SUPREME COURT OF FLORIDA

DK Arena, Inc. v. EB Acquisitions I, LLC

112 So. 3d 85 (Fla. 2013) · Decided March 28, 2013

SUMMARY

The Florida Supreme Court reviewed whether an oral extension of a real-estate contract's due-diligence period was enforceable despite Florida's Statute of Frauds. The court held that promissory estoppel cannot serve as an exception to the Statute of Frauds under Florida law, relying on Tanenbaum v. Biscayne Osteopathic Hospital, Inc. The court quashed the Fourth District's decision to the extent inconsistent with its opinion and remanded for further proceedings.

CASE DETAILS

COURT	Supreme Court of Florida
WRITING FOR THE COURT	Quince, J.; Pariente, J.; Lewis, J.; Labarga, J.; Perry, J.; Polston, C.J.; Canady, J.
JURISDICTION	Florida
DECIDED	March 28, 2013
DISPOSITION	quashed
PROCEDURAL POSTURE	DK Arena sought review of the Fourth District Court of Appeal's decision holding that an oral agreement extending the due-diligence period in a land-sale contract was enforceable under an estoppel theory despite the Statute of Frauds.
STANDARD OF REVIEW	The enforceability of the oral agreement under the Statute of Frauds was reviewed de novo as a pure question of law. The trial court's factual findings were presumptively correct and would stand unless clearly erroneous.
PRECEDENTIAL VALUE	Published opinion of the Supreme Court of Florida; binding statewide precedent.
PARTIES	DK Arena, Inc. v. EB Acquisitions I, LLC

TOPICS

statute of frauds · promissory estoppel · contract interpretation · waiver of breach · real estate

PRACTICE AREAS

contracts real estate commercial litigation

QUESTIONS PRESENTED

1. Whether an oral agreement extending the due-diligence period of a contract for the sale of land could be enforced under promissory estoppel or another estoppel theory notwithstanding Florida's Statute of Frauds.
2. Whether the waiver doctrine independently supported enforcement of the alleged oral modification.
3. What issues concerning the parties' entitlement to the escrow deposit and attorney's fees remained for consideration on remand.

HOLDINGS

1. An oral modification to a contract for the sale of land is unenforceable under Florida's Statute of Frauds when it is not memorialized in a writing signed by the parties or their authorized representatives; promissory estoppel may not be used as an exception to or means of circumventing the statute.
2. The waiver doctrine does not validate the alleged oral modification creating an extended, unqualified due-diligence period, although waiver may excuse a party's delayed performance when that delay was induced or approved by the opposing party.

KEY QUOTATIONS

> *"In holding that DK Arena's promise combined with EB's detrimental reliance supported a valid modification to the contract, the Fourth District applied an improper estoppel exception to the Statute of Frauds, in express and direct conflict with our decision in Tanenbaum."* (97)

> *"Absent an amendment that complied with the requirements of the Statute, the parties were bound by their written agreement."* (97)

> *"Estoppel is designed to prevent fraud and injustice. In contrast, waiver is the intentional relinquishment, express or implied, of a known right."* (98)

FACTUAL BACKGROUND

DK Arena agreed in writing to sell the Mangonia Park Jai Alai Fronton property to EB for $23 million, with a $1 million escrow deposit and a sixty-day due-diligence period. The written contract required modifications to be in writing signed and delivered by the party to be bound, and a written amendment later extended the due-diligence period to October 4, 2004. On October 4, the parties disputedly agreed orally to extend or hold the period in abeyance while negotiating a proposed joint venture, but made no written memorandum. EB did not release the deposit, and DK Arena later sought its release while EB claimed it had the right to terminate and recover the deposit.

PROCEDURAL HISTORY

DK Arena sued EB in Palm Beach County circuit court over a $1 million escrow deposit and related contractual obligations. After a bench trial, the circuit court entered judgment for EB on all claims, including claims concerning an oral extension of the due-diligence period and an alleged oral joint venture. The Fourth District affirmed in part and reversed in part, rejecting the joint-venture judgment but holding that estoppel prevented DK Arena from invoking the Statute of Frauds against the oral extension. The Florida Supreme Court accepted review based on conflict with Tanenbaum and quashed the Fourth District's decision to the extent inconsistent with its opinion.

DISPOSITION

quashed

REMAND INSTRUCTIONS

The case was remanded to the Fourth District Court of Appeal to consider unresolved issues, including whether either party breached the contract, whether DK Arena's breach entitled EB to return of the deposit, whether King’s representations excused EB’s failure to deliver the deposit if delivery was otherwise required, and entitlement to attorney’s fees.

CASES CITED

- Tanenbaum v. Biscayne Osteopathic Hospital, Inc., 190 So. 2d 777 (Fla. 1966)
- DK Arena, Inc. v. EB Acquisitions I, LLC, 31 So. 3d 313 (Fla. 4th DCA 2010)
- D'Angelo v. Fitzmaurice, 863 So. 2d 311, 314 (Fla. 2003)
- Chiles v. State Employees Attorneys Guild, 734 So. 2d 1030, 1034 (Fla. 1999)
- Yates v. Ball, 181 So. 341, 344 (Fla. 1937)
- Wharfside at Boca Pointe, Inc. v. Superior Bank, 741 So. 2d 542, 545 (Fla. 4th DCA 1999)
- Shore Holdings, Inc. v. Seagate Beach Quarters, Inc., 842 So. 2d 1010, 1012 (Fla. 4th DCA 2003)
- Bradley v. Sanchez, 943 So. 2d 218, 222 (Fla. 3d DCA 2006)
- SourceTrack, LLC v. Ariba, Inc., 958 So. 2d 523, 526-27 (Fla. 2d DCA 2007)
- Gilman v. Butzloff, 22 So. 2d 263, 265 (Fla. 1945)
- Forbes v. Babel, 70 So. 2d 371, 372 (Fla. 1953)
- Bifulco v. Patient Business & Financial Services, Inc., 39 So. 3d 1255, 1256 n. 3 (Fla. 2010)
- Tate's Administrator v. Jones' Executor, 16 Fla. 216, 240-41 (1877)
- South Investment Corp. v. Norton, 57 So. 2d 1, 3 (Fla. 1952)