

SUPREME COURT OF VERMONT

Johnston v. Wilkins, 2003 VT 56

830 A.2d 695 (2003) · No. No. 02-356 · Decided June 13, 2003

SUMMARY

The Vermont Supreme Court held that res judicata barred collateral reformation of a noncompetition agreement incorporated into a prior stipulated judgment absent grounds under Vermont Rule of Civil Procedure 60(b). The court held that the agreement's twenty-mile radius unambiguously meant a straight-line radius, found that Wilkins violated the agreement by working for Catamount Veterinary Services, and remanded for an award of reasonable attorney's fees to Johnston.

CASE DETAILS

COURT	Supreme Court of Vermont
WRITING FOR THE COURT	Amestoy, C.J.; Dooley, J.; Johnson, J.; Skoglund, J.; Frederic W. Allen, C.J. (Ret.), specially assigned
JURISDICTION	Vermont
DECIDED	June 13, 2003
DOCKET	No. 02-356
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Cross-appeals from the superior court's order reforming a noncompetition agreement incorporated into a stipulated settlement and court order. Johnston challenged the reformation and denial of attorney's fees, among other rulings; Wilkins challenged the interpretation of the agreement.
STANDARD OF REVIEW	The court reviewed the superior court's legal conclusions concerning res judicata and contract interpretation, and considered whether the findings supporting the denial of relief were erroneous.
PRECEDENTIAL VALUE	Published Vermont Supreme Court opinion; precedential.
PARTIES	Craig Johnston, Sheryl Wilkins v. Sheryl Wilkins, Thomas Dandurand, Catamount Veterinary Services

TOPICS

- noncompete agreements
- res judicata
- injunctions
- attorney fees
- appellate procedure

PRACTICE AREAS

contracts

civil procedure

appellate procedure

remedies

employment law

QUESTIONS PRESENTED

1. Whether res judicata barred the superior court from reforming or otherwise collaterally reviewing the noncompetition agreement incorporated into the parties' prior stipulated judgment.
2. Whether the term "within a 20 mile radius" unambiguously required measurement by a straight line rather than highway miles.
3. Whether Wilkins violated the noncompetition agreement by working for Catamount Veterinary Services.
4. Whether Johnston was entitled to reasonable attorney's fees under the agreement despite the absence of proven actual damages.
5. Whether the noncompetition agreement should be extended and whether Johnston was entitled to damages or attorney's fees on his intentional-interference claim.

HOLDINGS

1. A stipulated settlement incorporated into a final court judgment has the preclusive effect of a final judgment, and an unappealed judgment may be disturbed only under the criteria of V.R.C.P. 60(b). Res judicata therefore barred the superior court from reforming the noncompetition agreement absent a showing satisfying Rule 60(b).
2. The phrase "within a 20 mile radius" unambiguously establishes a distance measured by a straight line from the designated center point, not by traveled highway miles.
3. Wilkins violated the unmodified noncompetition agreement by working for Catamount because Catamount was within the twenty-mile radius. Johnston was entitled to injunctive relief and reasonable attorney's fees under the agreement even though he failed to prove actual damages.
4. The superior court did not err by declining to extend the duration of the noncompetition agreement or award damages and attorney's fees for intentional interference.

KEY QUOTATIONS

"Because we conclude that the doctrine of res judicata precludes either party from collaterally attacking the noncompetition agreement, at least without a demonstration that the criteria of V.R.C.P. 60(b) have been met, we reverse the superior court's reformation order without addressing the reasonableness of the agreement." (697)

"We need not resort to rules of construction to resolve the question because the terms of the noncompetition agreement "within a 20 (twenty) mile radius" unambiguously express the parties' intent to establish the protected area by way of a straight line extending from the clinic to the circumference of a circle rather than by way of traveled highways." (700)

FACTUAL BACKGROUND

Craig Johnston and Sheryl Wilkins, sibling veterinarians, operated a veterinary practice as partners for approximately fifteen years. In a stipulated settlement of their partnership-dissolution litigation, Wilkins agreed not to conduct a small-animal veterinary practice within a twenty-mile radius of Jeffersonville, Vermont, for five years. Wilkins later worked for Catamount Veterinary Services, whose office was found to be 18.8 miles from Jeffersonville by direct measurement. The superior court reformed the covenant to Johnston's smaller core trade area, issued an injunction, and denied attorney's fees.

PROCEDURAL HISTORY

The parties settled prior partnership-dissolution litigation, and the settlement was incorporated into a final court order requiring Wilkins not to practice small-animal veterinary medicine within a twenty-mile radius of Jeffersonville for five years. After Wilkins began working for Catamount Veterinary Services, Johnston sued to enforce the covenant. The superior court found Catamount was within eighteen-point-eight miles of Jeffersonville, but reformed the covenant to a smaller core trade area, granted a permanent injunction, and denied attorney's fees. The Vermont Supreme Court reversed the reformation and remanded for an award of reasonable attorney's fees.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Reverse the superior court's reformation of the noncompetition agreement and remand for the superior court to award Johnston reasonable attorney's fees under the agreement.

CASES CITED

- Lamb v. Geovjian, 165 Vt. 375, 381-82, 683 A.2d 731, 736 (1996)
- Schlaeppli v. Del. Trust Co., 525 A.2d 562, 565 (Del. Ch. 1986)
- In re Cent. Vt. Pub. Serv. Corp., 172 Vt. 14, 39, 769 A.2d 668, 687 (2001)
- BJ of Leesburg, Inc. v. Coffman, 642 So. 2d 83, 84 (Fla. Dist. Ct. App. 1994)
- Thompson v. Allain, 377 S.W.2d 465, 468 (Mo. Ct. App. 1964)
- Scuitier v. Barile, 6 N.J. Super. 595, 70 A.2d 894, 895 (Ch. Div. 1950)
- Johnson v. McIntyre, 309 Pa. 191, 163 A. 290, 291 (1932)