COURT OF APPEALS OF VIRGINIA

Record No. 1407-25-4

LPC COMMERCIAL SERVICES, LLC, F/K/A
LPC COMMERCIAL SERVICES, INC.
v.
AR-RAZZAAQ PROPERTIES, LLC

Present: Judges AtLee, Friedman and Senior Judge Annunziata

Argued at Alexandria, Virginia

Opinion Issued August 25, 2026

FROM THE CIRCUIT COURT OF FAIRFAX COUNTY
Patrick M. Blanch, Judge

Morgan P. Fryar (Edward W. Cameron; Cameron Ingersoll Roche PLLC, on briefs), for appellant.

Michael Hadeed, Jr. (Hadeed Law Group, P.C., on brief), for appellee.

PUBLISHED OPINION BY
JUDGE FRANK K. FRIEDMAN

This commercial real estate dispute focuses on interpreting provisions in a Property Management Agreement (the "Agreement") between LPC Commercial Services, LLC (LPC) and Ar-Razzaaq Properties, LLC (RAZ). One key section of the Agreement sets out when LPC can seek reimbursement from RAZ for LPC's personnel expenses in managing RAZ's building; another provision limits LPC's liability to RAZ in various situations. On appeal from the trial court's judgment in favor of RAZ, LPC argues that it did not violate the Agreement's reimbursement provision and that, even if it did, Section 2.11 shielded it from paying damages. Although we agree with the trial court that LPC breached the Agreement, we conclude that the trial court misinterpreted the Agreement's remedy provisions. Nevertheless, because we find that the trial court reached the correct result despite its misinterpretation, we affirm under the right result for the wrong reason doctrine.

BACKGROUND[1]

The Purchase

RAZ is a real estate development and property acquisition company. In late 2021, RAZ began exploring the purchase of an office building in Fairfax County. LPC is a real estate development and service company that had managed the building since 2008 on behalf of the building's owner. In December 2021 or January 2022, RAZ's CEO, Zak Elyasi, toured the building with the property manager, Nicole Gibran, who worked for LPC.

In January 2022, LPC's Senior Executive Vice President Jenny Anderson provided RAZ with a "property management & leasing proposal" for the property. In a section outlining the projected fees, the proposal listed the salaries of a property manager, assistant property administrator, building engineer, and maintenance engineer, along with the percentage of those salaries that LPC proposed to allocate to RAZ. That document did not explain how LPC calculated the proposed allocation. RAZ closed on the property in February 2022, after which Anderson sent RAZ a proposed property management agreement.

The Contested Provisions of the Agreement

Several provisions of the Agreement are important to this case. Section 2.1(d) provides that RAZ:

> shall not be obligated to reimburse [LPC] for the payment by [LPC] of . . . any salaries, wages and all related expenses for any personnel other than personnel located at the Property site and/or personnel spending a portion of their working hours (to be charged on a pro rata basis) at the Property site specifically performing [LPC's] duties hereunder provided such salaries and expenses are

[1] We recite the facts in the light most favorable to RAZ, the prevailing party below. *CSE, Inc. v. Kibby Welding, LLC*, 77 Va. App. 795, 798 (2023).

> approved in advance by [RAZ] or included in the Approved Budget.

Section 2.7 required LPC to present RAZ each year with a proposed annual budget outlining all the costs and expenses LPC "believes will be received or necessary to be incurred," submitted "solely as estimates, without warranty of their accuracy or attainability." The proposed budget would be deemed automatically approved if RAZ did not respond within 30 days of receipt.

Section 2.11 sets forth the Agreement's "Indemnity Provisions" which state, in relevant part:

> Indemnity Provisions. Neither [LPC] nor any employee, agent, director, officer or tenant of [LPC] shall be liable, responsible or accountable in damages or otherwise to [RAZ] for any acts performed by it (or him) in good faith without gross negligence. [LPC] shall be liable for and shall indemnify and hold harmless [RAZ] for any loss, damage liability, cost or expense (including reasonable attorneys' fees) proximately caused by the gross negligence or willful misconduct of [LPC], except to the extent such losses are actually insured against, or required to be insured against, by [RAZ] pursuant to [the Agreement].[2]

Finally, Section 5, labeled "Default Remedies," provides that LPC would be in default if:

> a. [LPC] shall fail to pay any sum of money owed by [LPC] to [RAZ] under this Agreement within five (5) days after written notice to such effect from [RAZ] to [LPC]; or
>
> b. [LPC] shall fail to observe or perform any term of this Agreement to be observed or performed by [LPC] [other than a monetary default as described in subparagraph (a) above], and such default shall continue for a period of thirty (30) days after written notice thereof by [RAZ] to [LPC].

