Case Summaries
September 29, 2023

Case summaries are prepared by court staff as a courtesy.

GRANTED CASES

CLASS ACTIONS
Class Certification

USAA Cas. Ins. Co. v. Letot, ___ S.W.3d ___, 2022 WL 405820 (Tex. App.—Dallas 2022), *pet. granted* (Sept. 29, 2023) [22-0238]

The issue in this case is whether the trial court erred by certifying a proposed class action.

Sunny Letot's vehicle was rear-ended by a USAA-insured driver. USAA determined that the cost to repair Letot's vehicle exceeded its value and deemed her car a total loss. USAA therefore sent Letot a check for the car's value and filed a report with the Texas Department of Transportation identifying Letot's car as "salvage." Letot later rejected USAA's valuation and check. She sued USAA for conversion for sending TxDOT the report before she accepted payment. Letot then sought class certification.

The trial court certified a class for both injunctive relief and damages. The class consisted of all claimants for whom USAA filed a report within three days of attempting to pay a claim for a vehicle deemed a total loss. The court of appeals affirmed the certification order.

USAA petitioned for review. It argues that neither Letot nor the alleged class members have standing to sue. In the alternative, USAA argues that the class fails to satisfy the certification requirements. The Supreme Court granted USAA's petition.

TAXES
Property Tax

Johnson v. Bexar Appraisal Dist., ___ WL ___, 2022 WL 1395332 (Tex. App.—San Antonio 2022), *pet. granted* (Sept. 29, 2023) [22-0485]

The issue is whether each spouse of a married couple may claim a separate "residence homestead" for tax-exemption purposes.

Yvondia Johnson and her husband, Gregory, are each 100% disabled U.S. Air Force veterans. The Bexar Appraisal District granted the couple a disabled veteran "residence homestead" tax exemption under Section 11.131(b) of the Tax Code for their San Antonio residence. The Johnsons later separated, and Yvondia began living at a residence in Converse that the couple also owned.

Yvondia applied for her own Section 11.131(b) exemption for the Converse residence, which the District denied. After exhausting her administrative remedies, Yvondia filed suit, but the trial court granted the District's motion for summary

judgment. The court of appeals reversed and rendered judgment for Yvondia, reasoning that under the plain language of Section 11.131(b), she satisfied the exemption's requirements.

The District petitioned the Supreme Court for review, arguing that a married couple cannot have two residence homesteads. The Court granted the District's petition.

CONTRACTS

Interpretation

IDEXX Lab'ys, Inc. v. Bd. of Regents of Univ. of Tex. Sys., ___ S.W.3d ___, 2022 WL 3267881 (Tex. App.—Houston [14th Dist.] 2022), *pet. granted* (Sept. 29, 2023) [22-0844]

The issue in this case is whether a contract is ambiguous. IDEXX Laboratories, a private company, sold tests to detect heartworms in dogs. Seeking to expand its product line, IDEXX contracted with the Board of Regents of the University of Texas System to license the Board's patented technology relating to Lyme Disease. Royalties owed to the Board were set out under three subparts of the agreement. Subpart (ii) set a royalty of 1% (or 0.05% if other royalties were due) on products "[s]old to detect Lyme disease in combination with one other veterinary diagnostic test or service (for example, but not limited to, a canine heartworm diagnostic test or service)." Subpart (iii) set a royalty of 2.5% on products "[s]old as a product or service to detect Lyme disease in combination with one or more veterinary diagnostic products or services to detect tick-borne disease(s)." IDEXX sold products that tested for Lyme disease, heartworm (which is not tick-borne), and one or more additional tick-borne diseases.

IDEXX paid royalties to the Board under subpart (ii). The Board sued, claiming that royalties were due under the higher rate set out in subpart (iii). The trial court granted summary judgment in favor of the Board and rendered a final judgment awarding contract damages, interest, and attorney's fees. The trial court concluded that subpart (iii) unambiguously applied to the products at issue. The court of appeals reversed and remanded, concluding that the contract was ambiguous.

The Board filed a petition for review that contends the court of appeals erred and the trial court's decision was correct. The Supreme Court granted the petition for review.

PROCEDURE—APPELLATE

Interlocutory Appeal Jurisdiction

Harley Channelview Props., LLC v. Harley Marine Gulf, LLC, ___ S.W.3d ___, 2022 WL 17813798 (Tex. App.—Houston [1st Dist.] 2022), *pet. granted* (Sept. 29, 2023) [23-0078]

The issue in this case is whether an interlocutory order that grants partial summary judgment and orders a party to sell real property within thirty days is an appealable temporary injunction.

