

IN THE SUPREME COURT OF GUAM

CRAFTWORLD INTERIORS, INC.,
Plaintiff-Appellant

vs.

KING ENTERPRISES, INC.,
Defendant-Appellee.

OPINION

Supreme Court Case No.: CVA97-043
Superior Court Case No.: CV0914-94

Filed: June 2, 2000

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Appeal from the Superior Court of Guam
Argued and submitted May 7, 1998
Remanded June 25, 1998
Resubmitted May 25, 1999
Hagåtña, Guam

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BEFORE:BEFORE: BENJAMINBEFORE: BENJAMIN J. F. CRUZ, Chief Justice¹; PETER C. SIGUENZA and
WEEKS²; Associate Justice.

CRUZ, J.:

TheThe Appellant, Craftworld Interiors, Inc.The Appellant, Craftworld Interiors, Inc. (hereinafter Craftw
Enterprises,Enterprises, Inc. (hereinafter King), entered into an agreement, the nature of whichEnterprises, Inc. (h
in in this in this case. Craftworld raises the following issues on appeal: (1) whether the trial court erred in its
factualfactual findings,factual findings, and (2) whether the trial courtfactual findings, and (2) whether the trial co
to to explain or supplement the terms of the agreementto explain or supplement the terms of the agreement between
court did not err in its factual findings and that the parol evidence was appropriately introduced.

FACTUAL AND PROCEDURAL BACKGROUND

Craftworld,Craftworld, a manufacturer ofCraftworld, a manufacturer of rattan furniture amongCraftworld,
withwith King, a furniture retailer, regarding some rattan furniture.with King, a furniture retailer, regarding some ra
21,21, 1994 after King stopped payment on a check issued to Craftworld as21, 1994 after King stopped payment
regarding the rattan furniture.regarding the rattan furniture. An oral agreement was entered into by the partiesreg
andand King s presidents, James Uy and Taro Lin³, respectively, for, respectively, for the, respectively, for the sa
is whether the agreement was an outright sale of the goods or a consignment agreement.

Initially,Initially, Craftworld beganInitially, Craftworld began to sell its furniture out of one of Lin s furn
thethe parties subsequently made thethe parties subsequently made the agreement which is now the subject ofthis l
sellsell the goods for Craftworld.sell the goods for Craftworld. Eightsell the goods for Craftworld. Eight (8) invoic

¹ Although the case was first heard in 1998, Although the case was first heard in 1998, the signatures in this opinion reflect the
remand to the trial court, at which time this matter was considered and determined.

² Justice Janet Healy Weeks resigned from the court after hearing oral arguments in this matter.

³ Although the Appellee s Brief spells Mr. L Although the Appellee s Brief spells Mr. Lin s first name Although the App
Tallo.

King's store, listing the merchandise and prices total
Fernandez and under his signature it is noted, Received the above
condition and agree with the terms and conditions. Craftworld claims
outright sale of the furniture to King. Two pos
one for 90 days and the other for 180 days following the date of the agreement, No
Two days after receiving the checks, Uy delivered to King a Cash/Charge
at King ever signed that document. The first check was cashed
payment on the second check after it claimed they were unable to sell the furniture.

A bench trial was held on June 10, 1996 and Craftworld attempted
of a consignment sale as inadmissible parol evidence.⁴ Craftworld
holder in due course of the second unpaid check. The trial court ruled in favor of King finding that
Craftworld was not a holder in due course, that the parol
into evidence of oral agreements relating to the transaction, and that the doctrine of course
established that the agreement was established that the agreement was
September 23, 1997, and a timely notice of appeal was immediately filed.

Because neither party included the invoices at issue in the Excerpts of Record, the only
material upon which this court had to make an independent analysis was
We determined that the trial court's Decision and Order
findings supporting its decision such that the issues before
this court remanded the case pursuant to Guam Rule of Civil Procedure 52(a), int
court to prepare Findings of Fact and Conclusions of Law to aid this court in the appeal.
Interiors, Inc. v. King Enters., CVA97-043 (Order June 25, 1998). The court below
Findings of Fact and Conclusions of Law on May 24, 1999.