Section 5.2 states that if LPC defaults, RAZ

> shall be entitled to terminate this Agreement immediately upon written notice to [LPC] and upon such termination [RAZ] shall have the right to pursue any remedy it may have at law or in equity, it being expressly understood that [LPC] shall remain liable

[2] Section 2.11 also requires RAZ to "indemnify and hold harmless" LPC for various losses.

> to [RAZ] for any losses suffered as a result of [LPC's] default and the resulting termination of this Agreement.

The Parties' Relationship Under the Agreement

Shortly after sending the proposed agreement, Gibran sent Elyasi and RAZ's Vice President of Asset Management, Julianne Whaylen, the 2022 budget that the property's prior owner had approved. The packet included a "2022 Budget Explanation." The explanation included a subsection for "Payroll," which listed "PR Engineering" and "PR Other."[3] The budget allocated $127,523 for PR Engineering and $36,876 for PR Other. The budget explanation also noted the hourly salaries of an engineer and maintenance technician and the monthly salaries of a property manager and operations manager.

RAZ accepted the budget and executed the Agreement. In fact, RAZ indicated to LPC that it wanted the building to be run just as it had been prior to the purchase. Consistent with this directive, LPC managed the property and sent monthly financial statements to RAZ. Similar to the annual budget, the monthly financial statements reflected payroll charges for PR Engineering and PR Other. In November 2022, Gibran sent Whaylen a proposed 2023 budget, which RAZ accepted by not responding within 30 days.

At some point, RAZ began to suspect that LPC was charging RAZ for employees who did not work at the property site. In January 2023, RAZ asked LPC how personnel were being charged at the property. In April 2023, RAZ sent LPC a notice of default, specifically referencing Section 5.2 of the Agreement. Unhappy with LPC's responses, RAZ terminated LPC as the property manager in May 2023. RAZ sued LPC in September 2023, asserting counts for breach of contract and fraudulent inducement.[4] LPC countersued for unpaid services.

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[3] The "PR" designation appears to be shorthand for "payroll."

[4] RAZ also asserted claims for breach of fiduciary duty, statutory accounting, and conversion. The circuit court sustained LPC's demurrers to those claims.

The Trial

The trial court held a bench trial at which Elyasi and Whaylen testified for RAZ, while Anderson and Gibran testified for LPC. Elyasi testified that RAZ kept LPC as the property manager because it wanted to rely on LPC's experience and did not want to "rock the boat" or cause any disruptions to the property. Elyasi and Whaylen both believed that, under the terms of the Agreement, RAZ was not responsible for paying LPC employees for work that was not done at the property site. According to Elyasi, when he and others at RAZ began asking questions about how payroll was calculated, LPC initially was evasive but eventually admitted that "people that were not on-site were getting paid." Whaylen testified that Gibran admitted during a meeting in early 2023 that the payroll charges included the property manager (herself) and the assistant property manager, even though those employees actually worked at LPC's offices across the street from RAZ's property.

Anderson testified that RAZ requested that LPC conduct itself just as it had under the prior owner and that LPC did so. The treatment of payroll remained as it had been before the sale. She testified that LPC determined the payroll allocation using the approved budget rather than by time slips. For example, if the approved budget indicated that a particular engineer spent 60% of their time at the RAZ property, 60% of their salary or wages would be allocated to RAZ. Anderson and Gibran testified that several engineers spent time on-site at the property. They admitted, however, that the property manager and assistant property manager worked at LPC's office, which they testified was necessary because RAZ's property did not have available office space with internet access. Gibran claimed to have told Elyasi during the initial tour that the property managers worked across the street. In short, LPC believed maintaining allocations as they had been under the prior management was appropriate; RAZ, while accepting the arrangement at first, developed skepticism regarding the payments that were being charged.

The Trial Court's Ruling

After hearing the evidence, the trial court specifically found all of the witnesses credible. The court found that the witnesses appeared to "have good intentions" and "everybody engaged in pretty good faith here." The court ruled for LPC on RAZ's fraud in the inducement claim, finding that RAZ had failed to marshal clear and convincing evidence of fraud. The court also found a lack of evidence that LPC improperly charged RAZ for engineering payroll. However, the court found that LPC had breached the Agreement by charging RAZ for the property manager and assistant property manager who had offices across the street. In the trial court's view, the Agreement's language relating to these payments was "wildly flawed" but unambiguous that LPC could not charge RAZ for employees who did not work at the property. The court set damages at $91,826.

In analyzing whether LPC was subject to damages under Section 2.11, the court distinguished between the first and second sentences of the provision. It found that the first sentence barred RAZ from receiving damages against LPC in situations where LPC's acts were performed "in good faith without gross negligence," while the second sentence applied to third-party claims for losses "proximately caused by gross negligence or willful misconduct" by LPC. In other words, according to the court, the first sentence was about how LPC and RAZ, themselves, "get along," while the second was "a classic indemnification provision" dealing with claims from third parties. The circuit court did not address Section 2.11's interaction with Section 5.2.

