IN THE COURT OF APPEALS OF IOWA

No. 2-379 / 11-1930
Filed October 3, 2012

DUCK CREEK TIRE SERVICE INC. and MIDWEST MEXICAN CONNECTION, LTD.
Plaintiffs-Appellees,

vs.

GOODYEAR CORNERS, L.C.,
Defendant-Appellant.

Appeal from the Iowa District Court for Scott County, Mark J. Smith, Judge.

Goodyear Corners challenges a district court's award of damages to two sub-sublessees for Goodyear Corners' breach of a sub-sublease. **AFFIRMED.**

Richard A. Davidson of Lane & Waterman, L.L.P., Davenport, for appellant.

Michael J. McCarthy of McCarthy, Lammers & Hines, Davenport, for appellees.

Heard by Eisenhauer, C.J., and Doyle and Tabor, JJ.

TABOR, J.

Goodyear Corners challenges a district court's award of damages to two sub-sublessees for Goodyear Corners' breach of a sub-sublease. Its breach caused the sub-sublessees to hurriedly relocate their businesses before the end of the agreement. Goodyear Corners argues the evidence is insufficient to uphold the award because the record shows only expenses incurred and not the actual loss of profits sustained. It also contends the damages awarded were not within the contemplation of the parties when signing the agreement.

We conclude the sub-sublessees presented sufficient evidence to sustain the district court's damage award. The record shows their losses were the natural and direct result of Goodyear Corners' breach, and the amounts were determined with reasonable certainty. Moreover, the damages the sub-sublessees incurred to continue operating their businesses at new locations were within the contemplation of the parties at the time they entered the leases.

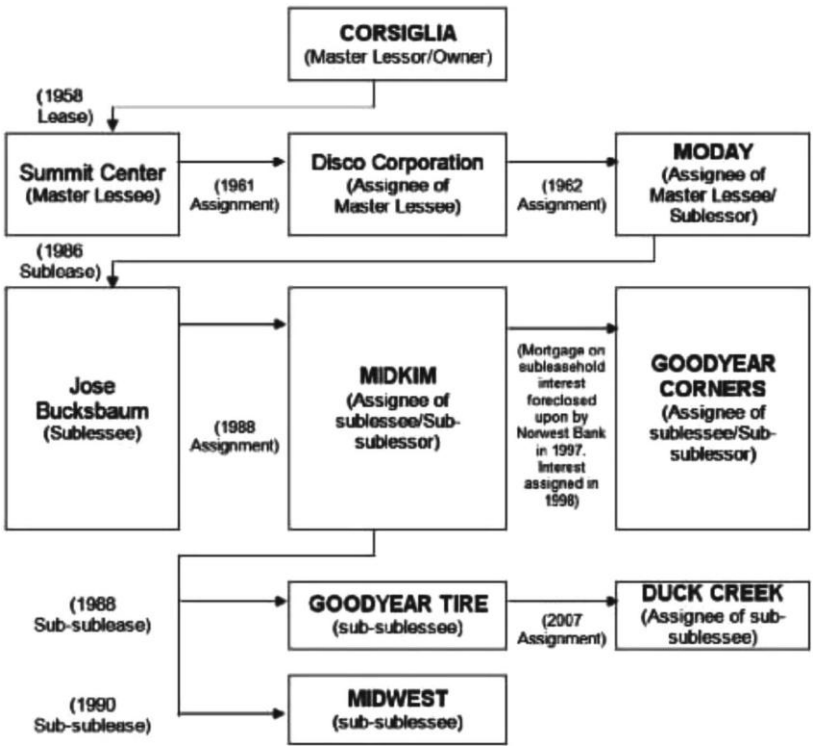
I. Background Facts and Proceedings

Antonio Corsiglia is a Bettendorf property owner who, in 1958, entered into a master lease with Summit Center for a roughly fifteen-acre parcel of property. Three years later, Summit Center assigned its interest as lessee to Disco Corporation. About a year after, Disco Corporation assigned its interest to A. Abner Rosen and Abraham Kamber, doing business as Moday Realty Co. ("Moday").

