

**IN THE CHANCERY COURT, STATE OF WYOMING
2023 WYCH 6**

Lincolnway, Inc.,

Plaintiff,

v.

Ralph Villalpando and Linda Villalpando,

Defendants.

Case No. CH-2023-0000018

WY Chancery Court
Oct 06 2023 11:33AM
CH-2023-0000018
71037676
N/A

FILED

Order on Response to Notice of Intent to Dismiss

[¶ 1] Pending is Lincolnway, Inc.’s response (FSX No. 70747477) to the court’s notice of intent to dismiss for lack of subject matter jurisdiction (FSX No. 70594307). Even after considering Lincolnway’s thoughtful response, the court remains convinced this case must be dismissed for lack of subject matter jurisdiction.

BACKGROUND

[¶ 2] Two facts matter most here. First, Lincolnway is a corporation. *Compl.*, ¶ 1.¹ Second, the Villalpanos are not. *Id.* at ¶ 2. They are private sellers, not a business entity. *Id.* ¶¶ 2, 6.

[¶ 3] The corporation and private sellers executed a purchase option. *Id.* at ¶ 5, Ex. A. Under this purchase option, Lincolnway paid a \$3,000 deposit to purchase the Villalpando’s 2019 Ram 2500 and made weekly \$200 payments to maintain insurance and keep loan payments on the truck current until the closing date. *Id.* at ¶¶ 5-9. The designated closing date came and went. But the Villalpanos never delivered title. *Id.* at ¶ 9, 12-13. And they have not responded to Lincolnway’s communications. *Id.* at ¶ 14.

[¶ 4] Finding itself with the truck but without title, Lincolnway filed a complaint in chancery court. (FSX No. 70511827). The complaint alleges breach of contract, seeks specific performance and monetary damages, and acknowledges the amount in controversy does not exceed \$50,000. *Id.* at ¶¶ 3, 47-50.

[¶ 5] Conscious of its unique—but limited—role in Wyoming’s judicial system, the chancery court noted its intent to dismiss the complaint for lack of subject matter jurisdiction. *Not. of Int. to Dism.* (FSX No. 70594307). The notice raises two issues. First, the case does not involve a dispute between

¹ The initial complaint refers to Lincolnway as both a limited liability company and a corporation. But the court understand Lincolnway is a for-profit Wyoming corporation. *See Prop. Am. Compl.*, ¶ 1 (FSX No. 70747477).

businesses or about business governance. And second, the amount in controversy does not exceed the \$50,000 threshold.

[¶ 6] In response, Lincolnway clarifies it seeks the equitable relief of specific performance and asserts the chancery court’s jurisdiction over business disputes engulfs any dispute involving the sale of goods and services, even disputes arising between businesses and individuals. *Rsp to Not. of Int. to Dism.* (FSX No. 70747477).

LAW

[¶ 7] Subject matter jurisdiction is a court’s power to hear and decide the type of case in question. *MH v. First Jud. Dist. Ct. of Laramie Cnty.*, 2020 WY 72, ¶ 5, 465 P.3d 405, 407 (Wyo. 2020). This power derives from constitution and statute. *CSC Grp. Holdings, LLC v. Automation & Elecs., Inc.*, 2016 WY 26, ¶¶ 20-21, 368 P.3d 302, 307 (Wyo. 2016). A court either has subject matter jurisdiction, or it does not. *Sherard v. State*, 2022 WY 37, ¶ 8, 505 P.3d 1259, 1262 (Wyo. 2022). If it does not, then any “action taken by that court, other than dismissing the case, is considered to be null and void.” *Devon Energy Prod. Co., LP v. Grayson Mill Operating, LLC*, 2020 WY 28, ¶ 11, 458 P.3d 1201, 1205 (Wyo. 2020) (quoting *Weller v. Weller*, 960 P.2d 493, 496 (Wyo. 1998)). Even so, Wyoming law requires notice and an opportunity to be heard before a court dismisses a case sua sponte. *Osborn v. Emporium Videos*, 848 P.2d 237, 241 (Wyo. 1993).

[¶ 8] Whether the court has subject matter jurisdiction is a legal question. *Apodaca v. Safeway, Inc.*, 2015 WY 51, ¶¶ 9-10, 346 P.3d 21, 23 (Wyo. 2015). When evaluating subject matter jurisdiction, the court accepts allegations in the complaint as true and considers them in the light most favorable to the plaintiff. *Id.* The court may also consider materials outside the complaint. *Devon Energy Prod. Co., LP*, ¶¶ 10-11, 458 P.3d at 1205.

