IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

Angela L. DeFelice)	
Petitioner,)	C.A. No. 6915-MA
)	
v.)	
)	
John Deiter and Joseph Deiter)	
Defendants.)	

MASTER'S REPORT

Date Submitted: June 14, 2013 Draft Report: July 10, 2013 Final Report: July 22, 2013

This is my final report on Plaintiff Angela L. DeFelice's ("Angela") Motion for Partial Summary Judgment against Defendant John Deiter ("John") in an action for declaratory judgment and imposition of a constructive or resulting trust over real property located at 27918 Woodcrest Drive, Lot 4, Georgetown, Delaware (Sussex County Tax Parcel No. 1-33-8.00-15.00) (the "Lot"). After review of the parties' briefs and the record before me, I recommend that the motion for partial summary judgment be granted.

Factual and Procedural Background²

On October 6, 2011, Angela filed a *pro se* complaint against John and his son Joseph Deiter ("Joseph").³ Angela had been romantically involved with Joseph for

¹ I will refer to the parties by their first names only to avoid confusion and mean no disrespect by this practice.

² Unless otherwise indicated, these are undisputed facts taken from the pleadings.

several years and the couple had resided together on John's Lot since June 2000. According to the Complaint, the couple decided to purchase a new modular home to be placed on the Lot and John promised to convey title of the Lot to the couple, but formal title of the Lot was not transferred prior to the couple's execution of a mortgage agreement for their new modular home. According to the Complaint, John then agreed to execute the deed once the couple was able to refinance their mortgage loan, but before the refinancing process was completed the relationship between Angela and Joseph ended.

Defendants deny that John had any intention to transfer title of the Lot solely to Angela. They allege instead that John's intent was to transfer title to Angela and Joseph only if and when they married each other. That condition never occurred. Moreover, Defendants deny that any promises were made or that Angela acted in reliance upon John's promise to convey the Lot prior to her executing the mortgage agreement on the new modular home.

Joseph moved out of the couple's modular home in July 2005 and subsequently married another woman. Thereafter, John asked Angela to vacate the modular home. When Angela refused to leave, John filed an action in ejectment against Angela and Joseph in Superior Court in August 2006, alleging that defendants were trespassing and

³ An attorney subsequently entered an appearance on behalf of the Plaintiff, and on March 11, 2013, I granted Plaintiff's motion to amend her complaint. D.I. No. 22. After filing a "Motion and Memorandum for Partial Summary Judgment" on April 16, 2013, the attorney was granted leave to withdraw. D.I. Nos. 31, 35, 40.

that they had no right to occupy or keep their modular home on John's Lot.⁴ In defending against John's ejectment action, Angela alleged that she held an equitable interest in the Lot, and that John's claims were barred by the doctrines of equitable and promissory estoppel.⁵ Angela also filed a counterclaim against John for breach of contract and unjust enrichment, and a crossclaim against Joseph for the amounts she had contributed over her fair share of the monthly payments, taxes, insurance and other carrying charges for the modular home on the Lot.⁶ In 2008, after a trial on the merits, the Superior Court ruled in Angela's favor, finding that she and Joseph had acted in reliance on John's promise to convey the Lot to them before they entered into the mortgage agreement, and hence they should be co-owners of the Lot.⁷ The Superior Court ruled that John, as a non-owner, lacked standing to seek to have Angela and the modular home removed from the Lot and, therefore, denied John's action in ejectment

Angela's current motion for partial summary judgment against John is based upon the Superior Court's ruling that she and Joseph are co-owners of the Lot. Angela argues that John is collaterally stopped or otherwise barred from relitigating issues that were decided by the Superior Court. As a result, Angela argues that she is entitled to a Court order conveying legal title of the Lot to her and Joseph. Defendants argue that Angela is not entitled to partial summary judgment in her favor because after the Superior Court decision in the ejectment case, Angela and Joseph entered into a settlement agreement on

⁴ Motion and Memorandum for Partial Summary Judgment, Exhibit A.

⁵ Id., Exhibit B.

⁶ *Id*.

⁷ Id., Exhibit D (Deiter v. DeFelice, C.A. No. 06C-09-003-ESB, letter op. at 3 (Del. Super. August 27, 2008).

December 2, 2009, in which Joseph agreed to transfer his interest in the modular home to Angela in exchange for Angela dismissing all claims to the Lot, including the claims she had asserted against John in the Superior Court action. Attached to Defendants' response to the current motion is Joseph's affidavit averring that it was his intent to transfer all his right, title and interest in the modular home to Angela in exchange for Angela dismissing all claims between the parties in the lawsuit in Superior Court, including Angela's counterclaim against John wherein she had asserted an ownership interest in the Lot. Defendants argue that even though John was not a party to the settlement agreement, he is a third-party beneficiary of the agreement and entitled to enforce it. Therefore, Defendants contend that: (a) a genuine issue of material fact exists whether John is collaterally estopped from asserting ownership to the Lot in light of Joseph's affidavit and the settlement agreement; or (b) there is no genuine issue of material fact and Defendants are entitled to summary judgment in their favor because Angela is collaterally estopped by the settlement agreement from asserting an ownership interest in the Lot.