As master lessee of the fifteen-acre property, Moday subleased about one acre of the property to Jose Bucksbaum in 1986. Two years later, Bucksbaum

assigned his sublease interest to Midkim, Inc. Also in 1988, Midkim sub-subleased a portion of a building on the property to franchisor Goodyear Tire & Rubber Company ("Goodyear Tire"). In 1990, Midkim entered into a sub-sublease with Midwest Mexican Connection, Ltd. ("Midwest Mexican") for a different portion of floor space in the same building.

At some point, Midkim mortgaged its leasehold interest to Norwest Bank. Because Midkim defaulted on its mortgage, Norwest Bank foreclosed on it in 1997. Norwest Bank subsequently assigned the interest to Goodyear Corners, L.C. in 1998. The following graph, provided in *Duck Creek Tire Serv. v. Goodyear Corners, L.C.*, 796 N.W.2d 886, 890 (Iowa 2011), depicts each party's interest and relationship to one another:



Beginning in 2005, Moday failed to pay rent to Corsiglia on the master lease. On December 6, 2006, Goodyear Corners learned that earlier in the day,

Corsiglia notified Moday it was in default. Just more than a month later, Goodyear Corners learned because of the master lease's termination, the sublease between Goodyear Corners and Moday had also terminated. Goodyear Corners notified Goodyear Tire and Midwest Mexican their sub-subleases were terminated as well. On February 1, 2007, franchisor Goodyear Tire assigned its rights and obligations to franchisee Duck Creek Tire & Service, Inc. ("Duck Creek Tire"). Landowner Corsiglia permitted Midwest Mexican and Duck Creek Tire to remain several months after termination, but eventually each found a new location for their businesses.

On March 28, 2007, Goodyear Corners joined a suit filed in 2005 by Corsiglia to seek damages from Moday under the master lease. Goodyear Corners asserted a third-party claim against Moday and filed a motion for partial summary judgment alleging Moday's failure to pay the taxes and rent due under the master lease constituted a breach of the covenant of quiet enjoyment within their sublease. The district court granted the motion.

Duck Creek Tire and Midwest Mexican filed separate petitions of intervention against Goodyear Corners on August 24, 2007, alleging the sub-sublessor had breached each company's covenants of quiet enjoyment. On February 11, 2009, the district court dismissed the sub-sublessees' claims. In *Duck Creek Tire*, 796 N.W.2d at 898, our supreme court found Goodyear Corners breached its covenant of quiet enjoyment to Duck Creek Tire and Midwest Mexican and remanded the case to determine damages.

Back in the district court, the two sub-sublessees presented evidence to show damages they incurred from Goodyear Corners' breach. On July 13, 2011, the district court awarded $163,507 in damages to Duck Creek and $416,286 to Midwest Mexican. Goodyear Corners now appeals the district court's award.

II. Scope and Standard of Review

We review the district court's determination of damages for correction of legal error. *Risse v. Thompson*, 471 N.W.2d 853, 857 (Iowa 1991). The district court's findings of fact are binding on us if supported by substantial evidence. Iowa R. App. P. 6.14(6)(a); *Risse*, 471 N.W.2d at 857. Substantial evidence is that which a reasonable person would accept as adequate to reach a conclusion. *Chrysler Fin. Co. v. Bergstrom*, 703 N.W.2d 415, 418 (Iowa 2005). Evidence is not insubstantial merely because different conclusions may be drawn from it; the ultimate inquiry is whether the evidence supports the findings made, not whether it would support a different finding. *Id.* We view the evidence in the light most favorable to the district court's findings when a party claims the ruling is not supported by substantial evidence. *Meincke v. Nw. Bank & Trust Co.*, 756 N.W.2d 223, 227 (Iowa 2008).

III. Analysis

A. Did the Sub-Sublessees Present Adequate Evidence to Support the District Court's Damage Awards?

Goodyear Corners alleges Duck Creek Tire and Midwest Mexican failed to present evidence of actual damages. Goodyear Corners contends the court awarded damages for the sub-sublessees' expenses without proof of the "second

half of the equation"—the revenues or profits of the businesses. Duck Creek Tire and Midwest Mexican counter that "lost profits" are "just one element of the computation of damages" in an action for the breach of a rental agreement. They argue, under these facts, the evidence of expenses they would not have otherwise incurred sufficiently supports the court's award.

