

Champir, LLC v. Fairbanks Ranch Ass'n (2021) DJDAR 7206

For purposes of awarding fees and court costs, court must ascertain a party's "main litigation objective" to properly determine whether that party "prevailed."

FACTS: Champir, LLC, plus husband-and-wife, D. Javaheri and S. Dehghani (collectively, P) sued the Fairbanks Ranch Association (D) to enforce the CC&Rs of the planned development community in which P owned a home. The lawsuit arose in conjunction with the parties' dispute over D's plan to install traffic signals "directly outside" P's home, next to the entrance gates of Fairbanks Ranch (the Project).

PROCEDURAL POSTURE: Soon after the trial court issued a preliminary injunction on work on D's Project, D rounded up approvals from a majority of Fairbanks Ranch Association members for the Project - as required by the Fairbanks Ranch CC&Rs. The trial court subsequently dissolved its preliminary injunction, and P voluntarily dismissed their causes of action. The parties then filed competing motions for attorney fees, with each claiming to be the "prevailing party" under Civil Code § 5975(c). The trial court ruled that P was the prevailing party and awarded \$112,340 in attorney fees, plus court costs.

HOLDING: The Fourth Appellate District Court affirmed the trial court's judgement awarding attorney fees and costs in P's favor and found no abuse of discretion in the trial court's determination that P was the prevailing party.

DISCUSSION: On appeal, D maintained that the trial court erroneously designated P as the prevailing party instead of D. The Fourth District Court of Appeals rejected this contention. Applying an abuse of discretion standard to its review of the trial court's prevailing party determination, the *Champir* court grounded its analysis on what it reckoned was the "true intent of Plaintiffs' action." Noting that "court[s] respect[] substance rather than form when determining litigation success," the *Champir* court said that even if D won the neighborhood battle with P over the Project, P prevailed in the legal war P nevertheless continued to wage against D over the matter. Because P's "main litigation objective" (which the court stated was to make D "comply with the CC&Rs and obtain majority approval from its members before installing the traffic light") had been accomplished, the trial court's finding that P was entitled to fees and costs as the prevailing party did not warrant reversal.

Harris v. Rojas (2021) DJDAR 7358

"[S]light" recovery relative to trial demand precludes prevailing party status; courts must aggregate results from "related but wrongfully segregated cases" when making prevailing party determinations.

FACTS: Harris (P) leased commercial office space from Rojas (D). Nearly three years of dual-track litigation between the parties culminated in a week-long jury trial, and a verdict was returned in P's favor. However, the jury's award was just \$6,450, an amount many times less than P had demanded at trial, that was then offset and further reduced by the trial court. Pursuant to a "prevailing party" term in the parties' lease agreement, P's lawyers subsequently demanded \$296,744.68 in attorney fees. The trial court denied P's request based on its finding there was no prevailing party in the case.

HOLDING: The Second District Court of Appeals affirmed the trial court's determination that P was not a prevailing party, independently found D was the prevailing party, and awarded D's attorney fees and costs.

DISCUSSION: Affirming the trial court's ruling that P was not a prevailing party, the *Harris* court explained that P simply "recovered too little to be judged the prevailing party." Noting P's recovery was a meager 3% of the \$200,000 P had demanded, the *Harris* court opined that "When the demand is \$200,000 and the verdict is \$6,450 or less, the trial judge has discretion to decide the 'victory' is pyrrhic and nobody won." With respect to its independent finding for D on appeal as the prevailing party, the court stressed the importance of situating "prevailing party" determinations within the broader legal conflict between opposing parties. Here, the parties litigated two cases involving a single dispute separately instead of consolidating the cases into one. Noting that P was awarded at least \$13,000 in the parties' other case, the *Harris* court reasoned that after aggregating "results from the two related but wrongly segregated cases," P comes out as "the net winner" and, therefore, was entitled to attorney fees and costs as the prevailing party.