

Supreme Court of Texas
November 22, 2013

Coinmach Corp. v. Aspenwood Apartment Corp.

No. 11-0213

Case Summary written by Matt McKee, Staff Member.

Boyd, J., delivered the opinion of the Court.

The Supreme Court of Texas issues this “corrected” opinion following its original ruling on November 22, 2013. Justice Guzman, joined by Justice Divine and Brown’s concurring opinion remain unchanged from the original November 22 opinion.

Coinmach Corp.—a company that leases rooms from hotels in which it installs and maintains its coin operated laundry machines—entered into a ten-year contract with Garden View Apartments in Harris County, Texas, in 1980. At that contract’s conclusion, the parties renewed the contract to run through 1999. Aspenwood Apartment Corp. subsequently acquired Garden View after it was foreclosed upon in 1994. After acquiring the apartments, Aspenwood gave Coinmach notice that it was terminating its lease due to Coinmach’s failure “to maintain the equipment in an adequate and safe condition.”

Following this case’s long procedural history—dating back to 1994—noting the foreclosure did, in fact, terminate the lease, the Supreme Court of Texas reviewed the case to determine the lease termination’s effect. Finding Coinmach became a tenant at sufferance upon the lease’s termination, the Court addressed Aspenwood’s claims for breach of the lease agreement and tortious conduct. Regarding the breach of lease agreement issue, the Court found that because Coinmach was a tenant at sufferance, and because the parties did not form a subsequent agreement, Aspenwood could not hold Coinmach liable under a contract that did not exist, discounting Aspenwood’s arguments based on cases addressing tenancy at will rather than tenancy at sufferance.

Turning to the tortious conduct claim, the Court addressed Coinmach’s argument that, though a holdover tenant at sufferance is typically considered a trespasser, recent legislative action provided Coinmach with a “grace period” wherein a tenant is not considered a trespasser until the landlord prevails in eviction proceedings. *See* TEX. PROP. CODE § 24.008. The Court found, however, that the legislature included a provision in this statute that exempted eviction for trespass from the statute. *See id.* §§ 24.002(b), 24.008. A trespasser who has no legal claim to the property, therefore, is not covered by chapter 24. *See id.* Because Coinmach lost its interest in the property at termination, the Court found Coinmach liable for trespass, remanding this issue to determine whether Coinmach was a good faith trespasser, or if the trespass was willful, intentional, or malicious, then to assess damages accordingly.

The Court next addressed whether Coinmach was liable to Aspenwood for tortious interference. Finding Aspenwood failed to prove Coinmach interfered with

its actual contract, the Court sought to determine whether Coinmach's refusal to vacate the property interfered with a reasonably probably contract before Aspenwood filed suit in 1998. Considering this point a question of fact, the Court remanded the issue for further proceedings pursuant to this opinion.

Next, the Court reviewed Aspenwood's claims under the Deceptive Trade Practices Act. Finding this argument revolved around the DTPA's definition of a consumer, the Court declined to accept Aspenwood's argument that it was a consumer. Though Coinmach provided services, it provided those services to Aspenwood's customers, not Aspenwood. Because the only benefit Aspenwood derived from its relationship with Coinmach was rent payments, the Court found Aspenwood was not a consumer under the DTPA, and therefore did not have a valid claim under that act against Coinmach.

Finally, the Court addressed Aspenwood's claim under the Uniform Declaratory Judgments Act. Because the UDJA is not an appropriate alternative to seek relief for trespass to try title claims, the Court found Aspenwood's claim under the UDJA to be inapplicable.

Guzman, J., joined by Devine, J., and Brown, J., concurring.

The concurring opinion focused heavily on the manner in which the trial court should review the tortious interference claim on remand. The opinion highlighted the fact that Coinmach possessed the property in question under the authority of favorable court orders. Noting Coinmach's reliance on these court orders, this opinion states Coinmach was unable to form intent to interfere—thus, any harm would be incidental, not intentional. Because Aspenwood has presented evidence that Coinmach procured these court orders through fraud, however, there are questions of fact, which make this case inappropriate for a judgment as a matter of law. Noting these questions of fact and the subsequent holding's potential implications, this opinion urges the trial court to apply a narrow interpretation of the law.

Dallas Metrocare Services v. Juarez

No. 12-0685

Case Summary written by Megan Kateff, Staff Member.

Per Curiam.

