

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF OAKLAND

WILLIAM DEGNETTO, et al

Plaintiffs,

Case No. 14-141355-CH

v

Hon. Wendy Potts

BEAUMONT'S SEVEN HARBORS  
WHITE AND DUCK LAKE ASSN,

Defendant.

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OPINION AND ORDER RE: BUSINESS COURT JURISDICTION

At a session of Court  
Held in Pontiac, Michigan

On  
MAY 13 2015

In June 2014, Plaintiffs filed this action against their homeowners' association Defendant Beaumont's Seven Harbors White and Duck Lake Association. Plaintiffs all owned residential property in subdivisions within the Association. The complaint asserted claims for shareholder oppression and slander of title, but their primary claim sought a declaratory judgment that their homes are not subject to any restrictive covenant that mandates membership in and payment of dues to the Association. The case was assigned to Judge Martha Anderson in the general civil docket, and it proceeded without contested motions for several months. In January 2015, the parties stipulated to dismiss Count III alleging slander of title. In February 2015, the parties filed cross-motions for summary disposition, which were set for hearing on April 8, 2015. However, before the hearing date, Judge Anderson issued an order reassigning the case to the Business Court docket concluding that the case met the criteria for Business Court jurisdiction under MCL 600.8031(1)(c)(ii), (iii), and (iv).

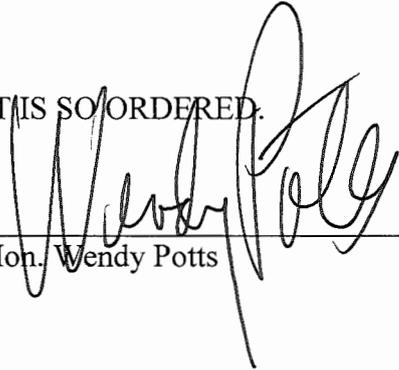
Shortly after the case was reassigned, this Court reviewed the complaint and determined, informally, that it appeared to have jurisdiction because the case involved a business or commercial dispute as defined by MCL 600.8031(1)(c). However, it was unclear whether the amount in controversy exceeded \$25,000. See MCL 600.8035(1). Plaintiffs' Count I, though styled as a claim for declaratory relief, appeared to be seeking compensation in the form of dues reimbursement. Because the case appeared to fall under Business Court jurisdiction, this Court set the summary disposition motions for hearing on May 13, 2015. In the interim, the parties stipulated to dismiss Count II alleging shareholder oppression, leaving the declaratory judgment claim, Count I, as the sole remaining claim.

At the hearing on the motions, the Court questioned whether the case was properly in Business Court, noting that the primary relief sought was a declaratory judgment and it was not clear whether Plaintiffs were asserting a claim for money damages. Counsel for both Plaintiffs and Defendant conceded on the record that Plaintiffs are not seeking money damages. Based on this representation, the Court noted on the record that the absence of a claim for money damages precludes Business Court jurisdiction, and stated that it would promptly issue a written opinion.

This Court has an obligation to question sua sponte its jurisdiction over the subject matter of an action. *Yee v Shiawassee Co Bd of Comm'rs*, 251 Mich App 379, 399; 651 NW2d 756 (2002). Subject matter jurisdiction is determined by the allegations in the pleadings. *Trost v Buckstop Lure Co, Inc*, 249 Mich App 580, 587-588; 644 NW2d 54 (2002). Business court jurisdiction is limited to "business and commercial disputes in which the amount in controversy exceeds \$25,000." MCL 600.8035(1). Although the statute does not define the phrase "amount in controversy," our Courts have held that it refers to the amount of damages claimed. *Szyslo v Akowitz*, 296 Mich App 40, 51; 818 NW2d 424 (2012). Because the parties conceded on the

record that Plaintiffs are not seeking money damages – only declaratory relief – this case does not fall under Business Court jurisdiction, and the Court orders the case reassigned to the general civil docket.

IT IS SO ORDERED.



A handwritten signature in black ink, appearing to read 'Wendy Potts', is written over a horizontal line. The signature is stylized and cursive.

Hon. Wendy Potts

Dated:

MAY 13 2015