

[Cite as *Ward v. Eaton U.S. Holdings*, 2017-Ohio-543.]

Court of Appeals of Ohio

EIGHTH APPELLATE DISTRICT
COUNTY OF CUYAHOGA

JOURNAL ENTRY AND OPINION
No. 104841

HOWARD L. WARD, JR.

PLAINTIFF-APPELLANT

vs.

EATON US HOLDINGS, ET AL.

DEFENDANTS-APPELLEES

JUDGMENT:
REVERSED AND REMANDED

Civil Appeal from the
Cuyahoga County Court of Common Pleas
Case No. CV-14-837723

BEFORE: E.T. Gallagher, P.J., S. Gallagher, J., and Celebrezze, J.

RELEASED AND JOURNALIZED: February 16, 2017

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EILEEN T. GALLAGHER, P.J.:

{¶1} Plaintiff-appellant, Howard L. Ward, Jr. (“Ward”), appeals the denial of his motion to enforce a settlement agreement. He raises one assignment of error:

1. The trial court erred in denying Appellant Howard L. Ward Jr.’s motion to enforce settlement.

{¶2} We find merit to the appeal and reverse the trial court’s judgment.

I. Facts and Procedural History

{¶3} Ward was in the course and scope of his employment with defendant-appellee, Eaton U.S. Holdings (“Eaton”), when his right index finger was crushed. He filed a workers’ compensation claim for the injury, which was allowed for a fracture and partial amputation. Ward later filed a motion for an additional allowance for major depressive disorder. The Industrial Commission of Ohio denied the additional allowance, and Ward appealed to the Cuyahoga County Court of Common Pleas. The parties subsequently entered into a written settlement agreement in which Eaton agreed to pay Ward \$20,000 in exchange for a release of all claims Ward may have against Eaton.

{¶4} The parties discussed various terms during the settlement negotiations, including the waiver of an overpayment of \$5,000 Eaton made to Ward pursuant to his long-term disability plan. Ward had previously executed a repayment agreement with Eaton in which Ward promised to repay the \$5,000 overpayment. The parties’ settlement agreement does not mention either the repayment agreement or any waiver of the overpayment.

{¶5} Nevertheless, when Ward received the settlement check from Eaton, the alleged overpayment of \$5,000 was deducted from the agreed settlement amount of \$20,000. Ward demanded a new settlement check including the deducted sum. When Eaton refused, Ward filed a motion to enforce the parties' settlement agreement in the trial court, arguing the deducted overpayment breached the parties' settlement agreement because Eaton agreed to waive the overpayment. Eaton responded to the motion, denying it ever agreed to waive the overpayment. Eaton attached a copy of the parties' settlement agreement as well as the "Reimbursement Agreement for Short Term Disability Benefits," signed by Ward to its response brief.

{¶6} The trial court overruled Ward's motion to enforce the settlement agreement. In its journal entry, the court explained, in relevant part:

The parties' settlement agreement is attached to defendant's response as Exhibit "B." Upon review, the settlement agreement does not specifically address the issue of "waiver of overpayment." Although the court retains jurisdiction to enforce the settlement agreement, it cannot enforce terms outside of said agreement. Therefore, the court declines to enforce payment on a term that is absent from the agreement.

{¶7} Ward now appeals the trial court's judgment.

II. Law and Analysis

{¶8} In his sole assignment of error, Ward argues the trial court erred in failing to enforce the parties' settlement agreement. He contends the trial court should have ordered Eaton to repay the amount it deducted from the settlement.

{¶9} A contract that is clear and unambiguous requires no real interpretation or construction and will be given the effect called for by the plain language of the contract.

Abrams v. Grenny Properties, L.L.C., 8th Dist. Cuyahoga No. 104452, 2016-Ohio-8303, ¶ 9, citing *Aultman Hosp. Assn. v. Community Mut. Ins. Co.*, 46 Ohio St.3d 51, 55, 544 N.E.2d 920 (1989).

