

Understanding Tortious Interference With Business Relationships and Contracts

Business & Corporate Comments (0)

Ohio law recognizes causes of action for both tortious interference with a business relationship and **tortious interference with contract** rights. They differ only in that the former tort does not require proof of a contractual relationship. “The torts of interference with business relationships and contract rights generally occur when a person, without a privilege to do so, induces or otherwise purposely causes a third person not to enter into or continue a business relation with another, or not to perform a contract with another.”

The Supreme Court of Ohio formally recognized the existence of tortious interference with a contract in *Kenty v. Transamerica Premium Ins. Co.* **In order to recover under the tort of tortious interference with a contract, a plaintiff must prove all of the following elements :**

- (1) the existence of a contract;
- (2) the defendant’s knowledge that a contract existed;
- (3) the defendant’s intentional procurement of the contract’s breach;
- (4) the defendant’s lack of justification for the procurement of the breach of the contract; and
- (5) the damages that resulted from the breach.

Tortious interference with business relationships includes intentional interference with prospective contractual relations not yet reduced to a contract. The interference, however, must be intentional, because Ohio law does not recognize negligent interference with a business relationship. A plaintiff is entitled to restitution for any pecuniary loss which naturally and proximately results from such intentional misconduct. It must be observed however, that actual damages are required. **The elements of tortious interference with a business relationship are :**

- (1) a business relationship;
- (2) the tortfeasor’s knowledge thereof;
- (3) an intentional interference causing a breach or termination of the relationship;
- (4) damages resulting therefrom.

For both the above causes of action, the lack of justification in procuring the breach, requires a plaintiff to present proof that the defendant’s interference with the contract was improper. If a defendant’s interference with a business relationship of a contract is justified, then such action is not actionable. Rather, only improper interference is actionable. Specifically, the Supreme Court of Ohio has held that a defendant’s interference with a contract is not actionable when the defendant is vested with a privilege. Ohio law places the burden of proving a lack of privilege or a lack of justification upon the plaintiff.

In determining whether defendant’s interference is improper, the Supreme Court of Ohio in *Fred Siegel*, adopted §767 of the Restatement of Torts (2d) and held that **the following factors should be considered:**

- (1) the nature of the defendant’s conduct; This is the chief factor that the court should consider.
- (2) the defendant’s motive;
- (3) the interests of the plaintiff with which the defendant’s conduct interferes;
- (4) the interests sought to be advanced by the defendant;

- (5) the social interests in protecting the freedom of action of the defendant and the contractual interests of the plaintiff;
- (6) the proximity or remoteness of the defendant's conduct to the interference; and
- (7) the relations between the parties.

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admin @ November 14, 2008