

UNREPORTED
IN THE COURT OF SPECIAL APPEALS
OF MARYLAND

No. 0221

September Term, 2014

JEFFREY MANAS

v.

TIME PAYMENT CORPORATION

Meredith,
Berger,
Davis, Arrie W.
(Retired, Specially Assigned),

JJ.

Opinion by Berger, J.

Filed: June 4, 2015

*This is an unreported opinion, and it may not be cited in any paper, brief, motion, or other document filed in this Court or any other Maryland court as either precedent within the rule of *stare decisis* or as persuasive authority. Md. Rule 1-104.

This appeal arises from a dispute between Jeffrey Manas (“Manas”), appellant, and Time Payment Corporation (“Time Payment”), appellee, over Time Payment’s attempt to collect lease payments from Manas. Time Payment filed a collection action for \$14,712.54, plus interest, attorney’s fees, and costs, in the District Court of Maryland for Baltimore County. Manas demanded a jury trial, and the District Court transferred the case to the Circuit Court for Baltimore County. Manas filed a motion to dismiss for improper venue, and the case was subsequently transferred to the Circuit Court for Howard County. Upon motion filed by Time Payment, the circuit court remanded the case to the District Court, concluding that it failed to acquire jurisdiction over the case because the amount in controversy alleged in the complaint did not exceed \$15,000. Manas appealed from the circuit court’s order, presenting three questions for our review, which we have rephrased and consolidated as follows:

Whether the circuit court erred by striking Manas’s request for a jury trial and remanding this case to the District Court.¹

¹ Manas presented the following issues in his brief:

1. Did the Circuit Court for Howard County err striking [sic] the Request for jury trial and remanding the case back to District Court?
2. More specifically, did the Circuit Court err in finding that the amount in controversy in this case should not include the request for counsel fees, interest and other costs?

(continued...)

For the reasons set forth below, we shall affirm the judgment of the circuit court.

FACTS AND PROCEEDINGS

On April 27, 2011, Bubby’s of Bethesda, LP (“Bubby’s”) entered into a non-cancellable commercial equipment lease agreement with Time Payment. Manas unconditionally guaranteed the obligations of Bubby’s under the lease agreement.

On December 19, 2012, Time Payment commenced the instant litigation by filing a complaint in the District Court of Maryland for Baltimore County. The complaint alleged that, despite demand, Bubby’s and Manas had failed to make payments due under the lease agreement. Specifically, Time Payment alleged that the last payment made under the lease agreement was on September 13, 2011. Time Payment further alleged that, as of July 11, 2012, Bubby’s owed Time Payment a balance of \$14,712.54. Time Payment demanded judgment against Bubby’s and Manas in the amount of \$14,712.54, plus interest at 6% per annum from September 13, 2011, plus attorney’s fees of 15% or \$2,206.88, plus court costs.

Manas filed a demand for jury trial on January 22, 2013, and on January 29, 2013, the case was forwarded to the Circuit Court for Baltimore County. On February 27, 2013, Manas

¹ (...continued)

3. Did the Circuit Court err by not examining the specific facts presented by this case and the contract therein, and then holding a hearing to determine if that contract was of such nature, and contained such terms, that counsel fees and/or interest should have been included in the amount in controversy calculation?

filed a motion to dismiss for improper venue. Rather than dismissing the case, on September 23, 2013, the Circuit Court for Baltimore County transferred the case to the Circuit Court for Howard County.

On December 23, 2012, Time Payment filed a motion to remand the case to the District Court of Maryland for Howard County, asserting that because the amount in controversy did not exceed \$15,000, jurisdiction never vested in the circuit court. Manas filed an opposition on January 9, 2014, asserting that Time Payment's request for interest and attorney's fees should be included in the determination of whether the amount in controversy exceeded the jurisdictional requirement. Manas argued that the "total damages sought easily exceed \$15,000," if the court included the interest and attorney's fees sought in determining the amount in controversy.

The circuit court granted Time Payment's motion to remand in an order dated February 5, 2014. The circuit court found "that the amount in controversy is less than \$15,000.00, and does not include the request for an award of counsel fees and interest, and is less than the jurisdictional minimum for a jury trial pursuant to Article 5 of the Maryland Declaration of Rights." The circuit court further ordered that the "case be remanded to the District Court of Maryland for Howard County for further proceedings." Manas filed a motion for reconsideration, which was denied by the circuit court.