The circuit court also expressly "did not find that [LPC] acted in bad faith." However, it then borrowed language from the indemnity provision in the second sentence of Section 2.11, finding that LPC had "engaged in willful misconduct," by charging sums in excess of the reimbursement terms. The court found that LPC "intentionally took funds" "out of a pot of money which they were not supposed" to touch "under the terms of the contract." The court, thus, concluded that LPC's liability for the overcharge was not extinguished under Section 2.11.[5] The court entered judgment for RAZ on LPC's counterclaim and imposed damages of $91,826 against LPC for breach of contract.

LPC moved for reconsideration, which the trial court denied. In its motion for reconsideration, LPC reiterated that the first sentence of Section 2.11 precluded any finding of liability against LPC for breach of contract. In response, RAZ argued that the "entirety of Paragraph 2.11, including the first sentence, can be interpreted to pertain to interactions between the contracting parties and third parties." RAZ contended that indemnification "usually involves some third-party decisions, not a breach of the agreement itself." After the circuit court denied LPC's motion, LPC appealed.

ANALYSIS[6]

We give a trial court's factual findings "at a bench trial the same weight as a jury verdict. Those factual findings will not be disturbed on appeal unless they are plainly wrong or without evidence to support them." *Collins v. First Union Nat'l Bank*, 272 Va. 744, 749 (2006).

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[5] The court detailed its reasoning in finding that LPC's actions constituted "willful misconduct." In actuality, the court applied a very broad definition of "willful"—ultimately finding that LPC acted "willfully" because it intentionally charged the reimbursement sums, which the court deemed to be "misconduct" because the charges were not permitted by the Agreement. The court, in this context, stated that "willful is a pretty low bar," and is "really just intentional conduct," and that "[t]he case law says that [willful is] an intentional, delivered [sic: deliberate], or voluntary act as opposed to a negligent act." Under this logic, many simple breaches of contract would constitute "willful misconduct."

[6] RAZ's brief contains 26 purportedly direct quotes to Virginia case law. Troublingly, none of the alleged quotes are exact matches. One of the "quotes" differs from the source material by only a word, while the other 25 appear to be pure invention. Many are paraphrases rather than direct quotes; others bear little to no relation to the cases from which they supposedly originate. RAZ's counsel acknowledged and apologized for the problem at oral argument. We will address this issue *infra* in Section III.

Unlike the trial court's factual findings, we review the trial court's interpretation of a contract de novo. *Ehrhardt v. SustainedMED, LLC*, 300 Va. 334, 340 (2021). We construe the contract "as written, without adding terms that were not included by the parties." *Id.* (quoting *City of Chesapeake v. Dominion SecurityPlus Self Storage*, 291 Va. 327, 334 (2016)). The "guiding light" when interpreting a contract "is the intention of the parties as expressed by them in the words they have used." *Id.* at 341 (quoting *RECP IV WG Land Investors LLC v. Capital One Bank (USA), N.A.*, 295 Va. 268, 283 (2018)).

Similarly, we review de novo whether a contract is ambiguous. *Robinson-Huntley v. George Washington Carver Mut. Homes Ass'n*, 287 Va. 425, 429 (2014). A contract is "unambiguous if its provisions are capable of only one reasonable construction." *Capital One Bank*, 295 Va. at 283 (quoting *Wetlands Am. Tr., Inc. v. White Cloud Nine Ventures, L.P.*, 291 Va. 153, 161 (2016)). Conversely, a contract is ambiguous "if its language admits of being understood in more than one way or refers to two or more things at the same time." *Id.* (quoting *Wetlands Am. Tr.*, 291 Va. at 161-62). "When a contract is clear and unambiguous, the '[w]ords that the parties used . . . are normally given their usual, ordinary, and popular meaning.'" *Ehrhardt*, 300 Va. at 341 (first alteration in original) (quoting *Capital One Bank*, 295 Va. at 283). But "when a contract is ambiguous, the Court will look to parol evidence in order to determine the intent of the parties." *Robinson-Huntley*, 287 Va. at 429 (quoting *Eure v. Norfolk Shipbuilding & Drydock Corp.*, 263 Va. 624, 632 (2002)).

I. LPC Breached the Agreement

A. Section 2.1(d) Unambiguously Ties Reimbursement to Work on the Premises

Section 2.1(d) of the Agreement states:

> [RAZ] shall not be obligated to reimburse [LPC] for the payment by [LPC] of . . . any salaries, wages and all related expenses for any personnel other than personnel located at the Property site and/or personnel spending a portion of their working hours (to be

> charged on a pro rata basis) at the Property site specifically performing [LPC's] duties hereunder provided such salaries and expenses are approved in advance by [RAZ] or included in the Approved Budget.

