STATE OF MICHIGAN
IN THE 17th CIRCUIT COURT FOR KENT COUNTY

WILLIAMS FURNITURE CO.
d/b/a WILLIAMS FURNITURE,
d/b/a DESIGN SOLUTIONS BY
WILLIAMS FURNITURE CO.,

Plaintiff,

vs.

RICHARD H. COOMBS; and
DOUGLAS SCHUITEMA,

Defendants.
_____/

Case No. 12-11247-CKB

HON. CHRISTOPHER P. YATES

OPINION AND ORDER GRANTING DEFENDANTS' MOTION
FOR SUMMARY DISPOSITION UNDER MCR 2.116(C)(10)

Michigan law provides for a generous six-year statute of limitations applicable to claims for breach of contract, see MCL 600.5807(8), but permits contracting parties to agree to a much shorter limitations period. See Rory v Continental Ins Co, 473 Mich 457, 470 (2005). In this case, each of the defendants – Richard H. Coombs and Douglas Schuitema – signed an employment agreement with Plaintiff Williams Furniture Co. ("Williams Furniture") that prescribed a limitations period of six months for "any action or suit arising under this Agreement or out of the employer and employee relationship between the parties . . . ." See Brief in Support of Defendants' Motion for Summary Disposition, Exhibit 1 (Employment Agreement, § 13). Faithfully applying that shortened period of limitations chosen by the contracting parties, the Court must grant summary disposition in favor of the defendants under MCR 2.116(C)(10) on Williams Furniture's breach-of-contract claim against both of the defendants.

The defendants' "motion for summary disposition under MCR 2.116(C)(10) challenges the factual sufficiency of the complaint," LaFontaine Saline, Inc v Chrysler Group, LLC, 496 Mich 26, 34 (2014), requiring "the reviewing court to consider 'the pleadings, admissions, and other evidence submitted by the parties in the light most favorable to the nonmoving party.'" See Rambin v Allstate Ins Co, 495 Mich 316, 325 (2014). "Summary disposition is appropriate if there is no genuine issue regarding any material fact and the moving party is entitled to judgment as a matter of law." Id. "A genuine issue of material fact exists when the record, giving the benefit of reasonable doubt to the opposing party, leaves open an issue upon which reasonable minds might differ." West v General Motors Corp, 469 Mich 177, 183 (2003). The Court must determine the viability of the breach-of-contract claim under these well-known standards.

By all accounts, Defendants Coombs and Schuitema worked for Plaintiff Williams Furniture for many years. During their tenure, both men signed employment agreements dated March 1, 2009. See Brief in Support of Defendants' Motion for Summary Disposition, Exhibit 1. Indeed, Williams Furniture attached those employment agreements to its first amended complaint, see First Amended Complaint, Exhibit 3, and asserted in its claim for breach of contract that Coombs and Schuitema "owed contractual duties to the Company pursuant to their respective employment agreements[.]" See id., ¶ 47. Each defendant's employment agreement included a six-month contractual limitations period with broad application: "The Employer and the Employee agree that any action or suit arising under this Agreement or out of the employer and employee relationship between the parties must be brought within six (6) months of the first event complained of or be time barred and any statute of limitations to the contrary is hereby waived." See id., Exhibit 3 (Employment Agreement, § 13). The defendants argue that that provision bars Williams Furniture's claim for breach of contract.

Our Supreme Court has concluded "that an unambiguous contractual provision providing for a shortened period of limitations is to be enforced as written unless the provision would violate law or public policy." Rory, 473 Mich at 470. The six-month limitations period set forth in both of the defendants' employment agreements constitutes such a provision, and Plaintiff Williams Furniture has not argued that the provision violates any law or public policy. Instead, Williams Furniture takes the position that the employment agreements must not be enforced because they are fraudulent. As an initial matter, the Court notes that Williams Furniture attached those employment agreements to its first amended complaint and relied upon those pacts to support its breach-of-contract claim, see First Amended Complaint, ¶ 47 & Exhibit 3, so its request to renounce those agreements at this late date rings hollow. Beyond that, each employment agreement bears the signature of each defendant as "employee" as well as the signature of Defendant Coombs in his capacity as president of Williams Furniture. See id., Exhibit 3. Although Williams Furniture insists that the employment agreements had to be approved by "the board of directors pursuant to a duly-noticed board meeting[,]" nothing presented by Williams Furniture supports the assertion that board approval was necessary to render the employment agreements enforceable.[1] Accordingly, the Court concludes that each defendant's employment contract binds the parties.

Applying the express terms of the employment agreements, the Court concludes that Plaintiff Williams Furniture's claim for breach of contract is barred by the six-month contractual limitations

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[1] Under Michigan law, a president of a corporation has broad authority to enter into binding agreements on behalf of the corporation, see Burtone, Inc v The Equitable Life Assurance Society, 71 Mich App 193, 197 (1976), and a president ordinarily has plenary authority to sign employment agreements. See, e.g., Pepperman v Auto Club of Michigan Ins Group, 181 Mich App 519, 521-522 (1989). Of course, a corporation can restrict the authority of its president to enter into employment agreements with high-ranking corporate officers, but nothing in the record supports the existence of such a restriction in this case.

period. The alleged conduct supporting the breach-of-contract claim began in 2007 and continued through 2009. See First Amended Complaint, ¶¶ 26-34, 49. Williams Furniture filed this action on December 6, 2012. Section 13 of the employment agreements obligated Williams Furniture to file suit "within six (6) months of the first event complained of or be time barred[.]" See First Amended Complaint, Exhibit 3 (Employment Agreement, § 13). Williams Furniture manifestly missed that deadline. Williams Furniture cannot rely upon any alleged oral agreement to avoid the contractual six-month limitations period. The sweeping language of section 13 of the employment agreement states that the six-month limitations period governs "any action or suit arising under this Agreement *or out of the employer and employee relationship between the parties*[.]" See id. (emphasis added). Consequently, any claim based upon an oral agreement regarding the relationship between Williams Furniture as the employer and the defendants as the employees had to be commenced within the six-month limitations period. Williams Furniture failed to file this suit within that limitations period, so its claim for breach of an oral contract likewise is barred by the employment agreements. As a result, the Court must award summary disposition to the defendants under MCR 2.116(C)(10) on the defendants' breach-of-contract claim.[2]

IT IS SO ORDERED.

Dated: November 6, 2014

HON. CHRISTOPHER P. YATES (P41017)
Kent County Circuit Court Judge

[2] A motion for summary disposition predicated upon the statute of limitations typically must be filed under MCR 2.116(C)(7), but the language of the employment agreement – as opposed to any legislatively defined statute of limitations – governs this case, so the defendants' reliance upon MCR 2.116(C)(10) seems appropriate here.