Harley Marine Gulf leases a maritime facility from Harley Channelview Properties. When Harley Marine signed the lease, it also obtained an option to purchase the property for $2.5 million at any time during the lease period or a renewal period. Eight years later, Harley Marine attempted to exercise its option, but Channelview refused to sell the property, claiming that the option had expired. Harley Marine sued for breach of the option agreement and sought specific performance. It then moved for partial summary judgment.

The trial court granted the motion and ordered Channelview to sell the property to Harley Marine within thirty days. It is undisputed that the order is interlocutory

because other claims in the suit remain unresolved. Channelview appealed, claiming that the trial court's order constitutes a temporary injunction and is therefore appealable under Civil Practice and Remedies Code Section 51.014(a)(4). The court of appeals dismissed the appeal for want of jurisdiction, holding that the trial court's order lacked indicia of a temporary injunction because the order granted permanent relief on the merits.

In its petition for review, Channelview argues that the trial court's order qualifies as a temporary injunction under Supreme Court precedent. To hold otherwise, it argues, deprives it of its right to appellate review prior to compliance. The Supreme Court granted review.

PROCEDURE—PRETRIAL

Responsible Third-Party Designation

In re Intex Recreation Corp., ___ S.W.3d ___, 2023 WL 2258461 (Tex.App.—Corpus Christi 2023), *argument granted on pet. for writ of mandamus* (Sept. 29, 2023) [23-0210]

The issues in this case are whether the trial court erred by granting the plaintiffs' motion for partial summary judgment on the defendant's contributory-negligence defense and, if it did, whether mandamus is available to correct that error.

Intex manufactures ladders for above-ground swimming pools. The parents of a two-year-old child filed a products-liability suit against Intex after their child snuck out of their house in the middle of the night, climbed the ladder to their pool, fell in, and drowned. Intex's answer included an affirmative defense designating the parents as responsible third parties under Chapter 33 of the Civil Practices and Remedies Code because the parents had failed to remove the ladder from the pool and to lock the back door leading to the pool. The parents moved for partial summary judgment, arguing that the common-law doctrine of parental immunity precludes Intex's comparative-responsibility defense. The trial court granted the parents' motion. The court of appeals denied Intex's subsequent mandamus petition.

Intex then sought mandamus relief in the Supreme Court. Intex argues that the doctrine of parental immunity does not foreclose its affirmative defense of contributory negligence and that Supreme Court precedent authorizes mandamus review of a trial court ruling denying the designation of a responsible third party. The Court set Intex's petition for oral argument.

ADMINISTRATIVE LAW

Public Utility Commission

Luminant Energy Co. v. Pub. Util. Comm'n of Tex., 665 S.W.3d 166 (Tex. App.—Austin 2023), *pet. granted* (Sept. 29, 2023) [23-0231]

This case raises questions of administrative law and judicial authority. The first issue is whether the Public Utility Commission exceeded its statutory authority by twice directing the Electric Reliability Council of Texas to affix electricity prices at $9000/MWh. The second issue is whether the court of appeals had the power, two years later, to unwind transactions with final settlement prices based upon those expired directives.

During Winter Storm Uri, the electrical power grid—overseen by the Commission through ERCOT—failed to produce enough power to meet extreme consumer demands. This failure was partially due to an error in the Commission's electricity-pricing algorithm. When the algorithm functions properly, then as demand

increases, prices should increase to signal to, and provide an incentive for, energy generators to produce more energy. But the algorithm did not account for load shedding—targeted blackouts to protect the grid's physical integrity—necessitated by the storm's historically unprecedented severity. In response, the Commission issued two directives to ERCOT to set the price at the maximum $9,000/MWh allowed under the Texas Administrative Code.

Luminant sought judicial review directly in the Third Court of Appeals, as authorized by statute, and several parties intervened on both sides. The court issued an opinion reversing the Commission's orders more than two years after the appeal was filed. After rejecting mootness and other jurisdictional challenges to the appeal, the court held that the Commission had exceeded its statutory power under the Public Utility Regulatory Act by setting an anti-competitive price of $9,000/MWh.

The Commission petitioned for review, arguing that the court of appeals lacked jurisdiction to grant Luminant's desired relief and that the Commission had acted within its statutory authority. The Supreme Court granted the petition.