The circuit court interpreted Section 2.1(d) to allow LPC to seek reimbursement for personnel expenses only if: (1) the LPC personnel spent a portion of their working hours at the property site performing LPC's duties; *and* (2) the expense was approved in advance by RAZ or included in the approved budget. The circuit court further found that LPC breached the Agreement by charging RAZ the salaries of the property manager and assistant property manager, neither of whom worked on-site at RAZ's property. LPC does not challenge the trial court's factual findings regarding the property managers. Indeed, the record demonstrates that these managers did not work in RAZ's building, but across the street from RAZ's site.[7] Nonetheless, LPC argues that the parties' course of dealing—as reflected by RAZ's expressed desire that LPC continue the same practices as under the prior owner—precludes a finding that LPC breached the Agreement.

B. LPC's Attempts to Sidestep the Plain Language of Section 2.1(d) Are Unavailing

LPC argues, essentially, that parol evidence should be considered to demonstrate that RAZ wanted a smooth ownership transition of the building and that it sought for its relationship with LPC to operate the same way that its predecessor's arrangement had functioned. To accomplish this goal, LPC suggests that "course of dealing" and "custom and usage" evidence is always admissible to show the meaning the parties accorded their own agreement—and LPC further posits that the parties' own interpretation of their deal is the best evidence of what the deal really means. In the alternative, LPC contends that RAZ waived (or is estopped from

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[7] Again, the Agreement's language does not contemplate the amount of time the managers devote to running RAZ's building; the focus is on "personnel located at the property site" or "spending a portion of their working hours . . . at the property site."

asserting) that the "on site" provisions of Section 2.1(d) should be enforced literally. We disagree on all fronts.

1. LPC's Course of Dealing Cases Are Inapposite

LPC's brief relies heavily on course of dealing cases in which Virginia courts have resorted to the parties' practical construction of an agreement to interpret *ambiguous* contractual language. *See, e.g.*, *Robinson-Huntley*, 287 Va. at 431; *Robin v. Sydeman Bros., Inc.*, 158 Va. 289, 299-300 (1932); *Chick v. MacBain*, 157 Va. 60, 69 (1931). As those cases recognize, however, "the Court will not look for meaning beyond the instrument itself" when an agreement is *unambiguous*. *Robinson-Huntley*, 287 Va. at 429. That is the critical distinction here. LPC has conceded that Section 2.1(d) unambiguously states that RAZ is not responsible for paying employees who do not work on-site at RAZ's property. As all parties seem to agree, the plain language of Section 2.1(d) is "capable of only one reasonable construction," which is the construction applied by the circuit court. *Capital One Bank*, 295 Va. at 283 (2018) (quoting *Wetlands Am. Tr.*, 291 Va. at 161). As such, the cases LPC cites extolling the virtues of the parties' practical construction as an interpretive tool are inapposite.

Put simply, we can consider parol evidence, including the specific course of dealing between these two parties, only when the contract is ambiguous. *See Westbury Coal Mining P'ship v. J. S. & K. Coal Corp.*, 233 Va. 226, 229 (1987). "[W]here an agreement is complete on its face, is plain and unambiguous in its terms, the court is not at liberty to search for its meaning beyond the instrument itself." *Id.* (alteration in original) (quoting *Globe Co. v. Bank of Boston*, 205 Va. 841, 848 (1965)).

2. *LPC's Efforts to Invoke Trade Custom, Waiver, and Estoppel Are Unpersuasive*

The same general framework applies for evidence of "trade custom and usage"—it is not a tool to be utilized to contradict unambiguous contract language.[8] To the extent LPC suggests that custom and usage should inform our interpretation of the Agreement here, that argument is misplaced. "Custom and usage" can only vary or contradict the terms of a contract if the party relying on such evidence can show that the other party "had actual notice of such custom or usage," or if the custom and usage was so common in the relevant trade or business "that they will be presumed to have knowledge of such custom and usage." *Arkla Lumber & Mfg. Co. v. W. Va. Timber Co.*, 146 Va. 641, 648 (1926). LPC fell well short of meeting that burden here; it proved neither the existence of a relevant custom or usage, nor RAZ's actual or constructive knowledge of it. At best, it attempts to show that this contract mimicked RAZ's predecessor's agreement—not a trade-wide custom.

