

Supreme Court of Texas
October 3, 2014

Ford Motor Co. v. Castillo

No. 13-0158

Case Summary written by Kristen Vander-Plas, Staff Member.

Per Curiam.

In this case, Ezequiel Castillo sued Ford Motor Co. after he was injured in an accident. Cortez, the jury foreperson, failed to appear for one of the days of jury deliberations, causing a delay for all parties. During this delay, Mark Cantu, Castillo’s attorney, called Pete Tassie, Ford’s counsel, to discuss a settlement offer. By the end of the day, the two sides were close to an agreement, with Cantu demanding \$1.96 million and Tassie offering \$1.5 million. At several points during the negotiation, Cantu stated that Castillo’s demand would increase to \$3 million if the jury should “send a note about damages.” Tassie thought this was odd, but the two sides were unable to come to a settlement by the end of the day.

The next morning, the jury sent a note to the judge asking what the maximum amount of damages in the case was. Within a few minutes of receiving the news, Tassie and Cantu were on the phone with each other and had settled the case for \$3 million. Tassie then asked Ford’s trial counsel to speak with the jury and ask what had prompted the note about damages. Ford’s counsel was surprised to learn that eleven of the jurors did not even know the note had been sent—Cortez had sent the note without their permission; the jury had not even been discussing damages at the time. After obtaining affidavits to this effect, Ford refused to pay the settlement and Castillo sued for breach of contract. Ford asserted the defenses of fraudulent inducement, and unilateral and mutual mistake.

In the breach of contract trial, Cortez was unable to recall details about her time on the Castillo/Ford jury, why she had sent the note, or why she had failed to appear for one of the days of deliberations. Ford presented evidence that she spoke to attorneys connected to Castillo, and that she had foreknowledge that the case would be settled without a jury verdict. The jury found that the settlement agreement was invalid due to fraud and mutual mistake. The court of appeals reversed, holding that the evidence was insufficient to support the jury’s findings.

Issue: Is circumstantial evidence of fraud legally sufficient?

When reviewing the legal sufficiency of evidence, all of the evidence is viewed in the light most favorable to the verdict. Particularly when reviewing circumstantial evidence, the entire case is reviewed, not each piece of evidence individually. The Court will not substitute its own judgment for that of the jury if the jury’s verdict was within the zone of reasonableness.

The Court then goes through the four elements of fraudulent inducement at issue in the case: (1) material misrepresentation; (2) sent by the plaintiff or a representative with knowledge that it was false; (3) with the intent that Ford rely

on the representation; and (4) Ford, not knowing the representation was false, actually relied on the representation.

The Court states that the jury note about damages was a material misrepresentation, because it was represented as a question from the entire jury that they were discussing damages, when neither fact was true. As to the second element, the Court holds there is enough evidence to link Cantu to Cortez sending the note, therefore establishing some evidence of the second element. The Court noted that Castillo's hints to Tassie the day before that his demand would increase if the jury sent such a note, coupled with his surprising downward negotiation from \$15 million to \$3 million was enough to support the jury finding that he directed Cortez to send a note about damages the following day, in order to settle the case.

Along with the probability that Cantu and Cortez colluded to delay the deliberations so that Cantu could negotiate with Tassie, the Court also pointed to the reasonableness of the jury in believing the other jurors' testimony over that of Cortez and Cantu, who could offer no explanation for their odd behavior. For these reasons, the Court holds that there is sufficient evidence of the third element, that Cortez sent the note so that Ford would rely upon it and act on it. Lastly, Ford clearly satisfied the fourth element—that Ford did not know the representation was false and actually relied upon it. Upon receiving the note, Tassie called Cortez and the two parties settled the case for \$3 million almost immediately.

The Court reversed the court of appeals' judgment and remanded the case to the court of appeals for a review of Castillo's challenge to the factual sufficiency of the circumstantial evidence.

Pike-Grant v. Grant

No. 11-0195

Case Summary written by Ryan Wiscombe, Staff Member.

Per Curiam.

This case arose out of the divorce proceedings between Dakota Snow Pike-Grant and Jeffery Alan Grant. The couple filed for divorce in 2009 and the trial court issued temporary orders at a hearing in June 2009 naming Pike-Grant and Grant temporary joint managing conservators. In February 2011, Grant successfully moved to modify the June 2009 temporary orders to appoint him the sole conservator of the child. On August 29, 2011, the court mailed letters to the respective attorneys to give notice of the September 27 trial date. The reporter's record indicates that only Grant appeared at the September 2011 trial. The court stated on record that it would wait to hear from Pike-Grant before signing the final divorce decree. In the November 2011 trial, the court signed the final divorce decree and stated that both parties were present, when Pike-Grant was not present. Pike-Grant filed for restricted appeal, claiming she did not appear at the September hearing. The court of appeals denied her appeal.

Issue: Did Pike-Grant appear at the hearing that resulted in the divorce decree? Did the Court of Appeals error when it refused to grant Pike-Grant's restricted appeal?

To sustain a proper restricted appeal, the filing party must prove: (1) they filed notice of the appeal within six months after the judgment was signed; (2) they were a party to the lawsuit; (3) they did not participate in the hearing that resulted in the judgment complained of, and did not timely file any post-judgment motions or requests for findings of fact and conclusions of law; and (4) error is apparent on the face of the record.

Here, the court recitals conflicted as to when the final hearing occurred. The record indicated the final hearing was on September 27, 2011, and the other recital indicated the final hearing was on November 29, 2011, when the divorce decree was actually signed. The Supreme Court found that nothing in the record indicated that an actual hearing occurred in November. The court's docket sheet included a notation for the date that the court issued a divorce decree—not that it held a hearing. Further, nothing else but the divorce decree was recorded by the reporter in the November hearing. The documents from the trial court clearly indicated the final hearing was the September hearing, which Pike-Grant did not attend.

Pike-Grant filed the appeal within six months of the judgment, was a party to the lawsuit, did not participate in the hearing that resulted in the judgment complained of, and the error in the conflicting recitals was apparent. As such the Court of Appeals erred in denying Pike-Grant's appeal. The Supreme Court reversed the decision of the Court of Appeals and remanded the case back to the Court of Appeals to determine the issues of Pike-Grant's appeal.