The purpose of a damage award is to place the injured party in the same position as though no breach had occurred. *Dealers Hobby, Inc. v. Marie Ann Realty Co.*, 255 N.W.2d 131, 134 (Iowa 1977); *see Magnusson Agency v. Pub. Entity Nat'l Co.-Midwest*, 560 N.W.2d 20, 27 (Iowa 1997) (holding non-breaching party is "entitled to be placed in a position that he or she would have occupied had there been performance"). In considering the sufficiency of the evidence as to damages, we first determine the proper measure to apply. *Watson v. Lewis*, 272 N.W.2d 459, 463 (Iowa 1978).

Goodyear Corners quotes *Dopheide v. Schoeppner*, 163 N.W.2d 360 (Iowa 1968) to argue only two formulas are available to measure damages for breach of lease: (1) lost profits reasonably within the contemplation of both parties when the lease was executed; and (2) the excess of the rental value of the leased premises over the agreed-upon rent.

Cases preceding *Dopheide* recognized the second formula—the "rental bargain rule"—as permitting a plaintiff to recover "the difference between the value of the use of the premises and the rent reserved." 163 N.W.2d at 365. The *Dopheide* court clarified a plaintiff sustaining other damages "'as a direct and necessary or natural consequence of the defendant's breach'" is entitled to

compensation in addition to the long-standing rental bargain measurement. *Id.* (quoting *Adair v. Bogle*, 20 Iowa 238, 244 (1866)); *see id.* (quoting *Dilly v. Peyansville Land Co.*, 155 N.W. 971, 973 (Iowa 1916), where our supreme court measured damages by using the rental bargain rule plus "'such other damages as are shown to have resulted as the direct or necessary or natural consequences of the breach'").

The *Dopheide* court explained neither *Adair* nor *Dilly* "laid down any maxim against proving loss of profits under proper circumstances" and that where "the amount necessary to put the innocent party in the same financial position he was prior to the breach . . . involves a loss of profits, courts have not hesitated to permit recovery of such loss." *See id.* at 365–66.[1] The court held the same measurement for loss of profits employed in tort and contract actions was also appropriate in breach-of-lease damage calculations:

> We now announce the rule that in cases such as the one before us, loss of profits may be shown as part of the innocent party's damages if three requirements are fulfilled:
>
> (1) Such damages must have been within the contemplation of the parties at the time the lease was made;
>
> (2) Such damages must be the natural and direct result of the breach; and

[1] In overturning a case suggesting the rental bargain measurement to be the only appropriate measure of loss in a breach of lease, the court held:

> We disavow the rule which limits recovery to the excess of the rental value over the rent which the tenant has agreed to pay. Such a limitation is entirely inadequate and unrealistic. If a plaintiff can recover only when he got a rental bargain—which is the only time the rental value would exceed the agreed rental—the landlord could ordinarily break his lease with impunity.

Id. at 366.

> (3) Such damages must be established with reasonable certainty and may not be based upon speculation and conjecture.

Id. at 367.

The *Watson* court approved of the *Dopheide* and *Adair* holdings that a plaintiff lessee is entitled to rental bargain damages as well as incidental damages. 272 N.W.2d at 463–64 (citing Iowa precedent and 49 Am. Jur. 2d *Landlord & Tenant* § 22, at 65, which recognizes the same two formulas for recovery for a leasor's breach). The commonality among the terms "incidental expenses," "incidental damages," "loss sustained," "losses," "lost profits," "loss of profits," and "loss of income or profits" is that in the context of determining damages arising from a leasor's breach, the evidence must meet the three requirements listed in *Dopheide*. *See id.* at 462–65 (using multiple terms for same computation of damage if the amount is contemplated by parties, is the natural and direct result of breach, and is established with reasonable certainty rather than speculation and conjecture); *see also Palmer v. Albert*, 310 N.W.2d 169, 174 (Iowa 1981). Regardless of the terminology assigned to the loss, the damage calculation must meet the *Dopheide* requirements.

Goodyear Corners advocates a more narrow definition of damages in this case—arguing the sub-sublessees failed to show lost profits—calculated by subtracting expenses from revenues. Goodyear Corners quotes *King Features Syndicate v. Courier* in defining profits as "'the net pecuniary gain from a transaction, the gross pecuniary gains diminished by the cost of obtaining them.'"

