



Texas Supreme Court Update *Opinions Issued February 16, 2018*

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Arbitration: Whether Claims Against Non-Signatory Are Subject to Arbitration

[*Jody James Farms, JV v. The Altman Group Inc. and Laurie Diaz*](#) involves a crop insurance case against insurance agents through whom the insured procured the policy. The agents allegedly breached their fiduciary duties and violated the DTPA. The central issue is whether the agents had the right to invoke the arbitration clause that was part of the crop insurance policy to which they were not signatories or parties.

Settlement Credits: Whether the One Satisfaction Rule Applies to All “Indivisible” Injuries Regardless of Theory of Recovery

[*Sky View at Las Palmas LLC and Ilan Israely v. Roman Geronimo Martinez-Mendez et al.*](#) arose from a loan default. The lender sued the borrower, guarantor for amounts due under the note – an alleged “indivisible injury.” It also sued the title insurer and the law firms that were involved in the transaction under a varied mixture of tort and contract claims. The lender settled those claims against the defendants other than the borrower and the guarantor. As to the borrower and guarantor, the lender recovered for breaching the promise to pay the note and for fraud. The borrower and guarantor claimed they were entitled to credit for the amounts the settling defendants paid on the lender’s tort claims. The court of appeals held that the one satisfaction rule did not apply because of the differing duties alleged against the various defendants.

The issues before the Texas Supreme Court are whether the one satisfaction rule applies to all “indivisible” injuries, regardless of the theory of recovery, who bears the burden of proving those portions of the claims settled were not for the “indivisible injury” claim, and whether the one satisfaction rule can apply to contract claims in light of the collateral source rule.

The court has also requested and received full briefing in [*RLJ II-C Austin Air v. Elness Swenson Graham Architects, Inc.*](#), which directly challenges application of the one satisfaction rule to any non-tort claim. The court has not yet decided whether it will grant the petition in *RLJ*.

Government Employee Pensions: Questioning Scope of the System and Standing to Enforce

[*City of Houston et al. v. Houston Municipal Employees Pension System*](#) arises from an ongoing dispute between the city and the city’s pension system over erstwhile municipal employees now employed by spinoff city corporations. The dispute centers on whether and how much the city owes for pension contributions concerning these persons. The principal issues in the matter currently pending before the court are: (1) whether, under the court’s previous decision in [*Klumb v. Houston Municipal Employees Pension System*](#), the employees are covered by the pension system; (2) whether the pension system’s *ultra vires* suit is an appropriate means for enforcing a meet-and-confer agreement; (3) whether the pension system’s public-information suit is barred because it was against the city and not a public-information officer; and (4) whether the pension system instead of its board has standing under the pension-requirements statute.

¹ The opinions expressed are solely those of the author. They do not necessarily represent the views of Munsch, Hardt Kopf & Harr, P.C. or its clients.

Scope of Discovery in a Personal Jurisdiction Dispute

In [*Daimler AG v. Bauman*](#) the U. S. Supreme Court held that due process considerations restricted the exercise of general personal jurisdiction. [*In re Ford Motor Co.*](#) questions whether that decision eliminates the availability or reduces the permissible scope of discovery in a contest over personal jurisdiction based on general *in personam* jurisdiction.

These cases will be submitted by oral argument March 20. Videos of oral arguments are available [here](#).