⁴ Such evidence was primarily oral testimony and a letter prepared by a manager of King.

ANALYSIS

The standard of review for conclusions of law is *de novo*. *GEDA v. Island Equip.*, *GEDA v. Guam* 7, *Guam* 7, ¶ 4. Findings of fact made by a trial court after a bench trial shall not be clearly erroneous. *Guam R. Civ. P. 52(a)*; clearly erroneous. *Guam R. Civ. P. 52(a)*; *see also Yang v. Hong*, 1 described in *Yang* as follows:

A finding is clearly erroneous when, even though the entire record produces the definite and firm conviction that the court below committed a mistake. The appellate court committed a judge's assessment of conflicting or ambiguous evidence. The applicable of appellate review is narrow; the of appellate review is narrow; the have found as it did, rather than whether the reviewing court would have ruled differently.

Yang, 1998 *Guam* 9 at ¶ 7 (citation omitted). In other words,

If the [trial] court's account of the evidence is plausible in its entirety, the court of appeals may not reverse it in its entirety, though it has been sitting as the trier of fact, it would have weighed the evidence differently. An appellate court must accept the lower court's findings; an appellate court is left with the definite and firm conviction that committed.

Haeuser v. Department of Law, Gov t of Guam, 1999 *Guam* 12, ¶ 14 (citations omitted).

The issues in this case were defined by the parties as an appeal on the factual findings of the trial court and whether the trial court correctly admitted parol evidence. However, both King and King also make substantive arguments as to the trial court made that the agreement was not a straight sale, but the trial court need not get to the merits of the legal conclusions of the legal conclusions of the trial court's factual findings. The only legal question this evidence.

1. Factual Findings

The standard of review for findings of fact, then, is very deferential to the determination of the trial court. Given this standard, when faced with a party alleging the trial court. C

conclusions of law contained in a lower court's findings or conclusions are adequate enough to affirm. *See, e.g., In re Allied Supermarkets, Inc.*, 951 F.2d 718, 726 (6th Cir. 1991) (citation omitted); *In re Bradford*, 112 B.R. 347 (B.A.P., 112 B.R. 347 (B.A.P. 1990) (1990) (When a trial judge's finding is based on his decision to credit the testimony of more witnesses, each of whom has told a coherent and facially plausible story, and that finding is not contradicted by extrinsic evidence, that finding, if not internally inconsistent, cannot constitute clear error.) (citing *Anderson v. Bessemer City*, 470 U.S. 564, 574, 105 S.Ct. 1504, 1511 (1985)); *County of Canyon v. Wilkerson*, 848 P.2d 435, 439-40 (Idaho Ct., 848 P.2d 435, 439-40 (Idaho Ct. App. 1992) (1992) (When a trial judge's assessment of witness credibility should be given to the trial court's assessment of witness credibility).

The situation in *Hawaiian Trust Co. v. Cowan*, 663 P.2d 634 (Haw. App. 1983), is somewhat similar to the instant case. In *Hawaiian Trust*, the appellants alleged that certain findings were clearly erroneous in that they were not supported by the trial transcripts in the record. By determining that the trial transcripts in the record were clearly erroneous in that they were not supported by the trial transcripts in the record, the court was [t]herefore ... compelled to leave the trial court's assessment of witness credibility. *Id.* at 638.

Similarly, Craftworld, though alleging that certain findings were clearly erroneous in that they were not supported by the trial transcripts in the record, the court's factual determinations were clearly erroneous in that they were not supported by the trial transcripts in the record. Moreover, Craftworld's assessment of the evidence produced at trial and the credibility of the witnesses is not clearly erroneous. errors had indeed occurred. This court, then, must make an assessment of the evidence produced at trial and the credibility of the witnesses. trial, to which we must give a high degree of deference. We therefore determine that the trial court's factual findings are not clearly erroneous.

