

Redfearn v. Trader Joe's Company

California Court of Appeal, Second District, Division Seven (Perluss, J.); February 27, 2018; 2018 WL 1062596

A defendant who is not a party to a contract or a party's agent is liable for interfering with the contract even if the contract contemplated the defendant's performance of a different agreement with one of the parties.

FACTS/ISSUE

Wayne Redfearn acted as the head of Caliber Sales and Marketing Corporation. Caliber represents manufacturers of food products and assists them in marketing their products, operating like an outside sales team in placing products in retail outlets and processing order flow once the relationship is established. Caliber began acting as a broker for Seneca Foods and Sunsweet Growers Inc., introducing their products into Trader Joe's stores. Trader Joe's changed its policy in 2010 to stop working with brokers, but often continued to deal with brokers already in place on existing accounts.

However, according to Redfearn's complaint for intentional interference with contractual relations, Trader Joe's began to spread false rumors about Redfearn to Seneca and Sunsweet, and allegedly threatened to sever ties with the companies if they did not terminate their contracts with Caliber and sell to Trader Joe's directly. The superior court sustained Trader Joe's demurrer without leave to amend, finding that *PM Group, Inc. v. Stewart* (2007) 154 Cal. App. 4th 55, led to the conclusion that Trader Joe's "was not a stranger to Caliber's contracts" and, thus, could not be liable for the tort.

HOLDING/DISCUSSION

Reversed. In California, a cause of action for intentional interference with contractual relations arises only against *noncontracting parties* who interfere with the performance of a contract. In other words, "a party to a contract cannot be liable in tort for conspiracy to interfere with its own contract. Even noncontracting parties, though, may be immune from interference claims if those parties had an economic interest in a given contract, say, if a contract expressly contemplated and depended upon a noncontracting party's performance. (*PM Group*)

Here, the Caliber's interference claims would seem to fall under this *PM Group* holding, since Trader Joe's could not be a "stranger-interloper" to the contract when Trader Joe's performance is necessary to the plaintiff's contract performance or prospective economic relationship. However, this court was more persuaded by the holding in *Popescu v. Apple* (2016) 1 Cal. App. 5th 39, which stands for the proposition that "a nonparty to a contract that contemplates the nonparty's performance, by that fact alone, is not immune from liability for contract interference." Here, consistent with *Popescu*, because Trader Joe's allegedly "pressured the two suppliers to stop using Caliber as a broker, which allowed Trader Joe's to purchase food products directly from Seneca and Sunsweet while eliminating the cost of brokerage fees," Redfearn adequately stated a claim for intentional interference with contractual relations.