This appeal followed.²

DISCUSSION

Manas contends that the circuit court erred by remanding the case to the District Court. As we shall explain, our analysis of the applicable authority leads us to conclude that the trial court properly concluded that it did not have jurisdiction to hear the case.³

Section 1-501 of the Courts and Judicial Proceedings Article provides the following:

The circuit courts are the highest common-law and equity courts of record exercising original jurisdiction within the State. Each has full common-law and equity powers and jurisdiction in all civil and criminal cases within its county, and all the additional powers and jurisdiction conferred by the Constitution and by law, except where by law jurisdiction has been limited or conferred exclusively upon another tribunal.

Md. Code (1974, 2013 Repl. Vol.), § 1-501 of the Courts and Judicial Proceedings Article (“CJP”). Section 4-401 of the Courts and Judicial Proceedings Article confers jurisdiction to the District Court, providing that “the District Court has exclusive original civil jurisdiction in . . . [a]n action in contract or tort, if the debt or damages claimed do not exceed \$30,000, exclusive of prejudgment or postjudgment interest, costs, and attorney's fees if

² The appellee, Time Payment Corporation, did not file a brief with this Court in this appeal.

³ A circuit court order transferring a case to the District Court is an appealable final judgment because it terminates a party’s ability to litigate in the circuit court. *McDermott v. BB&T Bankcard Corp.*, 185 Md. App. 156, 163-64 (citing *Ferrell v. Benson*, 352 Md. 2, 5 (1998)).

attorney's fees are recoverable by law or contract.” Cases tried in the District Court are tried without a jury. *McDermott v. BB&T Bankcard Corp.*, 185 Md. App. 156, 165 (2009).

In certain cases that fall within the exclusive jurisdiction of the District Court, however, civil litigants have the right to demand a jury trial. Article 23 of the Maryland Declaration of Rights provides that “[t]he right of trial by Jury of all issues of fact in civil proceedings in the several Courts of Law in this State, where the amount in controversy exceeds the sum of \$15,000, shall be inviolably preserved.” Furthermore, Article 5 of the Maryland Declaration of Rights provides, in relevant part, that “[l]egislation may be enacted that limits the right to trial by jury in civil proceedings to those proceedings in which the amount in controversy exceeds \$15,000.”

The General Assembly has made clear that there is no right to a jury trial for civil claims in the District Court that do not exceed \$15,000. Section 4-402(e) of the Courts and Judicial Proceedings Article provides, in relevant part:

In a civil action in which the amount in controversy does not exceed \$15,000, **exclusive of attorney’s fees if attorney’s fees are recoverable by law or contract**, a party may not demand a jury trial pursuant to the Maryland Rules.

(Emphasis added.)

The complaint in this case sought \$14,712.54, exclusive of attorney’s fees, interest, and costs. Section 4-402(e) of the Courts and Judicial Proceedings Article is clear that attorney’s fees are **not** included when determining whether the amount in controversy meets

the \$15,000 threshold that would entitle Manas to a jury trial in circuit court. *See* CJP § 4-402(e). Furthermore, as discussed, *supra*, section 4-401 of the Courts and Judicial Proceedings Article makes clear that the District Court has exclusive original civil jurisdiction in “[a]n action in contract or tort, if the debt or damages claimed do not exceed \$30,000, **exclusive of prejudgment or postjudgment interest, costs, and attorney's fees** if attorney's fees are recoverable by law or contract.” (Emphasis added.)

The Court of Appeals has explained that “the *claims* of the parties, for money damages or for the right to possession, determine the amount in controversy.” *Carroll v. Hous. Opportunities Comm’n*, 306 Md. 515, 523 (1986) (emphasis in original). We recognize, however, that although CJP § 4-402(e) expressly excludes attorney’s fees from the amount in controversy calculation, it is silent as to whether interest and costs are included, and we are unaware of any Maryland cases addressing this specific issue.