ANALYSIS

A. The chancery court is a specialized court of limited jurisdiction that resolves business cases on an expedited schedule.

[¶ 9] Born of legislation, the chancery court is “a court of limited jurisdiction.” Wyo. Stat. § 5-13-115. The statute defines this limited jurisdiction on three levels: dispute type, relief type, and case type.

- *Dispute type.* The legislature established chancery court for the “expeditious resolution of disputes involving commercial, business, trust and similar issues.” Wyo. Stat. § 5-13-115(a).
- *Relief type.* The legislature gave chancery court “jurisdiction to hear and decide actions for equitable relief or declaratory relief and for actions where the prayer for money recovery” exceeds \$50,000. Wyo. Stat. § 5-13-115(b). This amount-in-controversy excludes claims for punitive damages, interest, costs, and fees. *Id.*

- *Case type.* The “cause of action [must] arise from at least one” of 20 case types,² including breach of contract, uniform commercial code actions, commercial insurance disputes, shareholder derivative actions, internal business affairs, business dissolution, business transactions involving commercial banks and other financial institutions, business agreements, and business dissolutions. Wyo. Stat. § 5-13-115(b)(i)-(xvii). Beyond these enumerated case types, the chancery court “may exercise supplemental ancillary jurisdiction” at its sole discretion. Wyo. Stat. § 5-13-115(c).

[¶ 10] To come properly before the chancery court, a case must satisfy each level.

B. Disputes between businesses and private sellers fall outside the chancery court’s jurisdiction.

[¶ 11] This case does not involve a dispute between businesses or about business governance but a dispute between a corporation and individuals. Yet, the chancery court resolves disputes “involving commercial [and] business . . . issues.” Wyo. Stat. § 5-13-115(b). And in its first—and only other—opportunity to address its jurisdictional contours, the chancery court interpreted this statutory phrase as “captur[ing] disputes among businesses, disputes between businesses and financial institutions, and disputes about business governance and exclud[ing] disputes between businesses and consumers.” *Clark v. Romo*, 2023 WYCH 4, ¶ 34 (Wyo. Ch. C. 2023) (interpreting Wyo. Stat. § 5-13-115(a)). Under this interpretation in *Clark*, the court dismissed a complaint because it involved a dispute between consumers and a business, not between businesses or about business governance. *Id.* at ¶¶ 25-41.

[¶ 12] The instant case presents similar (but not identical) jurisdictional issues to those presented in *Clark*. Like *Clark*, this case does not involve a dispute between businesses or about business governance. But unlike *Clark*, a consumer did not commence this case against a business. Rather, here, a business filed suit against individuals who, while not acting in the ordinary course of their trade or business, contracted to sell a good to the business. Given this difference, the issue here is not whether the phrase “disputes involving commercial [and] business . . . issues” includes disputes between businesses and consumers, but whether the phrase encompasses disputes between businesses and private sellers—individuals who make occasional sales and exchanges.

[¶ 13] Lincolnway urges this court to adopt a broad definition of “business” or “business activity” that embraces any dispute related to the buying or selling of goods and services. Under this definition, argues Lincolnway, it is immaterial whether the seller is an individual, entity, or dealership. What

² Recent legislation expands chancery court jurisdiction to include two additional case types: (1) disputes concerning a digital asset registered under W.S. 34-29-201 through 34-29-209, Wyoming Session Laws 2023, Ch. 174, § 2 (S.F. 76) (effective Dec. 1, 2023); and (2) a claim or counterclaim in an action based on a contract entered into by a governmental entity that is otherwise within the jurisdiction of the chancery court and where the contract provides for venue in the chancery court, Wyoming Session Laws 2023, Ch. 9, § 1 (H.B. 97) (effective July 1, 2023).

matters is whether the sale “was a ‘business activity’ within the meaning of Wyo. Stat. Ann § 5-13-115(a).” The sale of the truck was such a “business activity,” contends Lincolnway.

[¶ 14] Importantly, the statute does not use the term “business activity” or the more general term “business” in isolation. It limits jurisdiction to “disputes involving commercial [and] business . . . issues.” Wyo. Stat. § 5-13-115(a).” To ascertain the plain meaning of this phrase in *Clark*, the chancery court looked to dictionary definitions. *Clark*, ¶¶ 27-29. Everyday dictionaries do not include entries for terms like “commercial disputes,” “business disputes,” “commercial issues,” or “business issues.” So, the court found the nearest relevant dictionary definitions—“commercial litigation” and “commercial law.” *Id.* ¶¶ 27-28.

