IN THE SUPERIOR COURT OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

Robert C. Villare, M.D.,)
Plaintiff,)
V.)
Beebe Medical Center, Inc.,)
Defendant.)

C.A. No. 08C-10-189 JRJ

Date Submitted: February 7, 2013 Date Decided: May 21, 2013

OPINION

Upon Consideration of Defendant's Motion for Summary Judgment on the Grounds of Res Judicata: **DENIED IN PART** and **GRANTED IN PART**

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Jurden, J

I. INTRODUCTION

Before the Court is Defendant's Motion for Summary Judgment pursuant to Rule 56(b). Defendant argues that Plaintiff's action is barred by the doctrines of *res judicata* and collateral estoppel. For the reasons set forth below, Defendant's Motion for Summary Judgment is **DENIED IN PART** and **GRANTED IN PART**.

II. BACKGROUND

A. The 2005 Trauma Complaint

In 1999, Robert C. Villare, M.D. ("Villare") was appointed to the medical staff of Beebe Medical Center, Inc. ("Beebe") with clinical privileges in surgery.¹ Villare was required to renew his privileges at Beebe biennially (this process is sometimes referred to as "credentialing").² On February 19, 2001, Villare entered into an On-Call Trauma Services Contract with Beebe (the "Trauma Contract"), which was terminated on October 2, 2002.³

On October 4, 2005, Villare filed a complaint (the "Trauma Complaint") against Beebe seeking damages for breach of the Trauma Contract.⁴ In the Trauma

¹ Complaint ¶ 10, *Villare v. Beebe Med. Ctr., Inc.*, No. 08C-10-189 JRJ (Del. Super. Oct. 20, 2008) (Trans. ID 22038299) [hereinafter Complaint].

² *Id.* ¶ 11; *see also* Defendant Beebe Medical Center, Inc.'s Reply Memorandum in Further Support of a Dismissal of the Action on *Res Judicata* Grounds at 3, *Villare v. Beebe Med. Ctr., Inc.*, No. 08C-10-189 JRJ (Del. Super. Feb. 7, 2013) (Trans. ID 49391152) [hereinafter Reply].

³ Reply at Exhibit A, ¶ 4, 5 [hereinafter Trauma Complaint].

⁴ See generally id.; see also Reply at 3 and Plaintiff's Memorandum in Support of Their Contention that This Case Is Not Barred by the Doctrine of *Res Judicata* at 1, *Villare v. Beebe Med. Ctr., Inc.*, No. 08C-10-189 JRJ (Del. Super. Dec. 4, 2013) (Trans. ID 48154525) [hereinafter Memo]. The 2005 lawsuit (C.A. No. 05C-10-023-CLS) is hereinafter referred to as the "Trauma Case."

Complaint, Villare alleged that Beebe wrongfully terminated the Trauma Contract without cause and without providing Villare sufficient time to rectify any violations of that contract.⁵ In the Trauma case, Villare alleged that that breach caused him to suffer loss of income under the Trauma Contract, loss of additional income from continued trauma service responsibilities, and loss of future income from the loss of patient referrals.⁶ After an unsuccessful credentialing process, Villare's privileges expired on November 1, 2005.⁷ The propriety of that credentialing process is at issue in the instant case (the "Credentialing Claim").⁸

On March 11, 2008, Beebe moved for summary judgment in the Trauma Case, arguing that: (1) Villare's Trauma Contract was properly terminated for cause, (2) Villare had sufficient notice for Beebe to have terminated his Trauma Contract without cause, and (3) the Court should grant summary judgment on the issue of damages.⁹ The Court denied summary judgment on the issues of termination for cause and sufficient notice, but granted summary judgment in part on damages.¹⁰

In the Trauma Opinion, the Court explained that Villare "assert[ed] damages based upon . . . (5) the drop in procedure volume which proximately led to his

⁵ See Trauma Complaint.

 $^{^{6}}$ *Id.* at ¶¶ 5-7.

⁷ Complaint at ¶36. Villare's request for renewal of privileges was officially denied on October 24, 2005, twenty days after Villare filed the Trauma Complaint. Complaint ¶ 32-33.

⁸ See generally Complaint.

⁹ Reply at Exhibit E [hereinafter Trauma Opinion].