43 N.W.2d 718, 726 (Iowa 1950) (quoting the Restatement of Contracts § 331 cmt. b).

Comment b's definition becomes clearer when placed in context. Section 331(1) addresses the "reasonable certainty" requirement of incidental damages, one of the three *Dopheide* requirements for recovery. *See Dopheide*, 163 N.W.2d at 367 (citing section 331). It provides: "Damages are recoverable for losses caused or for profits and other gains prevented by the breach only to the extent that the evidence affords a sufficient basis for estimating their amount in money with reasonable certainty." Restatement of Contracts § 331 cmt. b. With regard to both losses and lost profits, the comments explain the certainty required is contingent upon the difficulty in ascertaining the amount of damages in a transaction.

Comment a to section 331, relating to losses, reads in part:

> [T]here are cases in which the experience of mankind is convincing that a substantial pecuniary loss has occurred, while at the same time it is of such a character that the amount in money is incapable of proof. In these cases the defendant usually has reason to foresee this difficulty of proof and should not be allowed to profit by it. In such cases, it is reasonable to require a lesser degree of certainty as to the amount of loss, leaving a greater degree of discretion to the jury, subject to the usual supervisory power of the court.

Comment b, after defining profits as Goodyear Corners does above, reads:

> This determination is certain and easy in direct proportion to the simplicity of the transaction by which the profits are to be made. If it is merely the exchange of a commodity having a definite market price for an agreed sum of money, the profit resulting from the exchange is comparatively easy to estimate . . . . But as the contemplated transactions out of which the profits are to be made

> become more complex and the profits themselves more remote in space and time, the degree of uncertainty may rapidly increase. The difference between the market value of an engine and the contract price may be easily provable; but the profits that might have been made by running the engine as a part of milling machinery and by selling the product manufactured thereby are less easily provable.

Comment c recognizes that for both loss of profits and losses suffered, "[t]he kind and the amount of evidence that will be held to afford a sufficient basis for estimation varies greatly in different kinds of cases," and that any doubt should generally be resolved against the breaching party.[2] Restatement of Contracts § 331. But difficulty in ascertaining the amount of damages is not to be confused with difficulty in determining whether damages have occurred:

> Courts have recognized a distinction between proof of the fact that damages have been sustained and proof of the amount of those damages. If it is speculative and uncertain whether damages have been sustained, recovery is denied. If the uncertainty lies only in the amount of damages, recovery may be had if there is proof of a reasonable basis from which the amount can be inferred or approximated.

DeWaay v. Muhr, 160 N.W.2d 454, 460 (Iowa 1968), *cited by Dopheide*, 163 N.W.2d at 366; *see also Kanzmeier v. McCoppin*, 398 N.W.2d 826, 833 (Iowa 1987) (identifying distinction between proof of damage, and proof of amount of

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[2] Goodyear Corners cites to several cases, such as *Data Documents, Inc. v. Pottawattamie County*, 604 N.W.2d 611, 616 (Iowa 2000) to assert proof of profits is necessary to recover damages. The difference between those cases cited and the present facts is the relative complexity of determining the amount of loss. In *Data Documents* the defendant hired the plaintiff to print motor vehicle renewal notice forms, and the defendant breached the contract by failing to pay plaintiff. *See Data Documents*, 604 N.W.2d at 613–14. The comments in Restatement of Contracts § 331 note damages arising from a simple sales contract are more easily shown than a breach of lease agreement. As explained below, the added complexity in determining the damages caused by a breached lease require alternative means to measure, and calculating based on the loss of profits alone will create a less accurate measurement of damages.

damage). The question at hand is how to most accurately determine the amount of loss to each sub-sublessee, rather than whether they sustained damage.

Our case law acknowledges there is no steadfast method to calculate damages occasioned by a landlord's breach. The appropriate measurement depends largely on the circumstances of a given case. *Dealers Hobby, Inc.*, 255 N.W.2d at 134. Specific rules are subordinate to the general axiom that compensatory damages are intended to place the injured party in the same position had performance been rendered as promised, and a particular formula is improvidently invoked if the result defeats a commonsense solution. *Id.*

We first address Goodyear Corners' challenges to the damages awarded Duck Creek Tire. Second we consider the damages awarded to Midwest Mexican. Third, we explain our rejection of Goodyear Corners' strict formula for determining damages.

