

## SUPREME COURT OF OHIO

# Minster Farmers Cooperative Exchange Co. v. Dues

117 Ohio St. 3d 459 (Ohio 2008) · Decided March 26, 2008

### SUMMARY

The Ohio Supreme Court held that invoices and account statements unilaterally stating an interest rate do not constitute the written contract required by Ohio Revised Code 1343.03(A) to charge interest above the statutory rate on a book account. The court rejected reliance on the Uniform Commercial Code's provisions concerning additional terms between merchants, reversed the appellate judgments, and remanded the cases. The court limited the decision's effect to the consolidated cases and future transactions.

### CASE DETAILS

|                       |                                                                                                                                                                                                   |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| COURT                 | Supreme Court of Ohio                                                                                                                                                                             |
| WRITING FOR THE COURT | Pfeifer, J.; Moyer, C.J.; O'Connor, J.; O'Donnell, J.; Lanzinger, J.; Bryant, J.; Lundberg Stratton, J.                                                                                           |
| JURISDICTION          | Ohio                                                                                                                                                                                              |
| DECIDED               | March 26, 2008                                                                                                                                                                                    |
| DISPOSITION           | reversed_and_remanded                                                                                                                                                                             |
| PROCEDURAL POSTURE    | Consolidated discretionary appeals and cross-appeals from judgments of the Third District Court of Appeals concerning the enforceability of interest charges imposed on commercial book accounts. |
| STANDARD OF REVIEW    | The opinion resolves the statutory and contract-interpretation issue presented on appeal; the supplied text does not state a separate formal standard of review.                                  |
| PRECEDENTIAL VALUE    | Published precedential opinion of the Supreme Court of Ohio                                                                                                                                       |
| PARTIES               | Roger Meyer, Robert Dues v. Minster Farmers Cooperative Exchange Company, Inc.                                                                                                                    |

### TOPICS

statutory interpretation

contract interpretation

contracts

uniform commercial code

commercial litigation

### PRACTICE AREAS

## QUESTIONS PRESENTED

1. Whether invoices or account statements unilaterally stating an interest rate constitute the written contract required by Ohio Revised Code 1343.03(A) to charge more than the statutory interest rate on a book account.
2. Whether Ohio Revised Code 1302.10, governing additional or different terms in contracts between merchants, permits invoice terms to satisfy the written-contract requirement of Ohio Revised Code 1343.03(A).
3. Whether Minster Farmers could enforce interest charged above the statutory rate and compound that interest.

## HOLDINGS

1. A unilateral notation of an interest rate on an invoice or account statement is not a written contract for purposes of R.C. 1343.03(A). The writing must reflect assent by both parties.
2. R.C. 1343.03(A), as the more specific statute, controls over R.C. 1302.10. The merchant-confirmation rule cannot convert unilateral invoice terms into the written contract required to impose an above-statutory interest rate.
3. Because no written contract established the claimed higher rate, Minster Farmers was limited to the interest rate set forth in R.C. 5703.47, and its claim for interest above that rate was unenforceable.
4. Minster Farmers' cross-appeals concerning compounding were moot because the company could not enforce the claimed above-statutory interest rate.

## KEY QUOTATIONS

*“Today we hold that notations on invoices and account statements setting forth an interest rate do not constitute a “written contract” for purposes of R.C. 1343.03(A).” (459)*

*“We agree that an invoice or account statement unilaterally stating interest terms does not meet R.C. 1343.03’s requirement of a written contract.” (464)*

*“This decision establishes the proper method for implementing interest rates exceeding the statutory maximum on a book account pursuant to R.C. 1343.03(A) in these two cases and for transactions occurring after the date of this decision.” (465)*

## FACTUAL BACKGROUND

Minster Farmers sold agricultural supplies to Meyer and Dues through commercial accounts and charged finance fees. After January 1998, invoices and account statements stated that a 2 percent monthly finance charge would apply after 30 days, but neither customer signed the invoices. Minster Farmers sued for unpaid balances and sought to enforce the 24 percent annual rate, while Meyer and Dues argued that the rate was limited by Ohio's statutory interest provision.

