of specialized airport firefighting trucks related to sale of trucks to department was frivolous and harassing, supporting award of attorney fees to manufacturer as prevailing party on CFCA claim, where department failed to discuss all relevant evidence.