1. Damages Incurred by Goodyear Tire

Duck Creek Tire entered the suit seeking recovery for damages incurred by its assignor and franchisor, Goodyear Tire. Goodyear Tire originally entered into a sub-sublease with Midkim—the same sub-sublease that Norwest Bank assigned to Goodyear Corners. Accordingly, because Duck Creek Tire intervenes as an assignee of the rights originally held by Goodyear Tire, the damages it seeks are not its own, but those of Goodyear Tire. Goodyear Corners alleges the district court erred in awarding $120,000 in moving costs and $43,507 for constructing a sign at the tire retailer's new location.

Goodyear Tire incurred a $120,000 expansion program expense paid to Duck Creek Tire to help keep the retailer in business after it lost its lease. Duck Creek Tire owner Ron Crist explained Goodyear Tire pays $120,000 to franchisees who add or build new locations rather than closing to protect against losing clientele built up within the franchise. The program provides payment to Duck Creek Tire over a three-year period, contingent upon its continued sales.

Goodyear Corners initially contends no evidence shows Duck Creek Tire lost $120,000, and no documentation exists showing the agreement between Duck Creek Tire and Goodyear Tire. First, Duck Creek Tire need not show its personal loss because as assignee of Goodyear Tire's rights, the only expenses at issue are those incurred by Goodyear Tire. Second, Duck Creek Tire presented adequate documentation by offering an exhibit explaining the expansion program.[3]

Goodyear Corners further argues because the payment is not a lost profit or loss of the market value of the lease, and because Duck Creek Tire would have had to move eventually, the $120,000 payment was not a damage caused by the breach.

Duck Creek Tire characterizes the $120,000 as an incentive cost incurred by Goodyear Tire in lieu of losing a franchisee that purchases nearly $700,000 in tires annually. Ron Crist testified the company created the program to help his store relocate: "Otherwise, I would have gone out of business." Crist testified he

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[3] The letter accompanying the expansion program reads, in part: "Congratulations on your business expansion into Bettendorf, IA. As part of this expansion, your sales team had nominated the new location for participation in our 2008 Retail Expansion Program. That nomination has been approved and will begin on 04-01-08."

would not have been eligible for this program in 2011 because the program is intended for franchisees adding new stores, and not moving stores.

Goodyear Corners correctly states the $120,000 does not fall within the definition of loss of market value of the lease. But taken in the light most favorable to the judgment, Duck Creek Tire presented substantial evidence the payment was not to defray eventual moving costs, but instead was necessary to prevent an even larger loss had Duck Creek Tire gone out of business because of the abrupt relocation of the business. Accordingly, the payment constitutes "losses caused . . . by the breach" at an amount established with reasonable certainty. *See Dopheide*, 163 N.W.2d at 367.

Because the city of Bettendorf would not allow the company to use its old pole sign from the original location, Goodyear Tire purchased a monument sign for the new location at a cost of $43,507. Contrary to Goodyear Corners' contention, this cost is recoverable as an incidental damage. *See id.* Goodyear Corners asserts awarding a new sign will result in a windfall because no evidence shows Goodyear Tire could have reused the original pole sign in 2011.

Duck Creek Tire provided substantial evidence the loss would not have occurred at the end of the lease. Crist testified his company could have used the current pole sign even if Duck Creek Tire relocated at the end of its lease "instead of being under the gun and having to get it done right away." He explained he would have found a better location with better zoning rules and could have negotiated and worked with the city, but lost that opportunity because of the time constraint imposed by the breach. Crist offered the example of an

auto service business located around the corner from the new Duck Creek Tire building that uses a pole sign to advertise its business. Evidence supports the conclusion that Goodyear Tire would not have incurred this cost but for Goodyear Corners' breach at an amount that was certain at trial.[4]

2. Damages Incurred by Midwest Mexican

Goodyear Corners generally argues the damages awarded to Midwest Mexican are expenses and not lost profits.

