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CNJ Distribg. Corp. v. D&F Farms, Inc., 2013 MT 267

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CNJ Distribg. Corp. v. D&F Farms, Inc., 2013 MT 267, 372 Mont. 28, ___ P.3d ___. Contract Law

A party is only responsible for his contract obligations, not the ultimate success or failure of the enterprise. Unless otherwise provided in the contract, it is implied the parties' mutual intentions for the contract terms are reasonable and conformable to usage.

CNJ Distributing Corp. (CNJ) hired D&F Farms, Inc. (D&F) to seed a field to barley.

The barley matured late, and an October storm destroyed the crop before harvest. CNJ sued D&F for breach of contract, alleging improper seeding caused the crop to fail.

In 2009, Circle S Seeds of Montana, Inc. (Circle S) contacted CNJ to negotiate seeding one of CNJ's fallow fields to barley. Circle S and CNJ agreed to no-till seeding because there was not time "to till a field as rocky and hard" as CNJ's. At Circle S's recommendation, CNJ hired D&F to conduct the seeding. Although Circle S had described the field to D&F during the bidding process, D&F first saw it on the day of seeding. Circle S notified D&F of the rocky conditions and instructed D&F to plant the seeds at one and one-half inches. D&F seeded the field according to instruction, made several checks to ensure the seed depth was accurate, and adjusted his speed and disk down pressure to ensure the "best possible contact with the ground." Despite D&F's due care, the rocky conditions caused variation in seed depth, resulting in inconsistent growth and maturation. CNJ alleged D&F breached the contract by: (1) failing to object to the rocky field conditions, or (2) failing to achieve a consistent seed depth. The district court found D&F fully performed under the contract and the Montana Supreme Court affirmed.

Failure to Object

D&F did not materially breach the contract by failing to object to the field conditions upon inspection. CNJ and Circle S decided to no-till seed the rocky field without consulting D&F. CNJ hired D&F to seed the field, not to "choos[e] the crop, decid[e] when the crop was to be planted, prepar[e] the field . . . or guarantee[] the crop's success" D&F had no duty under

the contract to decide whether the field was fit for seeding; CNJ and Circle S made that decision before involving D&F.

Failure to Attain Consistent Seed Depth

D&F did not materially breach the contract by failing to achieve a consistent depth of seed placement. The Court looked to the parties' "mutual intention" at the time of contracting to determine its material terms. When a contract is ambiguous, it is implied the parties' intentions are "reasonable or conformable to usage." Uneven seed depth is expected in all planting operations absent "an absolutely perfect seedbed." CNJ admitted in its brief that "[n]o one expected the seed placement to be perfect." On these facts, it would be unreasonable to assume that either D&F or CNJ intended the seed depth to be a consistent one and one-half inches. The district court described this unreasonable expectation as "impossible." CNJ claimed the district court erroneously asserted impossibility as a defense. It did not. Impossibility is not a defense to poor quality of performance; it is a complete defense to performance, and D&F had already performed. The district court's use of "impossible" was "to illustrate that D&F's performance was acceptable within the contract terms under the circumstances."

First, this case serves to remind that a contractor is responsible only for his obligation under the contract, not the ultimate success or failure of the enterprise. Second, unless otherwise provided in the contract, the court will imply the mutual intent of the parties to be "reasonable and conformable to usage." Third, impossibility is a complete defense to performance, not a defense to poor quality of performance.

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