The Court of Appeals has noted that federal cases interpreting the amount in controversy standard are useful in the absence of Maryland authority:

When we expand beyond our decisions in a search for guidance in the application of “amount in controversy” to the facts presented here, we look to the federal cases. Beginning with the Judiciary Act of 1789, Ch. 20, s 11, 1 Stat. 78, diversity and general federal question jurisdiction has been qualified by a monetary minimum limitation, initially expressed in terms of the “matter in dispute” and, since the Act of March 3, 1911, Ch. 231, s 24, 36 Stat. 1091, in terms of “matter in controversy.” A large body of decisional law has been developed in the federal courts interpreting the federal standard, which, while not binding, is a logical reference.

Pollokoff v. Maryland Nat. Bank, 288 Md. 485, 491 (1980). *See also Carroll, supra*, 306 Md. at 523 (1986) (explaining that federal cases regarding the amount in controversy standard “should be regarded as highly persuasive”).

Under federal law, it is clear that “interest must be excluded when determining the amount in controversy.” *Mace v. Domash*, 550 F. Supp. 2d 101, 105 (D.D.C. 2008) (citing 28 U.S.C. § 1332(b)). The United States District Court for the District of Columbia explained:

Under this rule, interest that accrues solely due to a party’s delay in paying the principal does not count towards the amount in controversy. *Principal Mut. Life Ins. Co. v. Juntunen*, 838 F.2d 942, 943 (7th Cir.1988); *Regan v. Marshall*, 309 F.2d 677, 678 (1st Cir.1962). However, when interest is an “essential ingredient of the principal claim,” then interest is counted towards the amount in controversy.

Mace, supra, 550 F. Supp. 2d at 105.⁴

⁴ In *Grunblatt v. UnumProvident Corp.*, 270 F. Supp. 2d 347 (E.D.N.Y. 2003), the United States District Court for the Eastern District of New York presented various examples of situations in which the interest would be considered an essential ingredient of the principal claim and therefore count towards the amount in controversy:

[I]nterest is nonetheless included when it is an essential ingredient of the principal claim. *See Brown v. Webster*, 156 U.S. 328, 330, 15 S.Ct. 377, 39 L.Ed. 440 (1895) (holding that interest claimed by the plaintiff was properly calculated in the amount in controversy where the interest is a “principal demand” rather than an “accessory demand”); *Transaero, Inc. v. La Fuerza Area Boliviana*, 24 F.3d 457, 461 (2d Cir.1994) (“[W]here . . . interest is owed as part of an underlying

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We find the reasoning of the United States District Court for the District of Columbia in *Mace* persuasive. Moreover, adopting the standard set forth in *Mace* for determining the amount of controversy leads to a consistent reading of sections 4-401 (setting forth District Court jurisdiction based on debt or damages claimed “exclusive of prejudgment or postjudgment interest, costs, and attorney's fees”) and 4-402(e) (providing that a party has no right to a jury trial when “the amount in controversy does not exceed \$15,000, exclusive of attorney’s fees if attorney’s fees are recoverable by law or contract”) of the Courts and Judicial Proceedings Article. See *Polakoff, supra*, 288 Md. at 491 (explaining that, when considering “the critical ‘amount in controversy’ language” in two different sections of the Courts and Judicial Proceedings Article, “nothing in the statutory language, legislative history, or any principle of statutory construction of which we are aware, justifies giving this same wording two different meanings.”) (quoting *Purvis v. Forrest St. Apartments*, 286 Md. 398, 404 (1979)). Accordingly, we hold that when determining the “amount in controversy,” interest that accrues solely due to a party's delay in paying the principal, costs, and attorney’s fees are excluded.

⁴ (...continued)

contractual obligation, unpaid interest becomes part of the principal for jurisdictional purposes.”)[.]

Id. at 349.

In the present case, the interest sought is not an essential ingredient of the claim. Rather, Time Payment asserted in its complaint that it is owed interest due to Manas's failure to make any payment after September 13, 2011. This claim of interest accrued solely due to Manas's alleged failure to make lease payments as required. As we have explained, costs and attorney's fees are not considered when determining the amount in controversy. Accordingly, we hold that the circuit court properly concluded that it did not have jurisdiction to hear this case because the amount in controversy -- \$14,712.54 -- was below the \$15,000 jurisdictional threshold.

**JUDGMENT OF THE CIRCUIT COURT FOR
HOWARD COUNTY AFFIRMED. COSTS TO BE
PAID BY APPELLANT.**