¹⁰ *Id.* at 19.

failure to be reappointed to staff at Beebe Medical Center."¹¹ By deposition, Villare testified in the Trauma Case that he understood his damages claim included the fact that he was "paid for [his] services to be part of the trauma service and ... given credentials and privileges to perform trauma services at Beebe ... as part of this process."¹² Villare continued:

And I'd say, finally, there's one more ramification of this *that's* directly tied into my damages in this case as I see it, and that's, my volume dropped as the years went by right after being taken off trauma service and emergency room service. And with the volume of surgeries down, Beebe Hospital subsequently said that they didn't know how to evaluate my skills and competency and it was their impression it was because I wasn't doing enough surgery. Well, they're the ones that cut off my ability to do more cases and to interact with more physicians at that hospital. And they subsequently failed to reappoint me to the staff, so that pretty much . . . ruined my practice and potential for income and real income.¹³

Although Villare never alleged the specific aspect of his damages highlighted above in the Trauma Complaint, the Court granted summary judgment in favor of Beebe on that issue, finding that Villare had "not provided the Court with information on a measure of damages for this claim."¹⁴

¹¹ *Id.* at 13.

¹² *Id.* at Exhibit C, p. 9:4-12 [hereinafter Deposition].
¹³ *Id.* at 11:22-21:1. (emphasis added).

¹⁴ Trauma Opinion at 18-19. Although the Trauma Opinion labeled the category of damages as "Failure to be Reappointed," the true damages encompassed under this heading were in fact the loss of production itself, not the failure to be reappointed.

B. The 2008 Credentialing Complaint

On October 20, 2008, Villare filed the instant Credentialing Claim against Beebe and others for failure to renew his privileges.¹⁵ In the Credentialing Complaint, Villare alleges that Beebe breached its contractual appointment policy (the "Appointment Policy"), as well as its duty of good faith and fair dealing, which led to the expiration of Villare's privileges, and that, in turn, interfered with his practice.¹⁶

On October 8, 2012, Beebe filed a "Renewed Motion for Summary Judgment Based on Damages," arguing that "quasi-estoppel" should preclude Villare from seeking damages already asserted by him in the Trauma Case. ¹⁷ On October 16, 2012, the Court held a pre-trial conference on Villare's sole remaining claim against Beebe for breach of contract.¹⁸ The Court requested supplemental briefing on Beebe's quasi-estoppel and *res judicata* arguments.¹⁹ Briefing is complete and this matter is now ripe for decision.

¹⁵ See generally *id.*; see also Reply at 6 and Memo at 3. In the Credentialing Complaint, Villare initially sued Beebe, "Cape Surgical Associates, PA", "Eric Stancofski", "Southern Delaware Surgery Center", "James Spellman, MD" and "Spellman LLC." See Order, Stipulation and Proposed Order of Damages, Trans. 45941553 (Aug. 16, 2012). The Court previously dismissed Counts II-VIII and thus, Beebe is the only remaining defendant. ¹⁶ *Id.* ¶¶ 54-101.

 ¹⁷ Defendant Beebe Medical Center's Renewed Motion for Summary Judgment Based on Damages, *Villare v. Beebe Med. Ctr., Inc.*, No. 08C-10-189 JRJ (Del. Super. Oct. 8, 2012) (Trans. ID 46844232), ¶ 6.
 ¹⁸ Reply at 2.

 $^{^{19}}$ Id.

III. THE PARTIES' CONTENTIONS

Beebe argues that the Credentialing Claim is barred by the doctrine of *res judicata* because it litigates the same or similar causes of action as the Trauma Case.²⁰ Beebe further contends that the Credentialing Claim is barred by the doctrine of collateral estoppel because the Credentialing Claim litigates the same factual issues as the Trauma Case.²¹ Villare disputes the application of *res judicata* or collateral estoppel to the Credentialing Claim. Simply put, Villare argues that the Credentialing Case is a different cause of action and a different contractual breach than that in the Trauma Case. Villare maintains that the Trauma Case was not fully litigated to the point of creating a "coherent disposition" of the controversy, and that the Credentialing Claim had not accrued at the time the Trauma Case was filed.²²

IV. STANDARD OF REVIEW

A motion for summary judgment requires the Court to determine whether genuine issues of material fact remain for trial.²³ The Court must grant a motion

²⁰ *Id.* at 6-7.

²¹ *Id*.

