

COURT OF APPEALS FOR THE NINTH DISTRICT OF TEXAS AT BEAUMONT

In re Q Directional Drilling LLC, Twister Drilling Tools LLC, and
Jim Beasley

In re Q Directional Drilling · No. 09-17-00198-CV · Decided July 20, 2017

SUMMARY

The Ninth District Court of Appeals of Texas conditionally granted mandamus relief requiring enforcement of a contractual jury-trial waiver in a stock redemption agreement. The court held that the waiver was enforceable because the alleged fraud was directed at the agreement as a whole, rather than specifically at the waiver, and because the plaintiff ratified the waiver after receiving and reviewing the agreement.

CASE DETAILS

COURT	Court of Appeals for the Ninth District of Texas at Beaumont
WRITING FOR THE COURT	McKeithen, C.J.; Kreger, J.; Johnson, J.
JURISDICTION	Texas
DECIDED	July 20, 2017
DOCKET	09-17-00198-CV
DISPOSITION	writ_granted
PROCEDURAL POSTURE	Original proceeding seeking a writ of mandamus to compel enforcement of a contractual jury-trial waiver after the trial court denied the relators' request to strike the plaintiff's jury demand.
STANDARD OF REVIEW	Abuse of discretion; mandamus relief is appropriate where the trial court fails to enforce an applicable contractual jury waiver.
PRECEDENTIAL VALUE	Published memorandum opinion
PARTIES	Q Directional Drilling LLC, Twister Drilling Tools LLC, Jim Beasley v. James Grodeski

TOPICS

- writ of certiorari
- civil procedure
- appellate procedure
- contracts
- commercial litigation

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the contractual jury-trial waiver was enforceable when Grodeski alleged that the entire redemption agreement, but not the jury-waiver provision specifically, was fraudulently induced.
2. Whether Grodeski ratified the jury waiver by accepting the benefits of the redemption agreement after having an opportunity to review it.
3. Whether the trial court abused its discretion by failing to enforce the contractual jury waiver.

HOLDINGS

1. A contractual jury waiver is enforceable when the alleged fraud is directed at the agreement as a whole rather than specifically at the jury-waiver provision.
2. Acceptance of contractual benefits after an opportunity to examine the agreement ratifies a seemingly conspicuous jury waiver.
3. The trial court abused its discretion by failing to enforce the contractual jury waiver, warranting conditional mandamus relief.

KEY QUOTATIONS

“The jury waiver is enforceable because Grodeski’s fraud allegation is directed to the entire agreement.” (4)

“PETITION CONDITIONALLY GRANTED.” (5)

FACTUAL BACKGROUND

Grodeski accepted employment with Twister that included 50,000 shares of B-Incentive stock. On his final day of employment, he signed a redemption agreement containing a waiver of the right to a jury trial in disputes arising from or relating to the agreement. Grodeski alleged that the defendants fraudulently concealed material information concerning his redemption rights and potential shareholder benefits, and he sought declaratory and other relief. After the defendants moved to strike his jury demand, Grodeski argued that the waiver was not conspicuous and had been concealed because he initially saw only the signature page.

PROCEDURAL HISTORY

Grodeski sued Q Directional, Twister, and Beasley in the 410th District Court of Montgomery County, Texas, asserting claims including fraudulent inducement, breach of contract, statutory fraud, negligent misrepresentation, civil conspiracy, and declaratory relief. The defendants moved to strike his jury demand based on a jury-waiver provision in a redemption agreement. After the trial court failed to enforce the waiver, the defendants sought mandamus relief. The court of appeals temporarily stayed the trial, requested a response, and conditionally granted the petition.

DISPOSITION

writ_granted

REMAND INSTRUCTIONS

The trial court was directed to vacate its May 30, 2017 order and set the case for trial on the non-jury docket. The writ would issue only if the trial court failed to comply.

CASES CITED

- In re Gen. Elec. Capital Corp., 203 S.W.3d 314, 316 (Tex. 2006)
- In re Weeks Marine, Inc., No. 14-09-00580-CV, 2009 WL 3231570, at *3 (Tex. App.—Houston [14th Dist.] Oct. 8, 2009, orig. proceeding) (mem. op.)
- In re Prudential Ins. Co. of Am., 148 S.W.3d 124, 134-35 (Tex. 2004)

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