The Price Is . . . Missing

BY LAWRENCE SAVELL

If there is any single message that this column has attempted to convey (other than, perhaps by implication, "Don't go to law school"), it is this: "Get it (*i.e.*, important terms of transactions into which you enter) in writing." This advice applies in a wide range of contexts, including contracting both to obtain and to maintain/restore a collector car.

Merchants, as well as consumers, can benefit from such a rule. One reason is that many of the laws which allow merchants to assert a claim for compensation against the property which they work on or provide—known in legal parlance as a "lien"—require that the approximate compensation be ascertained, communicated, and agreed to in advance.

The reported failure to comply with that requirement led to a less-than-satisfactory result for a collector car restoration business in the case of *Hall v. Barnes*, decided on March 7, 1996 by the New York Supreme Court, Appellate Division, Third Department.

According to the Court, John C. Hall, Jr. apparently brought his 1971 Chevrolet Impala in for painting to James Barnes, doing business as Jay Street Autobody. Although the facts were somewhat sketchy, apparently not all of the work was done and not all of the bill was paid.

Barnes sought to enforce a "mechanic's" or "garageman's lien," a particular type of lien created by state statutes to secure priority of payment of the price or value of work performed and materials furnished by such businesses. Hall challenged the validity of that lien under New York's Lien Law in a proceeding before the New York Supreme (trial) Court. That Court ruled in favor of Barnes, finding he proved entitlement to a lien in the amount of $2,060 for painting and restoring Hall's car. (Hall had claimed that the value of the work done was in the $1,700 range. Barnes had contended that $8,300 was owed for 150 to 170 hours of labor. The trial court concluded that Hall owed Barnes for 120 hours of work at $38 per hour, totaling $4,560, minus $2,500 paid on account, for a balance of $2,060.) It also permitted Barnes to retain Hall's vehicle pending payment of that amount with storage fees of $20 per day in the event that the Impala was not redeemed within 10 days of Barnes serving a copy of the ruling on Hall.

Hall appealed, and Barnes filed a cross-appeal.

The Appellate Division (New York's intermediate appeals court) began its analysis by noting that two issues were presented: (1) whether a proper garageman's lien had been established; and, in the alternative, (2) whether Barnes was entitled to an award based on "quantum meruit" for the work done on Hall's car (and, if so, in what amount).

Regarding the lien, the Court noted that New York's lien law specifically limits such protection to motor vehicle repair shops registered in compliance with New York's Vehicle and Traffic Law. The Court agreed with Hall that Barnes had failed to provide evidence of such required registration.

The Court further noted that Barnes also failed to comply with the Lien Law's requirement that the car owner give consent or authority to proceed with the repair at an agreed price. Barnes did not deny that the written "estimate" he gave Hall and which Hall signed failed to contain an agreement as to the cost of the job. The only entry on that "estimate" was a notation that the labor charge would be $38 per hour; there was no estimate of total hours to be spent or of the cost of materials to be used. The court concluded that there was thus no agreement as to the cost of the repairs, which it stated was required to create a binding contract.

The Court then turned to the alternative question of whether Barnes had proven a claim for "quantum meruit." Such a claim, which means "as much as he deserves," is basically an action on a contract which the law implies. It is based on the concept that one who benefits from the labor and materials of another should have to pay a reasonable amount for such benefit, even in the absence of a specific contract between the parties.

The Court reviewed the evidence and concluded that Barnes' estimation of the work done was "greatly exaggerated." It noted that Hall "paid $4,500 for this vehicle which was over 20 years old with over 100,000 miles on it. While he considered it a desirable vehicle to add to his car collection, it is neither a unique nor exotic vehicle. We conclude that the work involved in preparing the car for painting and the actual painting is 100 hours. The total cost, therefore, was $3,800 based on a rate of $38 per hour. [Hall] has thus far paid $2,500 on account. The record also reflects that [Barnes] admitted that the car still needs a day's work for completion, that is, eight hours at $38 per hour, to remove a popping phenomenon on the paint's surface and some scratches. This represents $304 of undone labor. We hold, therefore, that the bill should be reduced by this sum and that respondent is due $996." (There was no discussion assessing the value of any materials (such as paint) used, or whether any compensation should be provided for their cost.)

The Court thus reversed the trial court's granting a garageman's lien to Barnes, and affirmed the judgment awarded to Barnes as modified to the reduced amount of $996 based on the doctrine of quantum meruit.

Lawrence Savell is Counsel at the law firm Chadbourne & Parke LLP in New York City. This column provides general information and cannot substitute for consultation with an attorney. Additional background on this and prior "Old Cars in Law" articles can be found on-line at http://www.carcollector.com