

SUPREME COURT OF ALABAMA

Lee v. Baldwin County Elec. Membership Corp.

853 So. 2d 946 (Ala. 2003) · No. 1010008, 1010338, and 1010537 · Decided January 17, 2003

SUMMARY

The Supreme Court of Alabama addressed three consolidated appeals arising from disputes involving Baldwin County Electric Membership Corporation. The court held that Fuller and Bradley were not entitled to attorneys' fees under the common-benefit doctrine or the cooperative indemnification statute, dismissed Lee, Hankins, and Grant's appeal for lack of standing, and reversed a stay of the trial court's judgment.

CASE DETAILS

COURT	Supreme Court of Alabama
WRITING FOR THE COURT	Johnstone, Justice; Moore, Chief Justice; See, Justice; Brown, Justice; Harwood, Justice; Woodall, Justice
JURISDICTION	Alabama
DECIDED	January 17, 2003
DOCKET	1010008, 1010338, and 1010537
DISPOSITION	other
PROCEDURAL POSTURE	Three consolidated appeals arose from related Baldwin County Circuit Court proceedings concerning a proposed special meeting of members, the validity of a cooperative's vote-by-mail resolution and enabling statute, attorneys' fees, and a stay of judgment. BCEMC appealed the award of attorneys' fees and the stay; Lee, Hankins, and Grant appealed the merits judgment in an action to which they were not parties.
STANDARD OF REVIEW	An award of attorneys' fees is reviewed for abuse of discretion. Statutory interpretation is reviewed de novo under the plain-language rule. Standing to appeal is a question of appellate jurisdiction.
PRECEDENTIAL VALUE	Published Alabama Supreme Court opinion; precedential.
PARTIES	Baldwin County Electric Membership Corporation, John Lee, A.B. Hankins, Jr., Randy Grant v. John Lee, A.B. Hankins, Jr., Randy Grant, Aubury L. Fuller, J. Thomas Bradley, Jr., Baldwin County Electric Membership Corporation

TOPICS

standing appellate procedure attorney fees statutory interpretation shareholder derivative suits

PRACTICE AREAS

appellate procedure corporate law statutory interpretation attorney fees civil procedure

QUESTIONS PRESENTED

1. Whether Fuller and Bradley were entitled to attorneys' fees under the common-fund or common-benefit exceptions to the American rule.
2. Whether Fuller and Bradley, as stockholders bringing a derivative action, were entitled to indemnification under Ala. Code § 37-6-3(16)(a).
3. Whether Fuller was entitled to attorneys' fees for unsuccessful appeals in related actions under the cooperative indemnification statute.
4. Whether Lee, Hankins, and Grant had standing to appeal a judgment entered in an action to which they were not parties.
5. Whether the trial court's stay of the judgment should be reversed after the appeal that prompted the stay was dismissed.

HOLDINGS

1. Fuller and Bradley were not entitled to attorneys' fees under the common-fund or common-benefit exceptions because their unsuccessful action created neither a common fund nor a substantial benefit to BCEMC or the general public.
2. Section 37-6-3(16)(a) does not authorize indemnification of stockholders for fees incurred in bringing a derivative action; it authorizes indemnification of persons acting in specified capacities for the cooperative.
3. Fuller was not entitled to a court-ordered award of the appellate attorneys' fees because the applicable statute made indemnification discretionary, and he was not successful in the relevant appeals.
4. Lee, Hankins, and Grant lacked standing to appeal the judgment in Fuller and Bradley's action because they were not parties to that action or to the judgment.
5. The stay had to be reversed because it was entered solely to accommodate the appeal that the Court dismissed for lack of standing.

KEY QUOTATIONS

“A stockholder does not sue as a director, trustee, officer, employee, or agent of the cooperative.” (955)

“Consequently, Lee-Hankins-Grant lack standing to appeal any portion of the judgment entered in Fuller-Bradley's action.” (957)

FACTUAL BACKGROUND

BCEMC members sought a special meeting to remove and replace trustees and separately challenged a board resolution authorizing voting by mail on bylaw amendments. Fuller and Bradley filed a declaratory-judgment action challenging the resolution and the constitutionality of Ala. Code § 37-6-9(b), but the trial court entered summary judgment for BCEMC. Despite the adverse judgment, the trial court awarded Fuller and Bradley attorneys' fees based on an asserted common benefit and ordered payment of fees incurred in related proceedings.

PROCEDURAL HISTORY

The trial court entered judgment sustaining the validity of Ala. Code § 37-6-9(b) and the cooperative's vote-by-mail resolution, stayed that judgment to accommodate an appeal by Lee, Hankins, and Grant, and awarded attorneys' fees to Fuller and Bradley in their declaratory-judgment action and in related proceedings. The Supreme Court dismissed Lee, Hankins, and Grant's appeal for lack of standing because they were not parties to Fuller and Bradley's action, reversed the stay, and reversed and rendered judgment against the attorneys'-fee award.

DISPOSITION

other

REMAND INSTRUCTIONS

In appeal no. 1010338, the trial court was instructed to vacate the stay of the August 16, 2001 judgment. Appeal no. 1010008 was dismissed, and in appeal no. 1010537 the attorneys'-fee order was reversed and judgment was rendered in favor of BCEMC.

CASES CITED

- Baldwin County Elec. Membership Corp. v. Lee, 804 So. 2d 1087, 1089, 1092 (Ala. 2001)
- Blankenship v. City of Hoover, 590 So. 2d 245 (Ala. 1991)
- Reynolds v. First Alabama Bank of Montgomery, N.A., 471 So. 2d 1238 (Ala. 1985)
- City of Ozark v. Trawick, 604 So. 2d 360 (Ala. 1992)
- Brown v. State, 565 So. 2d 585 (Ala. 1990)
- Bell v. Birmingham News Co., 576 So. 2d 669 (Ala. Civ. App. 1991)
- Battle v. City of Birmingham, 656 So. 2d 344 (Ala. 1995)
- Tuscaloosa County Comm'n v. Deputy Sheriffs' Ass'n of Tuscaloosa County, 632 So. 2d 442 (Ala. 1993)
- Ex parte Horn, 718 So. 2d 694, 702 (Ala. 1998)
- American Family Care, Inc. v. Irwin, 571 So. 2d 1053, 1062 (Ala. 1990)
- Allen v. Lloyd's of London, 975 F. Supp. 802, 809 & n.8 (E.D. Va. 1997)
- IMED Corp. v. Systems Eng'g Assocs. Corp., 602 So. 2d 344, 346 (Ala. 1992)
- Ex parte Pfizer, Inc., 746 So. 2d 960, 964 (Ala. 1999)
- Blue Cross & Blue Shield v. Nielsen, 714 So. 2d 293, 296 (Ala. 1998)

- Tuscaloosa County Comm'n v. Deputy Sheriffs' Ass'n of Tuscaloosa County, 589 So. 2d 687, 689 (Ala. 1991)
- Town of Loxley v. Rosinton Water, Sewer & Fire Protection Auth., Inc., 376 So. 2d 705, 708 (Ala. 1979)

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