²² Memo at 3-4. On October 22, 2008 (two days after the filing of the Credentialing Claim), the Superior Court dismissed the Trauma Case with prejudice. *See also* Memo at Exhibit F. After dismissal of the Trauma Complaint, Villare moved to amend the dismissal order, which was "with prejudice," to a dismissal "for lack of prosecution." Villare's motion was denied. *See* Order, *Villare v. Beebe Med. Ctr., Inc.*, No. 05C-10-023 CLS (Del. Super. Jan. 18, 2013) (Trans. ID 49012672). In that motion, Villare "acknowledge[d] that the Trauma Case was not prosecuted with diligence and should be dismissed pursuant to the provisions of Superior Court Rule 41(e)." Plaintiff's Motion Under Superior Court Civil Rule 60(a) and (b) to Amend the Order Entered by This Court on October 22, 2008 ¶ 12, *Villare v. Beebe Med. Ctr., Inc.*, No. 05C-10-023 CLS (Del. Super. Dec. 4, 2012) (Trans. ID 48154040).

²³ Oliver B. Cannon & Sons, Inc. v. Dorr-Oliver, Inc., 312 A.2d 322, 325 (Del. Super. 1973).

for summary judgment in favor of the moving party if the pleadings, depositions, and affidavits "show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law."²⁴ The moving party bears the initial burden of showing that there are no genuine issues as to any material fact.²⁵ In applying this standard, the court must view the facts in the light most favorable to the non-moving party.²⁶ Summary judgment is appropriate if, after viewing the facts in the light most favorable to the non-moving party.²⁶ Summary judgment is appropriate if, after viewing the facts in dispute, or the moving party is entitled to judgment as a matter of law.²⁷ However, if the record reveals that "material facts are in dispute, or if the factual record has not been developed thoroughly enough to allow the Court to apply the law to the factual record, then summary judgment will not be granted."²⁸

V. DISCUSSION

A. Introduction

Collateral estoppel bars a party from relitigating a factual issue that was previously litigated, while *res judicata* bars suit involving the same parties based

²⁴ Del. Super. Ct. Civ. R. 56(c).

²⁵ *Moore v. Sizemore*, 405 A.2d 679, 680 (Del. 1979), citing *Ebersole v. Lowengrub*, 180 A.2d 467 (Del. 1962).

²⁶ *Id.* at 680, citing *Matas v. Green*, 171 A.2d 916 (Del. Super. 1961).

²⁷ Storm v. NSL Rockland Place, LLC, 898 A.2d 874, 879-80 (Del. Super. 2005).

²⁸ In re Asbestos Litigation, 2007 WL 2410879, at *2 (citing Ebersole v. Lowengrub, 180 A.2d 467, 470 (Del. 1962)).

upon the same or similar cause of action.²⁹ *Res judicata* "serves to prevent a multiplicity of needless litigation of issues by limiting parties to one fair trial of an issue or cause of action."³⁰ Under the doctrine of collateral estoppel, "a judgment in one cause of action is conclusive in a subsequent and different cause of action as to a question of fact actually litigated by the parties and determined in the first action."³¹ While both principles conserve judicial resources and prevent frivolous reargument of final decisions in an effort to promote the stability and definite finality of judicial decrees, they apply in different circumstances.³² *Res judicata* applies to a total cause of action or method of recovery. Collateral estoppel applies more narrowly and will preclude a specific issue that has already been decided previously. It is therefore possible for *res judicata* to be inapplicable, but for collateral estoppel to prevent a specific issue from being raised again.

B. Res Judicata

Under Delaware law, the doctrine of *res judicata* will bar a claim if the following five elements are satisfied:

(1) the court making the prior adjudication had jurisdiction, (2) the parties in the present action are either the same parties or in privity with the parties from the prior adjudication, (3) the cause of action must be the same in both cases or the issues decided in the prior action must be the same as those raised in the present case, (4) the issues in

²⁹ Columbia Casualty. Co. v. Playtex FP, Inc., 584 A.2d 1214, 1216 n.4 (Del. 1991).

³⁰ Taylor v. Desmond, 1990 WL 18366 at *2 (Del. Super. Jan. 25, 1990) aff'd, 582 A.2d 936 (Del. 1990).