Here, at bottom, LPC is attempting to introduce its evidence of how the parties initially viewed the Agreement (before RAZ balked at the interpretation) to modify the clear terms of Section 2.1(d). None of the cases upon which LPC relies permit this kind of rear-guard attack against unambiguous contractual language. To the contrary, the interpreting court cannot look

[8] A limited exception for admitting evidence does exist for trade usage; evidence that contract terms or phrases have acquired a peculiar meaning by custom in the locality or by the usage of the trade—which is not attached to them in their ordinary use—is admissible even if the phrase or terms themselves are unambiguous. *Westmoreland-LG&E Partners v. Va. Elec. & Power Co.*, 254 Va. 1, 9 (1997); *Doswell Ltd. P'ship v. Va. Elec. & Power Co.*, 251 Va. 215, 225 (1996). Thus, even where a contract is unambiguous, it is sometimes appropriate for evidence to be admitted showing how parties within a given industry apply the language. So, for example, it might be appropriate, even where a contract is clear, to permit evidence of the meaning of a term such as "FOB Seller's Location" (free on board) within a given industry. *See, e.g.*, Code § 8.2-319; *see also Walker v. Gateway Milling Co*, 121 Va. 217, 226-27 (1917) (holding that evidence of the meaning of "winter wheat bran" in the trade was admissible).

outside the agreement in an attempt to override unambiguous language. *Globe Co.*, 205 Va. at 848.

Further, even if some provisions of the Agreement are ambiguous in isolation, Section 2.1(d) is not. Ambiguities elsewhere in the Agreement do not open the parol evidence floodgates to permit a challenge to the unambiguous "on-site reimbursement" provisions in Section 2.1(d). *See Tuomala v. Regent Univ.*, 252 Va. 368, 374 (1996) (explaining that parol evidence is not admissible "to contradict or vary contract terms"); *Calomiris v. Woods*, 727 A.2d 358, 366 (Md. 1999) ("One may not argue ambiguity in one contractual term or clause in order to gain the admittance of extrinsic evidence to contradict other terms or clauses in the contract that are unambiguous."); *Garner v. Am. Home Assur. Co.*, 460 S.W.2d 358, 361 (Tenn. 1969) ("The rule is that where the ambiguity is confined to a particular provision of the writing the extrinsic evidence must be confined to such provision.").

Finally, LPC suggested at oral argument that the Court could reach the parties' course of dealing through the doctrines of estoppel or waiver.[9] Properly understood, however, the doctrines of estoppel and waiver do not concern the interpretation of the contract. *Stanley's Cafeteria, Inc. v. Abramson*, 226 Va. 68, 73 (1983). Instead, the party asserting estoppel or waiver has the burden of proving that the other party surrendered a right it possessed under the contract. *Id.* Even assuming LPC preserved its arguments concerning estoppel and waiver, it has failed to carry its burden here.[10]

[9] While LPC mentioned waiver and estoppel to the trial court, it did not specifically brief these issues on appeal.

[10] Moreover, Section 6.7 of the Agreement provides that "[a]ny agreement hereafter made shall be ineffective to effect any change or modification, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the change or modification is sought."

Notably, "waiver is an *intentional* relinquishment of a known right" that requires "both knowledge of the facts basic to the exercise of the right and the intent to relinquish." *Id.* at 74 (quoting *Emps. Ins. Co. v. Great Am.*, 214 Va. 410, 412-13 (1973)). "[T]he burden rests on the party relying on a waiver . . . to prove the essentials of such waiver . . . by clear, precise and unequivocal evidence." *Id.* (alterations in original) (quoting *Utica Mut. v. Nat'l Indemnity*, 210 Va. 769, 773 (1970)). At best, LPC's evidence showed RAZ's lack of due diligence. But RAZ's general desire not to "rock the boat" was not unequivocal evidence that RAZ knew that LPC was charging RAZ for employees who did not work on-site and that RAZ intended to relinquish its right not to pay such salaries. The record fully supports the conclusion that RAZ did not waive the "on site" reimbursement term.[11]

We affirm the trial court's judgment that LPC breached the Agreement.

II. The Trial Court Misinterpreted Section 2.11, but It Correctly Determined that LPC Is Liable for Breach-of-Contract Damages

We now turn to LPC's argument that, even if it breached the Agreement in its reimbursement overcharges, Section 2.11 shielded it from liability. That contract provision has two relevant sentences. The first sentence provides that neither LPC nor its employees, agents, etc. "shall be liable, responsible or accountable in damages or otherwise to [RAZ] for any acts performed by it (or him) in good faith without gross negligence." The second sentence provides that LPC "shall be liable for and shall indemnify and hold harmless [RAZ] for any loss, damage liability, cost or expense (including reasonable attorneys' fees) proximately caused by the gross

[11] Similarly, LPC's reliance on estoppel is misplaced. For example, under the doctrine of estoppel, "the party sought to be estopped must have caused the other party to occupy a more disadvantageous position than that which he would have occupied except for that conduct." *Stanley's Cafeteria, Inc.*, 226 Va. at 73 n.3. (quoting *Atl. Coast Line v. Bryan*, 109 Va. 523, 526 (1909)). LPC has not explained how RAZ's actions left LPC in a worse position than had RAZ contested the payments earlier. LPC failed to establish basic elements of estoppel here. *See Butler v. Fairfax Cnty. Sch. Bd.*, 291 Va. 32, 41 (2015).

negligence or willful misconduct of [LPC]," unless such losses were insured or required to be insured under the Agreement.

