

SUPREME COURT OF APPEALS OF WEST VIRGINIA

State ex rel. City Holding Co. v. Kaufman

216 W. Va. 594 (2004) · Decided November 12, 2004

SUMMARY

The Supreme Court of Appeals of West Virginia denied City Holding Company’s petition for a writ of prohibition seeking to compel arbitration of a former employee’s dispute over stock options. The court held that a carve-out provision in the severance agreement expressly preserved the parties’ rights under the stock option plan and therefore removed the stock option dispute from the scope of the agreement’s arbitration clause.

CASE DETAILS

COURT	Supreme Court of Appeals of West Virginia
WRITING FOR THE COURT	Per curiam
JURISDICTION	West Virginia
DECIDED	November 12, 2004
DISPOSITION	writ_denied
PROCEDURAL POSTURE	City Holding sought a writ of prohibition preventing the circuit judge from enforcing an order denying its motion to dismiss and enjoining arbitration proceedings arising from Dawson's claims concerning stock options.
STANDARD OF REVIEW	For a discretionary writ of prohibition in a case not involving an absence of jurisdiction, the court considers whether the petitioner lacks another adequate remedy, faces irreparable prejudice, the lower tribunal's order is clearly erroneous as a matter of law, the order reflects repeated error or persistent disregard of law, and the order raises new and important legal issues. The clear-error factor receives substantial weight.
PRECEDENTIAL VALUE	Published, precedential opinion of the Supreme Court of Appeals of West Virginia
PARTIES	City Holding Company v. Tod J. Kaufman, Judge of the Circuit Court of Kanawha County

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QUESTIONS PRESENTED

1. Whether the arbitration clause in the Severance Agreement and General Release applies to Dawson's dispute concerning previously awarded stock options.
2. Whether City Holding was entitled to a writ of prohibition against the circuit court's order denying dismissal and enjoining arbitration.

HOLDINGS

1. The arbitration clause in the Severance Agreement does not apply to the dispute concerning Dawson's stock options.
2. The writ of prohibition is denied.

KEY QUOTATIONS

“The language is clear and unambiguous and effectively removes the stock options from the scope of the arbitration clause of the Severance Agreement.” (216 W. Va. at 600)

“Based on all of the above, we find that the arbitration clause contained within the Severance Agreement does not apply to the stock options. Accordingly, the writ requested is denied.” (216 W. Va. at 600)

FACTUAL BACKGROUND

Larry L. Dawson, a former City Holding employee, resigned under a negotiated Severance Agreement and General Release dated about November 15, 2000. The agreement preserved Dawson's rights under City Holding's 1993 Stock Incentive Plan and previously awarded stock options through a carve-out provision. After City Holding rejected Dawson's proposed cash conversion and surrender of the options without payment of the option price, Dawson filed suit, and City Holding sought arbitration under the severance agreement.

PROCEDURAL HISTORY

Dawson filed a civil action in the Circuit Court of Kanawha County alleging breach of contract, negligence or gross negligence, securities-law violations, fraud, and promissory estoppel concerning stock options. City Holding demanded arbitration and moved to dismiss or stay the court action pending arbitration. The circuit court denied the motion and enjoined arbitration, after which City Holding petitioned the Supreme Court of Appeals of West Virginia for a writ of prohibition.

DISPOSITION

writ_denied

CASES CITED

- State ex rel. Hoover v. Berger, 199 W. Va. 12, 483 S.E.2d 12 (1996)
- Pioneer Props., Inc. v. Martin, 557 F. Supp. 1354 (D. Kan. 1983), appeal dismissed, 776 F.2d 888 (10th Cir. 1985)
- McPheeters v. McGinn, Smith & Co., Inc., 953 F.2d 771 (2d Cir. 1992)
- Metro Indus. Painting Corp. v. Terminal Constr. Co., 287 F.2d 382, 385 (2d Cir. 1961)
- Hart v. Orion Ins. Co., 453 F.2d 1358 (10th Cir. 1971)
- Coudert v. Paine Webber Jackson & Curtis, 543 F. Supp. 122 (D. Conn. 1982)
- PAS-EBS v. Group Health, Inc., 442 F. Supp. 937 (S.D.N.Y. 1977)
- State ex rel. Wells v. Matish, 215 W. Va. 686, 600 S.E.2d 583 (2004) (per curiam)
- AT&T Technologies, Inc. v. Communications Workers of America, 475 U.S. 643, 106 S. Ct. 1415, 89 L. Ed. 2d 648 (1986)
- Choice Hotels Int'l, Inc. v. BSR Tropicana Resort, Inc., 252 F.3d 707 (4th Cir. 2001)
- Long-Airdox Co. v. International Union United Auto. Aerospace & Agric. Implement Workers of America (UAW), Local 772, 622 F.2d 70 (4th Cir. 1980)
- Daimler Chrysler Corp. v. Franklin, 814 N.E.2d 281 (Ind. Ct. App. 2004)
- Showboat Marina Casino P'ship v. Tonn & Blank Constr., 790 N.E.2d 595 (Ind. Ct. App. 2003)
- Board of Educ. of the County of Berkeley v. W. Harley Miller, Inc., 160 W. Va. 473, 236 S.E.2d 439 (1977)
- State ex rel. United Asphalt Suppliers, Inc. v. Sanders, 204 W. Va. 23, 511 S.E.2d 134 (1998)
- Berkeley County Pub. Serv. Dist. v. Vitro Corp. of America, 152 W. Va. 252, 162 S.E.2d 189 (1968)
- State ex rel. Frazier & Oxley, L.C. v. Cummings, 212 W. Va. 275, 569 S.E.2d 796 (2002)

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