Analysis

The doctrine of "collateral estoppel precludes a party to a second suit involving a different claim or cause of action from the first from relitigating an issue necessarily decided in a first action involving a party to the first case." *One Virginia Avenue*Condominium Association of Owners v. Reed, 2005 WL 1924195, at *10 (Del. Ch. Aug. 8, 2005) (citing Betts v. Townsends, Inc., 765 A.2d 531, 534 (Del. 2000)). This doctrine provides that "where a question of fact essential to the judgment is litigated and

determined by a valid and final judgment, the determination is conclusive between the same parties in a subsequent case on a different cause of action." *Id.* (quoting *Columbia Cas. Co. v. Playtex F.P. Inc.*, 584 A.2d 1214, 1216 (Del. 1991)). To establish that she is entitled to partial summary judgment on the basis of doctrine of collateral estoppel, Angela must prove the existence of the following four elements: (1) the issue previously decided is identical to the issue presented in this case; (2) the prior action was fully adjudicated on the merits; (3) the party against whom the doctrine is invoked (i.e., John) was a party or in privity with a party to the prior adjudication; and (4) the party against whom the doctrine is raised had a full and fair opportunity to litigate the issue in the prior action. *See Betts*, 765 A.2d at 535.

I find that Angela has demonstrated the existence of all four elements of collateral estoppel. First, the issue previously decided, i.e., that Angela and Joseph are co-owners of the Lot, is identical to the issue presented in this case. Second, the prior action was fully adjudicated on the merits. Third, the parties are identical, and fourth, John had a full and fair opportunity to litigate the issue in his prior action for ejectment in Superior Court. Nevertheless, Defendants argue that Angela is precluded from asserting this doctrine because she subsequently agreed to dismiss the claims against John. This argument and the record warrant closer examination.

Attached as Exhibit F to Defendants' Response and Opposition to Motion for Partial Summary Judgment and Memorandum of Law is a settlement agreement executed by Angela and Joseph on December 2, 2009. It states as follows:

WHEREAS the parties are co-owners of a certain 2004 80' x 28' Redman mobile home, described in the purchase order as a model A-202, serial number 122-41785A1B located at 27918 Woodcrest Dr. Georgetown, Sussex County, Delaware, hereinafter "the home;" and

WHEREAS said dispute is the subject of claims, counter-claims and cross-claims between the parties pending in the Superior Court of Delaware in and for Sussex County, C.A. No.: 06C-09-003(ESB); hereinafter referred to as "the lawsuit;" and,

WHEREAS the parties desire to fully and finally settle and compromise all matters between them;

NOW THEREFORE, the parties hereto agree as follows:

- 1. In consideration of DeFelice's payments on the mobile home now and in the future, Deiter hereby conveys any and all of his right, title, and interest in the home to DeFelice.
- 2. Deiter hereby grants DeFelice limited irrevocable durable power of attorney to execute such instruments as may be necessary to convey his title in the home to herself or to any purchaser of the home.
- 3. Deiter agrees that he will not claim any interest deduction of the payments for the home for any tax year from 2007 on unless he actually makes such payments.
- 4. DeFelice shall be responsible for all payments, taxes, insurance, and maintenance on the home accruing from the date of this agreement.
- 5. The parties agree to dismiss all claims between the parties pending in the Superior Court of Delaware in and for Sussex County, C.A. No.: 06C-09-003(ESB).

Defendants argue that John is a third party beneficiary of this agreement, and that Angela had agreed to dismiss her claims against both Joseph and John. This argument flies in the face of the plain language of the agreement. The only parties to this agreement were Joseph and Angela. The only subject of this agreement was the disposition of their interests in the modular home. Joseph agreed to transfer his interest in the modular home to Angela in consideration for her payments on the home "now and in the future," and the parties agreed to dismiss all claims between them. It defies logic

that Angela would agree to dismiss her claim against John after the trial judge had already ruled in her favor and declared her and Joseph as co-owners of the Lot.

Furthermore, Angela's counterclaim seeking monetary damages for John's breach of promise to convey the Lot to her and Joseph had already been denied as moot by the Superior Court, and thus there was no outstanding counterclaim for her to dismiss against John. It appears from the record that Angela's cross-claim against Joseph for contribution still was pending after the Superior Court's decision on the ejection action, and the settlement agreement between Angela and Joseph appears to have resolved that final portion of the prior litigation.

Since there is no ambiguity in the settlement agreement, there is no reason for the Court to examine the parties' intent. Therefore, Joseph's affidavit, stating that it was his intent that in exchange for transferring his interest in the modular home to Angela, Angela would dismiss her claims against Joseph and John, does not demonstrate the existence of a genuine issue of material fact. The settlement agreement provides no defense to the application of the doctrine of collateral estoppel against John in this case.

Conclusion

For the foregoing reasons, I recommend that Angela's motion for partial summary judgment against John should be granted.

⁸ Deiter v. DeFelice, C.A. No. 06C-09-003-ESB, letter op. at 3, (Del. Super. August 27, 2008). Exhibit D, Motion and Memorandum for Partial Summary Judgment.

⁹ The Superior Court judge stated in his decision that Joseph originally had been named as a defendant, "but he was later dismissed from the case by John." *Deiter v. DeFelice*, letter op. at 2, *supra*.