During LPC's closing argument, the court stated that "[t]he second portion of [Section 2.11] is a classic indemnification provision. . . . The first portion is about how you two get along." In other words, the circuit court interpreted Section 2.11's two sentences such that the first sentence applies to claims made by RAZ against LPC, and the second sentence applies to claims brought by third parties. On appeal, LPC asserts that the circuit court correctly determined that the first sentence governs LPC's direct liability to RAZ for LPC's acts (including breach of contract), while the second sentence governs LPC's liability in third-party suits for damages caused by LPC's actions. LPC contends that such an interpretation should have shielded it from breach-of-contract liability.

A. Interpreting Section 2.11 in the Context of the Whole Agreement

At the outset, we acknowledge that Section 2.11, standing alone, is somewhat inscrutable. The first sentence is fairly broad in its grant of relief from liability where LPC acts in good faith and without gross negligence. The second sentence discusses LPC's indemnity obligations where loss or liability derives from LPC's willful misconduct or gross negligence. Thus, if the Agreement were otherwise silent on the matter, these two sentences would leave a significant gray area where routine contract disputes are concerned. But we interpret contracts "as a whole to determine the parties' intent." *Gordonsville Energy, L.P. v. Va. Elec. & Power Co*., 257 Va. 344, 352-53 (1999). "When considering the meaning of any part of a contract, we will construe the contract as a whole, striving not to place emphasis on isolated terms wrenched from the larger contractual context." *Hensel Phelps Constr. Co. v. Thompson Masonry Contrator, Inc.*, 292 Va. 695, 704 (2016) (quoting *Babcock & Wilcox Co. v. Areva NP, Inc.*, 292 Va. 165, 179-80

(2016)). "[W]e are not bound by the trial court's determination and are afforded the same opportunity as the trial court to review the contract provisions." *Gordonsville*, 257 Va. at 353.

This case highlights the importance of analyzing a contract as a cohesive whole. *See Cabral v. Cabral*, 62 Va. App. 600, 610 (2013). Here, by focusing on Section 2.11 in isolation, the circuit court effectively ignored Sections 5.1 and 5.2, the "Default Remedies," which specifically address breach of contract and the parties' resulting remedies. Instead of tying liability and inter-party contract damages to Section 5, the circuit court applied Section 2.11, the self-proclaimed "indemnity provisions," to resolve the contract claim. Then, utilizing Section 2.11, the court concluded that LPC was liable because it engaged in "willful misconduct." This reliance on "willful misconduct," however, was inconsistent with the circuit court's own conclusion that the first sentence of Section 2.11 deals with inter-party disputes, while the second sentence deals with third-party indemnity claims. The circuit court's interpretation misapplied Section 2.11.[12]

Interpreting de novo the plain language of the whole Agreement, we find that the Agreement calls for Section 5 to govern breach-of-contract remedies between LPC and RAZ, while Section 2.11—the Indemnity Provision—governs indemnity against third-party claims. Section 2.11 makes no clear reference to default, nor to remedies for breach. By contrast, Section 5 expressly defines default and resulting remedies between LPC and RAZ. Section 5.1 provides for default if LPC "shall fail to observe or perform any term of this Agreement" for "a

[12] Put another way, even if the circuit court had been correct in reading the first sentence of Section 2.11 as barring damages for contractual breaches committed by LPC "in good faith without gross negligence," the circuit court reached outside of the first sentence to apply the "willful misconduct" standard that—even under LPC's interpretation—only applied to third-party indemnity claims.

period of thirty (30) days after written notice" from RAZ.[13] Upon such default, Section 5.2 provides that RAZ "shall have the right to pursue any remedy it may have at law or in equity, it being expressly understood that [LPC] shall remain liable to [RAZ] *for any losses suffered as a result of [LPC's] default* and the resulting termination of this Agreement." (Emphasis added). Thus, Section 5 expressly authorizes breach-of-contract damages for "any losses suffered"—and it does so without any mention of "good faith," "gross negligence," or "willful misconduct." LPC's suggestion that the first sentence of Section 2.11 insulates it from virtually all contract violations is impractical in a commercial setting, but also significantly undermines Section 5.[14] LPC's reading, accordingly, violates the overarching contract-interpretation principle that we must "harmonize[]" a contract's various provisions to give each provision meaning. *Schuiling v. Harris*, 286 Va. 187, 193 (2013).

