

NEW YORK COURT OF APPEALS

34-06 73, LLC v. Seneca Insurance Company

39 N.Y.3d 44 (2022) · No. No. 81 · Decided October 27, 2022

SUMMARY

The New York Court of Appeals held that plaintiffs’ untimely claim for reformation based on mutual mistake did not relate back to their original breach-of-contract complaint under CPLR 203(f). The original complaint identified the written insurance policy and alleged full compliance with its terms, which did not provide notice of an alleged prior oral agreement excluding the Protective Safeguards Endorsement. The Court reversed the Appellate Division and denied plaintiffs’ motion to amend the complaint.

CASE DETAILS

COURT	New York Court of Appeals
WRITING FOR THE COURT	Judge Rivera; Acting Chief Judge Cannataro; Judge Garcia; Judge Wilson; Judge Singas; Judge Troutman
JURISDICTION	New York
DECIDED	October 27, 2022
DOCKET	No. 81
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Plaintiffs sought at trial to amend their complaint to add an otherwise untimely reformation claim based on mutual mistake and a preexisting oral agreement. Supreme Court granted the motion, the jury found for plaintiffs on reformation, and the Appellate Division affirmed. The Court of Appeals reversed.
STANDARD OF REVIEW	Applications to amend pleadings under CPLR 3025 are generally reviewed for abuse of discretion as a matter of law. Whether an untimely claim relates back under CPLR 203(f) is determined from the original pleading's notice of the transactions or occurrences underlying the proposed claim.
PRECEDENTIAL VALUE	Published New York Court of Appeals opinion; precedential
PARTIES	Seneca Insurance Company v. 34-06 73, LLC, Bud Media, LLC, Coors Media, LLC

TOPICS

motion to amend

statute of limitations

insurance coverage

contract interpretation

civil procedure

PRACTICE AREAS

civil procedure

insurance coverage

contract law

commercial litigation

QUESTIONS PRESENTED

1. Whether plaintiffs' original breach-of-contract complaint gave Seneca the notice required by CPLR 203(f) for an untimely reformation claim based on mutual mistake.
2. Whether courts may look beyond the four corners of the original pleading, including to discovery materials, trial evidence, or alleged prejudice, when determining relation back under CPLR 203(f).
3. Whether Supreme Court properly granted plaintiffs' motion to amend the complaint at trial to add the time-barred reformation claim.

HOLDINGS

1. A time-barred reformation claim relates back under CPLR 203(f) only if the original pleading gives notice of the transactions, occurrences, or series of transactions or occurrences to be proved in support of the reformation claim. Plaintiffs' complaint did not provide that notice.
2. The relation-back notice inquiry under CPLR 203(f) is confined to the original pleading's allegations and does not turn on whether the same trial evidence supports both claims, whether discovery later revealed supporting facts, or whether the defendant was prejudiced.
3. Supreme Court abused its discretion as a matter of law by allowing plaintiffs to amend their complaint to add the untimely reformation claim because that claim did not relate back to the original complaint.

KEY QUOTATIONS

“Section 203 (f) of the CPLR provides that “[a] claim asserted in an amended pleading is deemed to have been interposed at the time the claims in the original pleading were interposed, unless the original pleading does not give notice of the transactions, occurrences, or series of transactions or occurrences, to be proved pursuant to the amended pleading” (39 N.Y.3d at 48)

“Simply put, “the transactions or occurrences, or series of transactions or occurrences, to be proved pursuant to the amended pleading” did not give notice of reformation because they are factually distinct and discordant from plaintiffs’ allegation of a breach of the written policy” (39 N.Y.3d at 53)

FACTUAL BACKGROUND

Seneca issued plaintiffs a written insurance policy covering vacant commercial properties, including a Protective Safeguards Endorsement requiring maintenance of an automatic sprinkler system. After a fire, Seneca denied coverage because plaintiffs allegedly failed to maintain a working sprinkler system. Plaintiffs' original complaint identified the written policy as the parties' agreement, alleged that plaintiffs complied with all policy conditions,

and asserted breach of contract. At trial, plaintiffs argued for the first time that the policy mistakenly included the sprinkler endorsement despite an earlier oral agreement to exclude it.

PROCEDURAL HISTORY

Plaintiffs sued Seneca for breach of an insurance policy after Seneca denied coverage for fire damage under a Protective Safeguards Endorsement requiring a functioning sprinkler system. After discovery, the parties litigated waiver and estoppel relating to that endorsement. At trial, plaintiffs moved to conform the pleadings to the proof by adding reformation based on mutual mistake; Supreme Court granted the motion, the jury found for plaintiffs, and the Appellate Division affirmed. The Court of Appeals reversed, denied amendment, and remitted for entry of judgment.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remit to Supreme Court, New York County, to deny plaintiffs' motion to amend the complaint to include a reformation cause of action and enter judgment in accordance with the Court of Appeals' opinion.

CASES CITED

- Kimso Apartments, LLC v. Gandhi, 24 N.Y.3d 403, 411 (2014)
- Buran v. Coupal, 87 N.Y.2d 173, 177 (1995)
- Shaw v. Cock, 78 N.Y. 194 (1879)
- Harriss v. Tams, 258 N.Y. 229 (1932)
- Sassi v. Mobile Life Support Servs., Inc., 37 N.Y.3d 236, 239 (2021)
- Chanko v. American Broadcasting Cos. Inc., 27 N.Y.3d 46, 52 (2016)
- Goshen v. Mutual Life Ins. Co. of N.Y., 98 N.Y.2d 314, 326 (2002)
- Campaign for Fiscal Equity v. State of New York, 86 N.Y.2d 307, 318 (1995)
- Leon v. Martinez, 84 N.Y.2d 83, 87-88 (1994)
- Matter of Covert, 97 N.Y.2d 68, 76 (2001)
- Chimart Assoc. v. Paul, 66 N.Y.2d 570, 573-74 (1986)
- Mandarin Trading Ltd. v. Wildenstein, 16 N.Y.3d 173, 181-82 (2011)
- Pope v. Terre Haute Car & Mfg. Co., 107 N.Y. 61, 65-66 (1887)
- Barker v. Time Warner Cable, Inc., 83 A.D.3d 750, 751 (2d Dep't 2011)
- Biotronik A.G. v. Conor Medsystems Ireland, Ltd., 22 N.Y.3d 799, 805-06 (2014)
- Kronos, Inc. v. AVX Corp., 81 N.Y.2d 90, 95 (1993)
- Milan Music, Inc. v. Emmel Communications Booking, Inc., 37 A.D.3d 206, 206 (1st Dep't 2007)
- Matter of SCM Corp. (Fisher Park Lane Co.), 40 N.Y.2d 788 (1976)
- Matter of Wallace v. 600 Partners Co., 86 N.Y.2d 543, 547 (1995)

- McNeven v. Livingston, 17 Johns. 437, 437 (N.Y. 1819)

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