## PROCEDURAL HISTORY

Minster Farmers sued Meyer and Dues for unpaid balances on commercial accounts. The trial courts granted summary judgment or judgment in favor of Minster Farmers, concluding that invoice terms created an enforceable agreement for a 24 percent annual interest rate. The Third District affirmed in part and reversed in part, holding that the invoice terms established a written contract but reversing on the compounding issue. The Supreme Court of Ohio accepted the appeals and cross-appeals, reversed the appellate judgments, and remanded the causes.

## DISPOSITION

reversed\_and\_remanded

## REMAND INSTRUCTIONS

The causes were remanded to the trial court for further proceedings consistent with the holding that Minster Farmers was limited to the statutory interest rate.

## CASES CITED

- Cusano v. Klein, 264 F.3d 936, 942 n.2 (9th Cir. 2001)
- Asset Acceptance Corp. v. Proctor, 156 Ohio App. 3d 60, 2004-Ohio-623, 804 N.E.2d 975, ¶ 12
- Brown v. Columbus Stamping & Mfg. Co., 9 Ohio App. 2d 123, 126, 223 N.E.2d 373 (1967)
- Champaign Landmark, Inc. v. McCullough, 3d Dist. No. 6-89-17, 1990 WL 188002 (Ohio Ct. App. Nov. 27, 1990)
- WC Milling, L.L.C. v. Grooms, 164 Ohio App. 3d 45, 2005-Ohio-5420, 841 N.E.2d 324, ¶ 20
- Yager Materials, Inc. v. Marietta Indus. Ents., Inc., 116 Ohio App. 3d 233, 235-236, 687 N.E.2d 505 (1996)
- Hobart Bros. Co. v. Welding Supply Serv., Inc., 21 Ohio App. 3d 142, 144, 486 N.E.2d 1229 (1985)
- Olander & Brophy v. Northeastern Pools, Stark App. No. CA-8219, 1991 WL 6268 (Ohio Ct. App. Jan. 7, 1991)
- Kut Kwick Corp. v. N. Dixie Parts & Servs., Inc., Montgomery App. No. CA10678, 1988 WL 38130 (Ohio Ct. App. Apr. 21, 1988)
- Bunnell Elec., Inc. v. Ameriwash, Warren App. No. CA2004-01-009, 2005-Ohio-2502, 2005 WL 1201563 (Ohio Ct. App. May 23, 2005)
- Yuhanick v. Cooper, Columbiana App. No. 99 CO 37 (Ohio Ct. App. Mar. 14, 2001)
- Scotts Co. v. Cent. Garden & Pet Co., 403 F.3d 781, 791 (6th Cir. 2005)
- Tanenbaum Textile Co. v. Schlanger, 287 N.Y. 400, 404, 40 N.E.2d 225 (1942)
- Sturm v. Boker, 150 U.S. 312, 328, 14 S. Ct. 99, 37 L. Ed. 1093 (1893)
- Perlmutter Printing Co. v. Strome, Inc., 436 F. Supp. 409, 414 (N.D. Ohio 1976)
- Episcopal Retirement Homes, Inc. v. Ohio Department of Industrial Relations, 61 Ohio St. 3d 366, 369, 575 N.E.2d 134 (1991)
- Kostelnik v. Helper, 96 Ohio St. 3d 1, 2002-Ohio-2985, 770 N.E.2d 58, ¶ 16

- Great N. Ry. Co. v. Sunburst Oil & Refining Co., 287 U.S. 358, 53 S. Ct. 145, 77 L. Ed. 360 (1932)
- OAMCO v. Lindley, 29 Ohio St. 3d 1, 503 N.E.2d 1388 (1987)
- Hoover v. Franklin County Board of Commissioners, 19 Ohio St. 3d 1, 9, 482 N.E.2d 575 (1985) (Douglas, J., concurring)

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