[¶ 15] The court also looked to the definitions of “business or commercial dispute” and “business litigation” in statute and rules governing similarly situated business courts in other jurisdictions. *Id.* at ¶ 33.

[¶ 16] The dictionaries and statutory definitions of similar terms in analogous contexts suggest the phrase “disputes involving commercial [and] business . . . issues” is limited to disputes among businesses, disputes between businesses and financial institutions, and disputes about business governance. *Id.* at ¶ 28-33. This limitation harmonizes with the list of eligible case types enumerated in statute and rule, most of which explicitly involve disputes between business or involving internal business affairs. *Id.* at ¶ 29.

[¶ 17] Based on related dictionary definitions, the definitions of similar terms in comparable contexts in sister states, and an *in pari materia* review of the eligible case types, the court then concluded, and today confirms, the phrase “disputes involving commercial [and] business . . . issues” captures disputes among businesses, disputes between businesses and financial institutions, and disputes about business governance. *Id.* at ¶ 34. Consistent with this confirmed definition, the court determines disputes involving individuals not engaged in the ordinary course of trade or business fall outside the court’s limited jurisdiction.

[¶ 18] The court declines to interpret the phrase “disputes involving commercial [and] business . . . issues” as embracing any dispute related to the buying or selling of goods and services. Lincolnway’s interpretation expands chancery court’s jurisdictional boundaries beyond those drawn by the legislature and raises difficult line-drawing questions.

[¶ 19] Lincolnway criticizes the court in *Clark* for defining the term “commercial” without adequately differentiating and defining the term “business.” Stating Lincolnway’s criticism another way, the court in *Clark* failed to address the independent significance of “commercial” and “business” under Wyo. Stat. § 5-13-115(a). A proper statutory analysis is not as narrow as independently defining “business” or “commercial.” Rather, it requires ascertaining and applying the meaning of the phrase “disputes involving commercial, business, . . . issues” in harmony with the entire statutory framework.

[¶ 20] The court took this more holistic approach in *Clark*. Though the court did not locate dictionary entries for the terms “business issues” or “business disputes,” the court did locate and analyze

definitions of “business or commercial dispute” and “business litigation” in law governing similar business courts in sister states. *Clark*, ¶ 33. See *Houghton v. Franscell*, 870 P.2d 1050, 1055 (Wyo. 1994) (looking to sister state law interpreting a statute with a similar purpose or text). These sister state definitions describe business disputes as disputes that arise among businesses or about business governance. *Clark*, ¶ 33. And reviewing *in pari materia* the list of eligible case types confirms this meaning because most case types explicitly involve disputes between businesses or about business governance. Wyo. Stat. § 5-13-115(b).

[¶ 21] Lincolnway may note the list of eligible case types also includes breach of contract, which arises between businesses and private sellers. Though some breach of contract claims may involve private sellers, the statute’s overall focus is on disputes among businesses and about business governance. Take, for example, the following case types:

- Breach of fiduciary duty;
- Violation of law involving the sale of assets or securities; a corporate restructuring; a partnership, shareholder, joint venture, or other business agreement; trade secrets, or employment agreements (not including discriminatory claims);
- Shareholder derivative actions;
- Commercial class actions;
- Business transactions involving or arising out of dealings with commercial banks and other financial institutions;
- Dispute concerning internal affairs of business organizations;
- Dispute concerning commercial insurance coverage;
- Dissolution of corporations, partnerships, LLCs, LLPs, joint ventures, banks, and trust companies; and
- Dispute concerning trademark, tradename, or service mark.

Wyo. Stat. § 5-13-115(b).

[¶ 22] Having concluded the complaint does not satisfy the dispute type jurisdiction level, the court need not address the relief type jurisdiction issue raised in the notice. The court further declines to address any other pending motions in this matter, including the motion for leave to amend the complaint (FSX No. 70747477).

CONCLUSION

[¶ 23] By design, the chancery court is not all things to all litigants. It is a streamlined forum for resolving disputes between businesses—not disputes between business and private sellers.

Accordingly, this case is **DISMISSED** without prejudice to Lincolnway refileing in an appropriate jurisdiction.

DATED: 10/6/2023

/s/ Steven K. Sharpe
CHANCERY COURT JUDGE