Harmonizing the entire Agreement, we conclude that Section 2.11 is properly understood as what its heading plainly states it is—an indemnity provision. Absent express language to the contrary, contractual provisions obligating one party to indemnify and hold harmless another party are generally construed to apply to third-party claims. *See, e.g.*, *S. Ry. Co. v. Arlen Realty & Dev. Corp.*, 220 Va. 291, 295 (1979) ("The general rule is that, in an action by an indemnitee against his indemnitor, a judgment entered in favor of *a third party* against the indemnitee is not conclusive upon the indemnitor . . . ." (emphasis added)); *Safeway, Inc. v. DPI Midatlantic, Inc.*, 270 Va. 285, 289 (2005) ("The purpose of an indemnity agreement is to shift an entire loss to

[13] Here, RAZ sent LPC a notice of default under Section 5.2 of the Agreement in April 2023. LPC never cured this default, and RAZ ultimately terminated it as property manager.

[14] LPC's interpretation of Section 2.11 would permit it to avoid routine contractual damages for breaches committed "in good faith without gross negligence." In the first place, gross negligence is not a standard generally associated with breach-of-contract claims. More importantly, this reading is diametrically at odds with Section 5, which permits recoveries for contractual breaches without any limiting terms.

another party."); *see also Hensel Phelps Constr. Co. v. Cooper Carry Inc.*, 861 F.3d 267, 275 (D.C. Cir. 2017) ("Unquestionably, indemnification clauses have traditionally been used and interpreted as extending only to third-party claims.").[15] No language in Section 2.11 evinces a contrary intent.

Rather, the first two sentences of Section 2.11 set boundaries for LPC's liability to RAZ in the context of a third-party claim: LPC is liable for third-party claims caused by its "gross negligence or willful misconduct," but it is not liable for third-party claims based on "acts performed by it . . . in good faith without gross negligence." In the context of a first-party breach-of-contract claim like the one at issue here, though, Section 5 governs. Under Section 5, RAZ was entitled to recover contract damages for the improper overcharges—and we reject LPC's claims that Section 2.11 bars such a recovery.

B. The Ruling that LPC Was Liable for Contract Damages Is Right For the Wrong Reason

Although the circuit court misinterpreted Section 2.11, we conclude that the court correctly determined that RAZ could recover damages for breach of contract. Accordingly, we affirm the circuit court's damages award under the right result for the wrong reason doctrine.[16] *Miller & Rhoads Bldg., L.L.C. v. City of Richmond*, 292 Va. 537, 542 (2016). Under that

[15] Indeed, by definition, an indemnity clause "obligates the indemnifying party to protect the indemnified party against claims that might be brought *by third parties*." *Indemnity Clause*, *Black's Law Dictionary* (12th ed. 2024) (emphasis added); *see also Hold Harmless*, *Black's Law Dictionary* (12th ed. 2024) ("To absolve (another party) from any responsibility for damage or other liability arising from a transaction.").

[16] Here, although the prevailing logic was not RAZ's primary argument below, RAZ did raise the argument that Section 2.11 was purely an indemnity provision and did not broadly insulate LPC against contractual breaches. On appeal, LPC suggests that RAZ should be prevented from arguing that Section 2.11 does not apply to contract claims because RAZ argued below that even if Section 2.11 applied to such claims, RAZ should prevail under the "willful misconduct" standard. We reject LPC's suggestion that RAZ's alternative arguments constituted approbating and reprobating. *See Hoar v. Great E. Resort Mgmt.*, 256 Va. 374, 382 (1998).

doctrine, "it is the settled rule that how[ever] erroneous . . . may be the reasons of the court for its judgment upon the face of the judgment itself, if the judgment be right, it will not be disturbed on account of the reasons." *Perry v. Commonwealth*, 280 Va. 572, 579 (2010) (alterations in original) (quoting *Schultz v. Schultz*, 51 Va. (10 Gratt.) 358, 384 (1853)). We are "not limited to the grounds offered by the trial court in support of its decision, and [we are] 'entitled to affirm the court's judgment on alternate grounds, if such grounds are apparent from the record.'" *Id.* at 582 (quoting *MM v. Sch. Dist. of Greenville Cnty.*, 303 F.3d 523, 536 (4th Cir. 2002)); *see also Haynes v. Haggerty*, 291 Va. 301, 305 (2016) ("This Court may uphold a judgment even when the correct reasoning is not mentioned by a party in trial argument or by the trial court in its decision, as long as the record contains sufficient information to support the proper reason."). Thus, although the circuit court based its decision on a misinterpretation of Section 2.11, it reached the correct result under Section 5's default remedies, and we affirm the judgment.

III. Appellee's Briefing and Code § 8.01-271.1

This appeal also raises questions regarding sanctions under Code § 8.01-271.1 for the filing of a misleading brief.[17] As noted above, appellee's brief contains 25 "phantom quotes" attributed to Virginia cases. The putative quotations range from general paraphrases of the case's actual language, to optimistic or wishful paraphrases of the case's content, to totally "hallucinated" and presumably computer-fabricated quotes having nothing to do with the cited

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[17] Code § 8.01-271.1(B) states:

> The signature of an attorney or party constitutes a certificate by him that (i) he has read the pleading, motion, or other paper, (ii) to the best of his knowledge, information and belief, formed after reasonable inquiry, it is well grounded in fact and is warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law, and (iii) it is not interposed for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

case. The unreliable quotations were identified before oral argument and the misrepresentations were prevented from sullying Virginia precedent.