2. Parol Evidence

For the parol evidence rule to apply it must first be established that there is a written agreement which was intended to be the final and complete embodiment of an agreement. The trial court found that there was an oral agreement between the parties on November 30, 1993 which was the written confirmation of that agreement, satisfying Title 13 GCA § 2201 (1993). The issue is whether the trial court erred in applying the parol evidence rule to alter or amend the written agreement. The parol evidence rule is as follows:

§2202. Final Written Expression: Parol or Extrinsic Evidence.

Terms with respect to which the confirmatory or which are otherwise set forth in a writing intended by the parties as an expression of their agreement with respect to such terms as are included therein may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement but may be explained or supplemented:

- (a) By course of dealing or usage of trade (§1205) or by course of performance (§2208); and
- (b) By evidence of consistent additional terms unless the writing indicates an exclusive statement of the terms of the agreement.

13 GCA § 2202 (1993). The analysis is two-fold: (1) whether the parties intended the writing to be the final and complete embodiment of their agreement, and (2) whether the writing contradicts the terms of the writing, for then it is inadmissible to supplement or explain omissions or ambiguities. See *Enrico Farms, Inc. v. Lower & Co.*, 629 F.2d 1304, 1306 (9th Cir. 1980). The trial court cited the case of *Century Real Estate Co. v. Lower & Co.*, 770 P.2d 692, 697 (Wyo. 1989), for the proposition that the party seeking to establish that the agreement was fully intended by the parties must establish the usage of trade argument in return. *Id.*

Unfortunately, as has been stated above, the invoices were not made available for appeal; therefore, their sufficiency as a complete and integrated writing is for this court to make. Without any documentary evidence for this court to make. Without

Holder in Due Course. (1) A holder in due course is a holder who takes the instrument

- (a) For value; and
 - (b) In good faith; and
 - (c) Without notice that it is overdue or has a defense against or claim to it on the part of any person.
- (2) A payee may be a holder in due course.
- (3) A holder does not become a holder in due course of an instrument:
- (a) By purchase of it at judicial sale or by taking it as part of a bulk transaction of the business of the transferor.
 - (b) By acquiring it in taking over an estate; or
 - (c) By purchasing it as part of a bulk transaction of the business of the transferor.
- (4) A purchaser of a limited interest can be a holder in due course of the interest purchased.

13 GCA § 3302 (1993). It is clear that Craftworld was the payee of the 13 GCA § 3302 (1993). It is clear in order to be a holder in due course, it must be shown that Craftworld took the instrument in good faith, and without notice of any claims or defenses. In admitting parol evidence to prove the nature of the contract for sale of goods. The parol evidence rule, as it applies to vary the terms of the negotiable instrument, has not been found to be applicable to establish whether the holder took the instrument for value, in good faith, and without notice of any claims and defenses. *First Int'l Bank of Israel, Ltd. v. L. Blankstein & Son, Inc.*, 452 N.Y. 452 (N.Y. 1983). The trial court made a finding that it believed that Craftworld was not a holder in due course because it took the check with notice of a defense that it was part of a consignment transaction. Thus, it was proper to go to the nature of the agreement as it went to the proof of Craftworld's holder in due course status.

Moreover, given the trial court's determination that the transaction was a straight sale, then its determination that Craftworld was not a holder in due course is affirmed.

CONCLUSION

The standard of review for factual findings is very high; this necessarily makes the standard of review for legal conclusions very low.

of review for legal questions, based on the court's factual findings, high as of review for legal questions, invoices from the record makes it difficult to dispute the trial court's support of the court's subsequent legal conclusion of admitting parol evidence for purposes of explaining and supplementing the written agreement. This court does not believe committed on the basis of the record before us, and therefore the factual findings will not be disturbed. Based on the factual findings made by the trial court, the legal conclusions as to the admissibility of parol evidence to explain and supplement the agreement. Although the relationship between the parties does not seem to admit admission of the prior oral agreements on the basis that the written agreement is the course of dealing to supplement or explain the agreement.

Accordingly, the decision of the trial court is **AFFIRMED**.