Midwest Mexican arranged with Corsiglia to continue leasing the premises for the same $3000 month-to-month rate paid to Goodyear Corners until December 2007, at which point Midwest Mexican was forced to vacate. The company re-opened its restaurant in a new location in January 2008, paying its new landlord $5500 a month. Because Midwest Mexican's lease with Goodyear Corners expired on May 31, 2010, and was $2500 less per month than its new lease, the district court determined Goodyear Corners owed $75,000 ($2500 multiplied by 30 months remaining between termination and expiration) to Midwest Mexican.

Because Midwest Mexican's initial franchise agreement with Maid-Rite pertained only to the property leased from Goodyear Corners, the district court found the breach forced Midwest Mexican to quickly renegotiate its franchise agreement. Midwest Mexican's franchise fee increased from $300 monthly to

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[4] Goodyear Corners argues because Duck Creek Tire sales had increased at the new location, "Duck Creek Tire presented no evidence whatsoever of any lost profits due to the relocation of its business." As stated previously, because Duck Creek, as assignee of the breached lease, is enforcing Goodyear Tires' rights, evidence of Duck Creek's increased sales does not reflect the damages incurred by Goodyear Tires.

four percent of sales. Owner Larry Selser applied the four percent fee to the monthly projected sales through May 2010, subtracting $300 per month, concluding the changed franchise agreement cost $71,776.

Midwest Mexican previously purchased meat locally, but the renegotiated franchise agreement now requires the restaurant purchase meat through Maid-Rite at twenty-eight cents per pound. Selser estimated by May 31, 2010, the increased cost for purchasing through Maid-Rite would be $177,380. He based this calculation on projected sales.

After Goodyear Corners' breach but before Midwest Mexican moved to its new location, Midwest Mexican was responsible for snow removal, yard work, lighting, and other common area maintenance, a service provided before the breach. The district court found the company paid $2000 in extra common area maintenance fees. While preparing the new location to open, Midwest Mexican incurred duplicate rent in the amount of $11,160 as well.

The district court also held Midwest Mexican lost $80,970 from December 1, 2007, to May 31, 2010, (thirty months at $2699 monthly) for the interest on a loan Midwest Mexican obtained to finance its new building. Selser explained because the company was forced to erect a building for its new location, whereas the building at the former location already existed, the company had to obtain outside financing rather than use alternative capital-raising efforts. The district court granted all damages as incidental to Goodyear Corners' breach.

3. Proper Measurement of Damages

Goodyear Corners argues the district court should have calculated the amount of damages based on the overall profits of both of these businesses.[5] We believe doing so would be a less accurate measure than considering the individualized increased expenses incurred by Midwest Mexican and Goodyear Tire. *See Kostopolos v. Pezzetti*, 93 N.E. 571, 571–72 (Mass 1911) (disapproving use of overall business profits for the purpose of "loss of profits" calculation from breach of lease, reasoning such figure could be inflated by factors external to breach itself). Goodyear Corners also contends if the businesses are more profitable at their new locations, then they have not sustained damages. But whether a former tenant is more successful in its new location is immaterial to the expenses incurred by the breach. *See* 52A C.J.S. *Landlord & Tenant* § 1069 (2012) ("The tenant's damages are not reduced by the fact that he or she made profits in the same business in other premises into which the tenant moved after eviction.").

Rather than focusing on overall profits, we look to the traditional types of loss recognized as incidental to a breach of lease. A tenant may recover for the expense of establishing its business elsewhere after the breach of lease. 52A C.J.S. *Landlord & Tenant* § 1072. Such recovery may include the cost of moving to a subsequent location. *Id.* §1073. All of the above expenses incurred by Midwest Mexican and Goodyear Tire fit into this definition.

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[5] Goodyear Corners also argues no evidence shows damages under the rental bargain rule. Because the district court did not award damages on that basis, we see no need to further analyze that damage formula.

Goodyear Corners contends these expenses would eventually arise at the end of their lease. But because the witnesses calculated the additional monthly expenses from the point of breach until expiration of the lease on May 31, 2010, and not beyond, and because testimony showed why all other expenses would not have occurred but for the breach, the damages were a direct and natural result of the breach. *See Dopheide*, 163 N.W.2d at 367*; see also Hill v. Horton*, 44 N.W. 569, 570–71 (Iowa 1890) (approving direct and natural consequences of the breach in addition to the rental bargain rule where start date of hotel lease was delayed three months); *Dealers Hobby*, 255 N.W.2d at 135 (approving incidental damages in form of alternate rental expenses required when leased premises experienced roof cave-in, requiring part of inventory to be relocated).