Here, counsel has acknowledged the numerous erroneous quotations; he has assured us that the misquotes were unintentional and we believe him. Thus, we are left to conclude that the source of the phantom quotes was some form of computer-assisted research that went awry. The offending brief aptly illustrates the perils of relying on assisted research that is not carefully checked.

We start from the premise that the practice of law is often stressful, difficult, and time-consuming. There are limited hours in a day and technology that lessens the load of the harried attorney will present itself attractively—and there will be a strong gravitational pull on lawyers to rely heavily on time-saving technology. The problem is, at the end of the day, it is the *attorney* who signs the brief and, therefore, is responsible for the accuracy of its contents. Code § 8.01-271.1; *see also* Va. Rules of Pro. Conduct 1.1, 1.3, 3.1, 3.3 (outlining every attorney's duties to provide competent and diligent representation, to bring only nonfrivolous claims, and to act with candor toward the tribunal).

To avoid a potential Code § 8.01-271.1 reckoning in this context, it is important for lawyers to remember that the "A" in "AI" stands for artificial. This burgeoning technology, at least for now, cannot think for itself or exercise caution or responsibility. This makes it incumbent upon legal professionals utilizing AI in its various forms to exercise human oversight and control over their research and filings—to inject the judgment, analysis, and heart that machinery lacks into the final product. A recent article in Virgina Lawyer summed up this concept admirably:

> Every lawyer should remember a fundamental truth about artificial intelligence: it is not designed to say, "I don't know." AI tools rely on predictive language models that produce plausible responses, not reasoned judgment. They do not understand ethics,

> professional responsibility, client stress, or the real stakes of litigation. For that reason, human judgment must always remain in the loop. Competence today requires vigilance, verification, and skepticism, especially when technology offers answers with confidence but without understanding.

Davenport, Sr., Darius K, *A Message for Virginia Litigators: Competence is Foundational*, Virginia Lawyer, June 2026, at 20, 22.

Our precedent calls for a sanction against one who files a brief that violates Code § 8.01-271.1:

> If a pleading, motion or other paper is signed or made in violation of this section, the court, upon motion or upon its own initiative, *shall impose* upon the person who signed the paper or made the motion, a represented party, or both, an appropriate sanction, which may include an order to pay to the other party or parties the amount of the reasonable expenses incurred because of the filing of the pleading, motion or other paper or making of the motion, including reasonable attorney fees.

Code § 8.01-271.1(D) (emphasis added); *Nestler v. Scarabelli*, 77 Va. App. 440, 454-55 (2023). The types of sanctions available to Virginia courts under Code § 8.01-271.1 range from monetary sanctions, *Williams & Connolly, LLP v. People for the Ethical Treatment of Animals, Inc.*, 273 Va. 498, 509 (2007), to revocation of pro hac vice admission, *id.* at 522, to disciplinary actions, *Env't Specialist, Inc. v. Wells Fargo Bank Northwest, N.A.*, 291 Va. 111, 116 (2016), to striking non-complying documents, *McGinnis v. Commonwealth*, 296 Va. 489, 499 (2018). Ultimately, our courts retain inherent authority to maintain the integrity of judicial proceedings. *See Spanos v. Taylor*, 76 Va. App. 810, 819 (2023).

We are, accordingly, called upon to analyze appellee's brief in this context. Here, 25 quotes purportedly from Virginia cases were erroneously cited to the Court. The offending brief plainly did not present Virginia precedents accurately. Nonetheless, no monetary losses were claimed or established based on the phantom quotations. Nor did LPC's counsel raise this issue with the Court.[18] RAZ's counsel took responsibility for the offending brief's foibles at oral argument and assured us that there was "no intent to mislead anyone." We suspect that being the subject of this cautionary tale is penalty enough at this juncture; but because we are compelled by statute and case law to impose a consequence for the offending brief, *Nestler*, 77 Va. App. at 454, we call upon counsel to complete a continuing legal education course relating to AI or appellate practice within six months of the issuance of this opinion.

Frankly, given the pace at which artificial intelligence is advancing, we would all be well-advised to closely monitor its expanding capabilities—but, also, its limitations.

CONCLUSION

We affirm the circuit court's determination that LPC breached the Agreement. Although the circuit court misinterpreted the Agreement's remedy provisions, we also affirm the damages award, under the right result for the wrong reason doctrine.

Affirmed.

[18] We recognize that the Virginia State Bar recently introduced (for comment) Legal Ethics Opinion 1902 which deals with opposing counsel's responsibilities when confronted with a brief fraught with AI-hallucinated misstatements of law or fact.