

OHIO COURT OF APPEALS, NINTH JUDICIAL DISTRICT

Dietrich v. Core

2023-Ohio-1463 (Ohio Ct. App. 2023) · No. C.A. Nos. 30349 and 30528 · Decided May 3, 2023

SUMMARY

The Ninth District Court of Appeals of Ohio reviewed consolidated appeals involving sanctions imposed after a motion for default judgment and an order compelling arbitration. The court held that the trial court was required to conduct an evidentiary hearing before imposing sanctions, but concluded that the motion to stay and compel arbitration suspended the defendants’ deadline to answer and that the arbitration order was otherwise proper. The sanctions ruling was reversed and remanded, while the arbitration ruling was affirmed.

CASE DETAILS

COURT	Ohio Court of Appeals, Ninth Judicial District
WRITING FOR THE COURT	Per curiam; opinion issued for the court by Presiding Judge Betty Sutton; Betty Sutton, Presiding Judge; Jennifer Hensal, Judge; Julie Schafer Stevenson, Judge
JURISDICTION	Ohio
DECIDED	May 3, 2023
DOCKET	C.A. Nos. 30349 and 30528
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Consolidated appeals from two orders of the Summit County Court of Common Pleas: one striking a motion for default judgment and imposing attorney-fee sanctions, and another staying the action and compelling arbitration.
STANDARD OF REVIEW	Questions of law, including whether a motion to stay and compel arbitration suspended the time to answer, are reviewed de novo. The sanctions ruling was reviewed for compliance with the statutory and rule-based hearing requirements.
PRECEDENTIAL VALUE	Published Ohio Court of Appeals opinion; precedential under applicable Ohio law.
PARTIES	Haley Dietrich, Elizabeth A. Dobbins v. Daniel A. Core, Canvas Coworking + Popup, LLC

TOPICS

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QUESTIONS PRESENTED

1. Whether the trial court was required to hold an evidentiary hearing before imposing sanctions under Civ.R. 11 and/or R.C. 2323.51.
2. Whether the appellate court had jurisdiction in the sanctions appeal to review the trial court's ruling that the motion to stay and compel arbitration tolled the answer deadline.
3. Whether a motion to stay and compel arbitration suspends the defendant's deadline to answer under Civ.R. 12(A)(2), thereby preventing default while the motion is pending.
4. Whether the trial court erred by staying the action and compelling arbitration despite the defendants' failure to file an answer or other responsive pleading.

HOLDINGS

1. A trial court must hold an evidentiary hearing before imposing sanctions under either Civ.R. 11 or R.C. 2323.51, unless it finds no basis whatsoever for sanctions.
2. The appellate court lacked jurisdiction to review the trial court's ruling on the motion to strike and its related answer-deadline rationale because that ruling was outside the scope of the final sanctions order and did not independently qualify as a final, appealable order.
3. A motion to stay proceedings and compel arbitration operates as a motion to dismiss or other motion under Civ.R. 12 and suspends the defendant's twenty-eight-day deadline to answer until the court rules on the motion.

KEY QUOTATIONS

“Under either the statute or the rule, however, “a trial court must hold a hearing before granting a motion for sanctions.”” (¶ 10)

“Thus, Mr. Core and Canvas Coworking were not in default when the trial court ruled on their motion to stay and compel arbitration.” (¶ 23)

FACTUAL BACKGROUND

Haley Dietrich entered a one-year coworking-space agreement with Canvas Coworking for \$6,050, and Daniel Core signed the agreement as Canvas Coworking's representative. The agreement contained a mandatory arbitration clause. After suing Core and Canvas Coworking for breach of contract, fraud, and piercing the corporate veil, Dietrich sought default judgment against Core because he had not filed an answer. Core and Canvas Coworking had previously moved to stay the case and compel arbitration, and the trial court treated that motion as suspending the answer deadline.

PROCEDURAL HISTORY

Dietrich sued Core and Canvas Coworking for breach of contract, fraud, and piercing the corporate veil. Core and Canvas moved to stay the action and compel arbitration; Dietrich opposed the motion and also sought default judgment against Core for failing to answer. The trial court struck the default-judgment motion, imposed sanctions on Dobbins, and compelled arbitration. The Court of Appeals affirmed the arbitration ruling, reversed the sanctions ruling for failure to hold a required evidentiary hearing, and remanded for that hearing.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand the sanctions matter to the Summit County Court of Common Pleas for an evidentiary hearing on the motion for sanctions. The arbitration ruling remains affirmed.

CASES CITED

- In re Guardianship of Bakhtiar, 2018-Ohio-1764, ¶ 17
- Kozar v. Bio-Medical Applications of Ohio, Inc., 2004-Ohio-4963, ¶ 16
- P.N. Gilcrest Ltd. Partnership v. Doylestown Family Practice, Inc., 2011-Ohio-2990, ¶ 32
- Harold Pollock Co., L.P.A. v. Bishop, 2014-Ohio-1132, ¶ 20
- State ex rel. Ebbing v. Ricketts, 133 Ohio St. 3d 339, 2012-Ohio-4699, ¶¶ 24-25
- DeCarlo v. Estate of Maxwell, 2006-Ohio-3116, ¶ 6
- Robinholt v. Wilson, 2023-Ohio-248, ¶ 19
- UBS Financial Servs. Inc. v. Lacava, 2017-Ohio-7916, ¶ 6
- Franciscus, Inc. v. Balunkek, 2014-Ohio-4350, ¶ 7
- Interstate Properties v. Prasanna, Inc., 2006-Ohio-2686, ¶¶ 14-16
- Dillon v. Big Trees, Inc., 2008-Ohio-3264, ¶ 14
- White v. Aztec Catalyst Co., 2000 WL 1636023, at *2 (Ohio Ct. App. Nov. 1, 2000)
- McCormick v. McCormick, 2022-Ohio-3543, ¶ 7
- State v. Consilio, 2006-Ohio-649, ¶ 4
- Helms v. Stegeman, 2016-Ohio-5118, ¶ 9
- In re S.S., 2023-Ohio-245, ¶ 5
- Bayview Loan Servicing, LLC v. Big Blue Capital Partners, LLC, 2016-Ohio-3433, ¶ 20
- State v. Smith, 2012-Ohio-4436, ¶ 18
- Mylechraine v. Forest City Enterprises, Inc., 1987 WL 5570, at *2 (Ohio Ct. App. Jan. 21, 1987)
- Dan Eynon Enterprises v. Mid-America Diesel, 2015-Ohio-1089