{¶10} “The parol evidence rule is a rule of substantive law that prohibits a party who has entered into a written contract from contradicting the terms of the contract with evidence of alleged or actual agreements.” *Ed Schory & Sons, Inc. v. Francis*, 75 Ohio St.3d 433, 440, 662 N.E.2d 1074 (1996). Thus,

[w]hen two parties have made a contract and have expressed it in a writing to which they have both assented as the complete and accurate integration of that contract, evidence, whether parol or otherwise, of antecedent understandings and negotiations will not be admitted for the purpose of varying or contradicting the writing.

Id., quoting 3 Corbin, *Corbin on Contracts*, Section 573 at 357 (1960).

{¶11} The purpose of the parol evidence rule is to protect the integrity of written contracts. *Galmish v. Cicchini*, 90 Ohio St.3d 22, 27, 734 N.E.2d 782 (2000); *Ed Schory & Sons* at 440. By prohibiting evidence of parol agreements, the rule seeks to ensure the stability, predictability, and enforceability of finalized written instruments. *Id.*

{¶12} The parties’ settlement agreement, titled “General Release and Acknowledgment of Full Settlement” is clear and unambiguous. It states, in relevant part:

1. In consideration of the sum of Twenty Thousand and No Cents (\$20,000) to be paid by the Self Insured Employer, Eaton U.S. Holdings, Inc. (“Employer”) and further consideration set forth below, the undersigned, Howard L. Ward (“Ward”), for himself and for his heirs, legal representatives and assigns, releases and forever discharges Employer and any of its parent companies * * * from any and all actions, lawsuits,

proceedings, claims, damages, grievances, rights, liabilities, obligations, charges, or demands of whatsoever kind and nature, in law or equity, * * * which he now has, has had, or at any time hereafter may have.

2. Ward agrees that he will voluntarily resign from his employment with Employer, that he will not apply for re-employment with Employer in the future, and that he is not eligible for rehire by Employer. In consideration, Employer agrees to pay Ward, Five Hundred Dollars and No Cents (\$500) from the total settlement of \$20,000 indicated previously. In addition, Employer agrees to pay One Hundred Dollars and No Cents (\$100) toward all other non-workers' compensation issues resolved herein.

3. In addition, Ward agrees that he is fully and finally settling the Complaint of Violation of Specific Safety Requirement (IC8/9) that was filed April 29, 2015 for the amount of One Hundred Dollars and No Cents (\$100.00) which is included in the total settlement amount of \$20,000 as referenced previously.

{¶13} The settlement agreement specifically provides that Eaton will pay Ward \$20,000 in exchange for the release of all claims Ward might have against Eaton. Although the settlement agreement specifically includes the parties' agreement to settle the "Complaint of Violation of Specific Safety Requirement" and compensation in exchange for Ward's voluntary resignation, it does not mention Ward's previous agreement to repay the overpayment Eaton made to him pursuant to his long-term disability plan. Nor does it state that Eaton waived any right to repayment. The settlement agreement is silent on this issue.

{¶14} Nevertheless, the trial court declined to enforce the settlement agreement even though Ward received a settlement check in the amount of \$15,000 instead of the \$20,000 provided in the agreement. In its journal entry, the trial court expressly stated that "it [could not] enforce payment of a term that is absent from the agreement." Yet the

court's order denying enforcement of the settlement agreement enforces terms of the parties' repayment agreement requiring Ward to reimburse Eaton for its overpayment. This obligation is not set forth in the four corners of the settlement agreement; it is a term of the parties' separately executed repayment agreement. Thus, the trial court's judgment changes the terms of the settlement agreement by incorporating the terms of the repayment agreement. Such reference to external agreements is prohibited by the parol evidence rule.

{¶15} Therefore, the trial court erred in denying Ward's request to enforce Eaton's promise to pay Ward \$20,000 in exchange for his release of all claims he might have against Eaton.

{¶16} The sole assignment of error is sustained.

{¶17} Judgment reversed and case remanded to the trial court to enforce the parties' settlement agreement.

It is ordered that appellant recover from appellee costs herein taxed.

The court finds there were reasonable grounds for this appeal.

It is ordered that a special mandate be sent to the common pleas court to carry this judgment into execution.

A certified copy of this entry shall constitute the mandate pursuant to Rule 27 of the Rules of Appellate Procedure.

EILEEN T. GALLAGHER, PRESIDING JUDGE

SEAN C. GALLAGHER, J., and
FRANK D. CELEBREZZE, JR., J., CONCUR