Dallas Metrocare Services (Metrocare) is a public non-profit organization that provides mental health care to Dallas County residents. While attending a counseling session at one of Metrocare's clinics, Adolfo Juarez was hit by a whiteboard that fell on his head. Juarez sued Metrocare for negligence. In response, Metrocare filed a jurisdictional plea, asserting that Juarez failed to properly allege a waiver of Metrocare's immunity under the Texas Tort Claims Act. Metrocare further asserted that Juarez's claim neither involved Metrocare's use of tangible personal property, nor did it constitute a claim for premises liability under the

Texas Tort Claims Act. Juarez then amended his petition, adding four additional claims. His amendment specifically included an argument as to the unsafe condition of Metrocare's whiteboard and conference room. It also included a clarification that because Juarez was alleging a general negligence claim arising from the condition or use of tangible personal property, the Texas Tort Claims Act waived Metrocare's immunity. The trial court denied Metrocare's jurisdictional plea, and Metrocare appealed. The court of appeals affirmed the trial court's denial on the grounds that while Juarez's amended petition included allegations based on the unsafe condition of tangible personal property, Metrocare's original plea failed to address that specific allegation. The court of appeals thus limited its review to Metrocare's plea as it was before the trial court, even though Metrocare did raise arguments regarding the condition of tangible personal property claim on appeal.

Issue: Did the court of appeals err in holding that it could not consider the jurisdictional arguments Metrocare raised for the first time on appeal?

The Supreme Court of Texas reversed and remanded, holding that the court of appeals erred in not considering Metrocare's jurisdictional arguments raised for the first time on appeal. The court relied heavily on its previous decision in *Rusk State Hospital v. Black*. That case addressed whether an appellate court could consider, on interlocutory appeal, whether a governmental entity has immunity when the trial court had not first addressed the issue. The court found that it could, because immunity from suit necessarily implicates a court's jurisdiction. *Rusk* ultimately held that an appellate court must consider all of a defendant's immunity arguments, whether the governmental entity raised other jurisdictional arguments in the trial court or not.

In the present case, the Supreme Court of Texas reasoned that the decision of the court of appeals did not comport with *Rusk*. The court went on to find that to the extent the court of appeals based its decision on the use prong, this was error due to the fact that Juarez failed to demonstrate that the use prong waived Metrocare's immunity. It quoted *Rusk*, stating that a "[governmental unit] does not 'use' tangible personal property . . . by merely providing, furnishing, or allowing a patient to access it." Therefore, Metrocare did not "use" the whiteboard simply by making it available for use to Juarez. The court expressed no opinion on whether a decision based on the condition prong would waive Metrocare's immunity, nor did express an opinion on whether a proper premises liability claim was raised that would waive Metrocare's immunity. It instructed the court of appeals to address both of these issues on remand.

City of Houston v. Rhule

No. 12-0721

Case Summary written by Jamie Vaughan, Staff Member.

Per curiam.

Christopher Rhule injured his spine in 1988 in an on-the-job accident while he was employed by the City of Houston as a firefighter. Rhule filed a workers' compensation claim, which the City contested. The parties came to a settlement agreement, wherein the City agreed to provide Rhule with reasonable and necessary medical expenses for life plus \$14,000, and Rhule agreed to release the City from further claims. The City paid Rhule's medical expenses until 2004, when it stopped because it believed that Rhule's medications were not necessary, reasonable, or related to the on-the-job injury. Rhule then filed suit in 2008 for breach of the settlement agreement. A jury ruled in favor of Rhule, and the appellate court affirmed.

On appeal, the City argued that the trial court did not have jurisdiction because Rhule failed to exhaust his administrative remedies by bringing the dispute to the Division of Workers' Compensation. Rhule argued that the trial court did have jurisdiction because securing the original settlement amounted to exhaustion of his administrative remedies, and that any further exhaustion would be futile.

Issue: Was a plaintiff who filed a workers' compensation claim required to exhaust administrative remedies prior to filing suit, such that a suit must be dismissed where the plaintiff did not first bring the dispute to the Division of Workers' Compensation?

The court first stated that subject matter jurisdiction is essential and that review of subject matter jurisdiction is reviewed de novo on appeal. The governing statute in effect at the time of the injury provided that parties to a settlement agreement must bring disputes regarding the settlement to the Division of Workers' Compensation. Thus, the statute granted the Division the exclusive authority to make a determination regarding such a dispute, which meant that the trial court did not have jurisdiction. As such, the Texas Supreme Court reversed and rendered judgment in favor of the City of Houston because Rhule sued without first presenting the dispute to the Division and exhausting his administrative remedies.