

SUPREME COURT OF APPEALS OF WEST VIRGINIA

Jerry N. Black, M.D. v. St. Joseph's Hospital of Buckhannon, Inc.

234 W. Va. 175 (2014) · No. No. 13-0926 · Decided September 30, 2014

SUMMARY

The Supreme Court of Appeals of West Virginia held that the parties' "Option to Repurchase" agreement was an option contract rather than a right of first refusal. The court reversed the circuit court's additional determination that the option contract was valid because the complaint and summary judgment proceedings did not place the contract's validity or exercise period at issue. The case was affirmed in part, reversed in part, and remanded.

CASE DETAILS

COURT	Supreme Court of Appeals of West Virginia
WRITING FOR THE COURT	Justice Ketchum
JURISDICTION	West Virginia
DECIDED	September 30, 2014
DOCKET	No. 13-0926
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Dr. Jerry N. Black appealed from an order granting summary judgment to St. Joseph's Hospital in a declaratory judgment action concerning whether an agreement was an option contract or a right of first refusal.
STANDARD OF REVIEW	Summary judgment and the ultimate resolution of a declaratory judgment action are reviewed de novo. Factual determinations in a declaratory judgment action are reviewed for clear error.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Jerry N. Black, M.D. v. St. Joseph's Hospital of Buckhannon, Inc.

TOPICS

contract interpretation

specific performance real estate

summary judgment

appellate procedure

standard of review

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the hospital's complaint and the circuit court's summary judgment ruling established that the agreement was an option contract rather than a right of first refusal.
2. Whether the circuit court erred by declaring that the option contract was valid when the complaint did not seek, and the court did not decide, the contract's validity or the time period for exercising the option.

HOLDINGS

1. The "Option to Repurchase" agreement was an option contract rather than a right of first refusal.
2. The circuit court erred by including in its summary judgment order the conclusion that the option agreement was a valid option contract because validity was outside the scope of the complaint and was not decided at the summary judgment hearing.

KEY QUOTATIONS

"An option given for the sale of land, supported by a valuable consideration, is not a sale of real estate, nor an agreement to sell, but is an executed contract, giving the optionee the exclusive privilege of purchasing within the time limited, and which cannot be withdrawn during the time stipulated for; and upon acceptance within that time it becomes an executory contract for the sale of land, which may be specifically enforced in a proper case." (234 W. Va. at 175)

"We therefore reverse the ruling contained in the circuit court's summary judgment order that the "Option Contract is a valid Option Contract under West Virginia law." We affirm the order's ruling that the "Option to Repurchase" agreement is an option contract." (234 W. Va. at 180)

"We remand this matter to the circuit court for entry of an order granting summary judgment to the hospital on the sole issue raised in its complaint for declaratory judgment—that the "Option to Repurchase" agreement is an option contract rather than a "right of first refusal."" (234 W. Va. at 191)

FACTUAL BACKGROUND

On June 3, 1982, Dr. Black and the hospital entered into a memorandum agreement under which the hospital conveyed or agreed to convey real property for Dr. Black's medical office building. The agreement granted the hospital a first option to purchase the land and building, and an attached document was titled "Option to Repurchase." The option stated that it would expire on June 3, 2081 and contained provisions concerning notice and the time during which the option could be exercised. The hospital later sought a declaration that the agreement was an option contract rather than a right of first refusal.

PROCEDURAL HISTORY

The hospital filed a declaratory judgment complaint in the Circuit Court of Upshur County seeking a declaration that its agreement with Dr. Black was an option contract rather than a right of first refusal. The parties agreed at the summary judgment hearing that the agreement was an option contract, and the circuit court stated that this was the sole issue it was deciding. The court nevertheless entered an order stating that the agreement was a valid

option contract. The Supreme Court of Appeals affirmed the option-contract ruling, reversed the validity ruling, and remanded for entry of a corrected order.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand for entry of an order granting summary judgment to the hospital solely on the issue that the "Option to Repurchase" agreement is an option contract rather than a right of first refusal. The order must omit the ruling that the option contract is valid under West Virginia law.

CASES CITED

- Pollock v. Brookover, 60 W. Va. 75, 53 S.E. 795 (1906)
- Am. Canadian Expeditions, Ltd. v. Gauley River Corp., 221 W. Va. 442, 655 S.E.2d 188 (2007)
- Smith v. VanVoorhis, 170 W. Va. 729, 296 S.E.2d 851 (1982)
- Painter v. Peavy, 192 W. Va. 189, 451 S.E.2d 755 (1994)
- Aetna Cas. & Sur. Co. v. Federal Ins. Co. of New York, 148 W. Va. 160, 133 S.E.2d 770 (1963)
- Cox v. Amick, 195 W. Va. 608, 466 S.E.2d 459 (1995)
- Joslin v. Mitchell, 213 W. Va. 771, 584 S.E.2d 913 (2003)
- Fayette County National Bank v. Lilly, 199 W. Va. 349, 484 S.E.2d 232 (1997)