Evidence shows the breach created a substantial loss to both sub-sublessees beyond mere speculation, though the amount is less easily provable than in a typical breach of contract case. But "damages should not be denied merely because the amount is difficult to ascertain so long as the fact that some damages were sustained is evident." *Palmer*, 310 N.W.2d at 174 (finding evidence of two experts who projected loss of profits where breached lease forced restaurant to close was sufficient measure).

The evidence taken in the light most favorable to the district court's ruling shows all damages awarded were the natural and direct result of the breach, and were established with reasonable certainty. So long as the damages were reasonably in the contemplation of the parties, the district court's determination should stand.

B. Were Damages within the Contemplation of the Parties?

In its final salvo, Goodyear Corners argues the damages were not reasonably foreseeable by the parties when the contract was formed. Specifically, it contends Midwest Mexican's franchise expenses, increased borrowing costs, and increased cost of meat were not foreseeable, nor were Goodyear Tire's incentive plan payment and expense for purchasing a new sign.

Goodyear Corners' foreseeability challenge falls within the first *Dopheide* requirement: a damage must be "within the contemplation of the parties at the time the lease was made."[6] 163 N.W.2d at 367; *see Bremhorst v. Phillips Coal Co.*, 211 N.W.2d 898, 902 (Iowa 1927) (approving damages that "may reasonably be supposed to have been in the contemplation of both parties at the time they made the contract" as held in *Hadley v. Baxendale*, 9 Exch. 341 (1854)). Whether damages from a breach are foreseeable presents the same issue as whether damages were contemplated by the parties. *Royal Indem. Co. v. Factory Mut. Ins. Co.*, 786 N.W.2d 839, 847 (Iowa 2010). Under either question, we discern whether damages were reasonably anticipated by looking to "'the language of the contract in light of the facts, including the nature and purpose of the contract and circumstances attending its execution.'" *Id.* (quoting *Kuehl v. Freeman Bros. Agency, Inc.*, 521 N.W.2d 714, 718 (Iowa 1994)). If a

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[6] Goodyear Corners also argues a stricken provision of the lease relating to binding successors and assigns shows it held no obligation to the sub-sublessees. Our supreme court already addressed this issue with respect to quiet enjoyment, and the reasoning applies to the present appeal. *See Duck Creek Tire Servs.*, 796 N.W.2d at 893–94 ("Accordingly, by purchasing the assignment from Norwest Bank, Goodyear Corners stepped into the shoes of the sublessee, Midkim, and assumed all the burdens as well as benefits held by Midkim under the sublease.").

reasonable person would expect such a loss to follow from the breach, that amount should be awarded to the non-breaching party. *Id.*

The sub-sublessees take a more general approach to the concept of foreseeability than does Goodyear Corners, and argue because it is foreseeable the breach would cause them to incur various expenses to continue their businesses at another location, such damages would be contemplated when the agreement was signed.

The parties entering into the contract were sophisticated commercial landlords, well aware that each sub-sublessee would operate a business on the premises. While the exact form and amount of damages incurred may not have been contemplated by the parties entering into the original sub-subleases, it would be reasonable to foresee that evicting tenants who intended to keep operating their businesses would create expenses associated with hurried relocation.

Expenses related to the franchisor-franchisee relationship would not be unexpected. Midwest Mexican did not have to prove the original sub-sublessor knew the details of its franchise agreement. The district court was entitled to find the original lessor was aware that Midwest Mexican, by being a franchisee, could incur damages resulting from the renegotiated franchise agreement precipitated by the sudden relocation. It was not outside the contemplation of the parties when they signed the sub-sublease that in the event of a breach, the tenants would incur expenses related to a rushed relocation to avoid discontinuing their operations.

The purpose of awarding damages for a breach of lease is to compensate a party "for the loss which a fulfillment of the contract would have prevented." *Dopheide*, 163 N.W.2d at 366. Because sufficient evidence shows Goodyear Corners' fulfillment of the sub-sublease would have prevented the damages allowed by the district court, we affirm its award.

AFFIRMED.