

SUPREME COURT OF MINNESOTA

Hauschildt v. Beckingham

686 N.W.2d 829 (Minn. 2004) · No. A03-218 · Decided September 16, 2004

SUMMARY

The Minnesota Supreme Court held that the plaintiffs' claims against former officers of the West Publishing Employees' Preferred Stock Association were not barred by collateral estoppel or res judicata based on an earlier class action. The court distinguished the earlier claims concerning allegedly improper distributions from the present claims concerning the officers' alleged 1998 failures to pursue claims and disclose information. The court reversed the district court's dismissal and affirmed the court of appeals.

CASE DETAILS

COURT	Supreme Court of Minnesota
WRITING FOR THE COURT	Paul H. Anderson, Justice
JURISDICTION	Minnesota
DECIDED	September 16, 2004
DOCKET	A03-218
DISPOSITION	affirmed
PROCEDURAL POSTURE	The defendants appealed from the Minnesota Court of Appeals' reversal of a Dakota County District Court order dismissing the Hauschildts' complaint with prejudice under Minn. R. Civ. P. 12.02(e). The Supreme Court of Minnesota granted review limited to the preclusive effect of an earlier partial summary judgment in Davies v. West Publishing Co.
STANDARD OF REVIEW	Dismissal under Minn. R. Civ. P. 12.02(e) and application of res judicata or collateral estoppel are reviewed de novo.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Wayne Hauschildt, Patti Richmond Hauschildt v. Dennis J. Beckingham, Other officers of the West Publishing Employees' Preferred Stock Association Governing Board

TOPICS

res judicata

civil procedure

motions to dismiss

statute of limitations

fiduciary duty

PRACTICE AREAS

civil procedure

preclusion

fiduciary duty

commercial litigation

QUESTIONS PRESENTED

1. Whether collateral estoppel barred the Hauschildts' claims because Davies determined that equitable estoppel did not toll the statute of limitations applicable to claims arising from the 1992 distribution.
2. Whether res judicata barred the Hauschildts' claims because they arose from the same factual circumstances as the claims in Davies.

HOLDINGS

1. Collateral estoppel did not bar the Hauschildts' claims because the issues concerning the officers' 1998 acts and omissions were not identical to, distinctly contested in, directly determined by, or necessary and essential to the judgment in Davies.
2. Res judicata did not bar the Hauschildts' claims because the claims did not arise from the same set of operative facts as the claims in Davies, and the right to assert the claims based on the officers' 1998 conduct arose after the right to assert claims based on the 1992 distribution.

KEY QUOTATIONS

“For collateral estoppel to apply, all of the following prongs must be met: (1) the issue must be identical to one in a prior adjudication; (2) there was a final judgment on the merits; (3) the estopped party was a party or was in privity with a party to the prior adjudication; and (4) the estopped party was given a full and fair opportunity to be heard on the adjudicated issue.” (837)

“Whereas collateral estoppel concerns issues that were actually litigated, determined, and were essential in a prior action, res judicata concerns circumstances giving rise to a claim and precludes subsequent litigation regardless of whether a particular issue or legal theory was actually litigated.” (840)

FACTUAL BACKGROUND

The West Publishing Employees' Preferred Stock Association made per capita distributions to all West employees from surplus funds, including a \$150 distribution in 1992. In 1998, outside counsel advised the WPSA board that prior surplus distributions should have been made pro rata and that claims might be subject to a six-year statute of limitations. The Hauschildts alleged that the board officers failed to pursue claims against West or prior WPSA officers and failed to disclose the alleged noncompliance and approaching limitations deadline. An earlier class action, Davies, resolved limitations-related questions concerning the distributions themselves.

PROCEDURAL HISTORY

The Hauschildts brought a putative class action against former WPSA governing-board officers, alleging that their 1998 acts and omissions allowed claims concerning an allegedly improper 1992 distribution to become

time-barred. The district court dismissed the action, concluding that collateral estoppel and res judicata arising from Davies barred the claims. The court of appeals reversed, and the Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- Bodah v. Lakeville Motor Express, Inc., 663 N.W.2d 550, 553 (Minn. 2003)
- Martens v. Minnesota Mining & Mfg. Co., 616 N.W.2d 732, 739-40 (Minn. 2000)
- Northern States Power Co. v. Franklin, 265 Minn. 391, 395, 122 N.W.2d 26, 29 (1963)
- Kaiser v. Northern States Power Co., 353 N.W.2d 899, 902 (Minn. 1984)
- Montana v. United States, 440 U.S. 147, 153, 99 S. Ct. 970, 59 L. Ed. 2d 210 (1979)
- Wilson v. Comm'r of Revenue, 619 N.W.2d 194, 198 (Minn. 2000)
- Hauser v. Mealey, 263 N.W.2d 803, 806-08 (Minn. 1978)
- Johnson v. Consol. Freightways, Inc., 420 N.W.2d 608, 613-14 (Minn. 1988)
- Brown v. Felsen, 442 U.S. 127, 132, 99 S. Ct. 2205, 60 L. Ed. 2d 767 (1979)
- Care Inst., Inc.-Roseville v. County of Ramsey, 612 N.W.2d 443, 446-48 (Minn. 2000)
- Ellis v. Minneapolis Comm'n on Civil Rights, 319 N.W.2d 702, 704 (Minn. 1982)
- Davies v. West Publ'g Co., 622 N.W.2d 836, 839-43 (Minn. App. 2001), rev. denied (Minn. May 29, 2001)
- Christy v. Saliterman, 288 Minn. 144, 150, 179 N.W.2d 288, 293-94 (1970)
- Rouse v. Dunkley & Bennett, P.A., 520 N.W.2d 406, 409-10 (Minn. 1994)
- Dorso Trailer Sales, Inc. v. Am. Body & Trailer, Inc., 482 N.W.2d 771, 773-74 (Minn. 1992)
- State v. Joseph, 636 N.W.2d 322, 327-29 (Minn. 2001)
- Youngstown Mines Corp. v. Prout, 266 Minn. 450, 466, 124 N.W.2d 328, 340 (1963)
- Veline v. Dahlquist, 64 Minn. 119, 121, 66 N.W. 141, 142 (1896)
- Meagher ex rel. Pension Plan v. Bd. of Trustees of Pension Plan, 921 F. Supp. 161, 167 (S.D.N.Y. 1995), aff'd, 79 F.3d 256 (2d Cir. 1996)
- Brekke v. THM Biomedical, Inc., 683 N.W.2d 771, 778 (Minn. 2004)
- Toombs v. Daniels, 361 N.W.2d 801, 809-10 (Minn. 1985)