

SUPREME COURT OF THE STATE OF DELAWARE

Morgan v. Scott

Morgan v. Scott · No. No. 634, 2013 · Decided September 22, 2014

SUMMARY

The Delaware Supreme Court affirmed a Superior Court judgment awarding Geoffrey Scott \$298,000 in restitution against Kathleen Morgan. The court held that the parties’ mutual mistake concerning the repayment terms of their oral agreement rendered the contract voidable and permitted the Superior Court to restore the parties to the pre-existing status quo. The court also held that Morgan’s other appellate arguments were waived or insufficiently presented for review.

CASE DETAILS

COURT	Supreme Court of the State of Delaware
WRITING FOR THE COURT	Leo E. Strine, Jr., Chief Justice; Henry duPont Ridgely, Justice; Nancy J. Holland, Justice
JURISDICTION	Delaware
DECIDED	September 22, 2014
DOCKET	No. 634, 2013
DISPOSITION	affirmed
PROCEDURAL POSTURE	Morgan appealed from a Superior Court order granting Scott's motion for judgment as a matter of law and awarding Scott \$298,000. She also challenged the denial of her motion to dismiss or transfer the matter to the Court of Chancery for reformation and equitable relief.
STANDARD OF REVIEW	The Supreme Court reviews de novo a Superior Court decision granting judgment as a matter of law. Under Delaware Superior Court Civil Rule 50(a), judgment as a matter of law is appropriate when, after the issue has been fully presented, there is no legally sufficient evidentiary basis for a reasonable jury to find for the opposing party.
PRECEDENTIAL VALUE	Published Delaware Supreme Court opinion
PARTIES	Kathleen Morgan v. Geoffrey Scott

TOPICS

- mutual assent
- restitution
- motion for directed verdict
- standard of review
- appellate procedure

PRACTICE AREAS

contract law

civil procedure

appellate procedure

remedies

commercial litigation

QUESTIONS PRESENTED

1. Whether the Superior Court properly granted judgment as a matter of law and awarded restitution after finding that the parties' mutual mistake concerning the repayment term rendered the oral agreement voidable.
2. Whether the Superior Court should have dismissed the action or transferred it to the Court of Chancery for reformation and equitable relief.
3. Whether Morgan's additional claims concerning liens, discovery, an evidentiary hearing, surprise, and hearsay were reviewable despite inadequate briefing.

HOLDINGS

1. The Superior Court's judgment as a matter of law and restitutionary award in Scott's favor were affirmed. Morgan identified no error in the Superior Court's conclusion that the parties' mutual mistake concerning the essential repayment term rendered the agreement voidable and permitted restoration of the parties to the pre-existing status quo.
2. Claims unsupported by a discernible argument, record citations, or supporting law or facts are not capable of appellate review and may be deemed waived.
3. A Superior Court decision granting judgment as a matter of law is reviewed de novo.

KEY QUOTATIONS

"Affording Morgan a substantial degree of leniency in interpretation, we will review this claim as a challenge to the Superior Court's decision to grant judgment as a matter of law to Scott and to deny her motion to transfer the case to the Court of Chancery for reformation of the parties' contract." (7)

"Under the circumstances, we find basis to overturn the Superior Court's decision granting judgment as a matter of law to Scott and denying Morgan's motion to dismiss and/or transfer." (8)

FACTUAL BACKGROUND

Scott and Morgan had a longstanding relationship involving loans to Morgan and her business entities for Capriotti's franchise operations. In August 2011, Scott wired \$298,000 to Morgan's attorney's escrow account to fund litigation concerning Morgan's franchise businesses. Scott testified that the money was a loan repayable after the litigation ended, while Morgan testified that it was an investment repayable only if she retained control of at least two franchises. Both parties agreed that they had an oral contract and that they were mistaken about the essential repayment term.

PROCEDURAL HISTORY

Scott sued Morgan and Turkeys, Inc. in the Delaware Superior Court to recover money advanced under an alleged oral loan agreement. During the litigation, Morgan asserted that the advance was an investment and

sought reformation in a separate Court of Chancery action. After a jury trial, the Superior Court treated the parties' mutual mistake concerning repayment as rendering the contract voidable, awarded Scott restitutionary damages, and denied Morgan's motion to dismiss or transfer. The Delaware Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- Wilmington Trust Co. v. Politzer & Haney, Inc., 2003 WL 1989703, *6 (Del. Super. Apr. 25, 2003)
- Roca v. E.I. du Pont de Nemours & Co., 842 A.2d 1238, 1242 (Del. 2004)
- Rodriguez v. State, 2014 WL 1513282, *1 (Del. Apr. 16, 2014)
- Brown v. Liberty Mut. Ins. Co., 774 A.2d 232, 245 (Del. 2001)

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