

SUPREME COURT OF KENTUCKY

Oakwood Mobile Homes, Inc. and William J. Rotert, Jr. v. Sherrie A. Sprowls

82 S.W.3d 193 (Ky. 2002) · No. 2002-SC-0147-I · Decided August 26, 2002

SUMMARY

The Supreme Court of Kentucky denied Oakwood Mobile Homes and William J. Rotert's motion under CR 65.09 to vacate the Court of Appeals' denial of interlocutory relief concerning a motion to compel arbitration. The court held that the movants failed to demonstrate extraordinary cause and did not show that the trial court's finding that the employee lacked actual notice of the arbitration program was clearly erroneous. The court concluded that, under Kentucky contract law, the employee had not agreed to arbitrate her employment-related claims.

CASE DETAILS

COURT	Supreme Court of Kentucky
WRITING FOR THE COURT	Joseph E. Lambert, Chief Justice
JURISDICTION	Kentucky
DECIDED	August 26, 2002
DOCKET	2002-SC-0147-I
DISPOSITION	writ_denied
PROCEDURAL POSTURE	Movants sought discretionary interlocutory relief under Kentucky Rule of Civil Procedure 65.09 from the Kentucky Court of Appeals' denial of CR 65.07 relief concerning the Hardin Circuit Court's denial of a motion to compel arbitration.
STANDARD OF REVIEW	CR 65.09 relief is discretionary and available only upon a showing of extraordinary cause. Abuse of discretion by a lower court may constitute extraordinary cause; factual findings concerning injunctive relief are reviewed for clear error and must be supported by substantial evidence.
PRECEDENTIAL VALUE	published
PARTIES	Oakwood Mobile Homes, Inc., William J. Rotert, Jr. v. Sherrie A. Sprowls

TOPICS

writ of certiorari

interlocutory appeal

arbitration

employment discrimination

contract formation

PRACTICE AREAS

appellate procedure

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QUESTIONS PRESENTED

1. Whether the movants demonstrated extraordinary cause warranting Supreme Court relief under CR 65.09.
2. Whether the Kentucky Court of Appeals' CR 65.07 procedure improperly restricted review of the denial of a motion to compel arbitration or was preempted by the Federal Arbitration Act.
3. Whether the trial court clearly erred or abused its discretion in finding that Sprowls lacked notice of the arbitration program and therefore did not assent to arbitration.

HOLDINGS

1. A party seeking relief under CR 65.09 must demonstrate extraordinary cause; the movants failed to make that showing.
2. The trial court properly found that Sprowls lacked notice of Oakwood's arbitration program and therefore had not assented to arbitrate by continuing her employment.
3. The Supreme Court would not remand the matter to require the Court of Appeals to treat a motion expressly brought under CR 65.07 as a CR 73 direct appeal.

KEY QUOTATIONS

"We hold that Movants have failed to show extraordinary cause to justify the relief they seek, and we therefore deny Movants' motion." (at 194)

"Because Movants have failed to show otherwise, we therefore find both that the trial court's factual finding was supported by substantial evidence and that the trial court properly concluded that Respondent had not contracted away her right to proceed in a judicial forum." (at 199)

FACTUAL BACKGROUND

Sprowls alleged that Oakwood discriminated against her based on sex and that Oakwood and Rotert subjected her to outrageous conduct causing severe emotional distress. Oakwood asserted that Sprowls had agreed to arbitrate employment disputes by continuing to work after Oakwood unilaterally adopted a mandatory dispute-resolution program. Following an evidentiary hearing, the federal district court found that Sprowls had no actual notice of the program, and the Hardin Circuit Court adopted that finding; evidence also showed that four of six sales representatives denied knowing about the program.

PROCEDURAL HISTORY

Sprowls brought a Kentucky Civil Rights Act and outrageous-conduct action in Hardin Circuit Court. After removal, the United States District Court for the Western District of Kentucky found that no arbitration agreement existed because Sprowls lacked actual notice of Oakwood's arbitration program; the federal court remanded the case after determining that it lacked subject matter jurisdiction, and the Sixth Circuit dismissed the related appeals. The Hardin Circuit Court adopted the federal court's factual findings and denied the renewed motion to compel arbitration. The Kentucky Court of Appeals denied CR 65.07 relief, and the Kentucky Supreme Court denied the CR 65.09 motion to vacate.

DISPOSITION

writ_denied

CASES CITED

- Circuit City Stores, Inc. v. Adams, 532 U.S. 105, 121 S. Ct. 1302, 149 L. Ed. 2d 234 (2001)
- Highstone v. Westin Engineering, Inc., 187 F.3d 548 (6th Cir. 1999)
- AT&T Technologies, Inc. v. Communications Workers of America, 475 U.S. 643, 106 S. Ct. 1415, 89 L. Ed. 2d 648 (1986)
- Perry v. Thomas, 482 U.S. 483, 107 S. Ct. 2520, 96 L. Ed. 2d 426 (1987)
- Harlan Public Service Co. v. Eastern Construction Co., 254 Ky. 135, 71 S.W.2d 24 (1934)
- Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc., 473 U.S. 614, 626, 105 S. Ct. 3346, 3353, 87 L. Ed. 2d 444, 454 (1985)
- National Collegiate Athletic Ass'n v. Lasege, 53 S.W.3d 77, 84 (Ky. 2001)
- Commonwealth, Revenue Cabinet v. Picklesimer, 879 S.W.2d 482 (Ky. 1994)
- Marks v. Bean, 57 S.W.3d 303, 304 (Ky. App. 2001)
- Conseco Finance Servicing Corp. v. Wilder, 47 S.W.3d 335, 340 (Ky. App. 2001)
- Valley Construction Company, Inc. v. Perry Host Management Company, Inc., 796 S.W.2d 365, 366 (Ky. App. 1990)
- Bridgestone/Firestone v. McQueen, 3 S.W.3d 366, 367 (Ky. App. 1999)