³¹ E.B.R. Corp. v. PSL Air Lease Corp., 313 A.2d 893, 984 (Del. 1973). See also Maldonado v. Flynn, 417 A.2d 378, 381 (Del. 1980) "The doctrine permits a litigant to press his claims but once, and requires him to be bound by the determination of the forum he has chosen, so that he "may have one day in court but not two." ³² Maldonado, 417 A.2d et 381

³² *Maldonado*, 417 A.2d at 381.

the prior action must be decided adversely to the plaintiff's contentions in the instant case, and (5) the prior adjudication must be final.³³

In the case *sub judice*, jurisdiction is undisputed, the parties are identical, and both the Summary Judgment and the Dismissal in the Trauma Case were final and decided adversely to Villare's contentions in the instant case. The question to be decided then is whether: (1) the Trauma Case and the Credentialing Claim are the same cause of action or arise from a common nucleus of operative facts, or (2) the theory of damages rejected in the Trauma Case Summary Judgment is the same as that presented in the Credentialing Claim.

1. Whether the Trauma Case and the Credentialing Claim are the same cause of action or arise from a common nucleus of operative facts

Res judicata gives rise to the rule against claim splitting, in that "a single wrong gives rise to but one cause of action."³⁴ Multiple claims are deemed to be the same cause of action if both arise either from the same transaction or from a "common nucleus of operative facts."³⁵ The determination of whether to apply *res judicata* is based on the underlying transaction, not the type of relief sought or substantive legal theories.³⁶ In making this determination, Delaware courts apply the transactional approach to define a claim.³⁷ Simply put, if the action arises from

³³ Bailey v. City of Wilmington, 766 A.2d 477, 481 (Del. 2001) (internal citations omitted).

³⁴ *Mells v. Billops*, 482 A.2d 759, 760 (Del. Super. July 6, 1984).; *see also Wealth v. Renal*, 114 A.2d 807, 809 (Del. Super. Feb. 18, 1955).

³⁵ See DeRamus v. Redman, 1986 WL 13089, at *5 (Del. Super. Nov. 14, 1986).

³⁶ Maldonado at 381.

³⁷ See generally DeRamus.

the same transaction or series of connected transactions, it will be barred as a matter of law.³⁸ Under this approach, the Court must "giv[e] weight to such considerations as whether the facts are related in time, space, origin, or motivation, whether they form a convenient trial unit, and whether their treatment as a unit conforms to the parties' expectations or business understanding or usage" in order to determine if cases do in fact arise from the same or similar transaction.³⁹ No one factor is determinative, though the relevance of trial convenience and a substantial overlap in witnesses or evidence necessary to the second action from the first action could point to preclusion.⁴⁰

In the Trauma Case, Villare alleged that Beebe wrongfully terminated the Trauma Contract in 2002. There, the underlying facts involved a three-year accumulation (from 1999-2001) of "variant reports" against Villare, documenting Villare's various violations of the Trauma Contract.⁴¹ In the Credentialing Claim, Villare alleges breaches of the Application Policy in 2005. Here, the underlying facts involve alleged procedural breaches in the credentialing process during the summer and fall of 2005. The Trauma Complaint was filed a few weeks before Villare's failed recredentialing. At the time of that filing, the basic cause of action

³⁸ *Id.* at *5.

³⁹ Id.

⁴⁰ Id.

⁴¹ Plaintiff, Robert Villare, M.D.'s Response to Defendant Beebe Medical Center's Motion for Summary Judgment, *Villare v. Beebe Med. Ctr., Inc.*, No. 05C-10-023 CLS (Del. Super. Nov. 30, 2007) (Trans ID 17489484) [hereinafter Trauma Brief].

which underlies the entire Credentialing Claim (that Beebe violated its duty of good faith and appointment policies) had not yet accrued. The Court has never adjudicated a final disposition as to the propriety of the credentialing process that underlies the Credentialing Claim.⁴²

The Trauma Case and the Credentialing Claim are not the same cause of action, because they do not arise from the same transaction.⁴³ They do not arise from a common nucleus of operative facts. These two actions are based upon alleged violations of separate contractual obligations. The lawsuits themselves were brought three years apart and the alleged contractual violations occurred three years apart. The Trauma Complaint was filed before Villare lost his privileges. Neither suit mentions or relies upon the contractual breaches alleged in the other. The Credentialing Claim contains only a passing reference to the filing of the Trauma Complaint.⁴⁴ The Trauma Case makes no mention of the Application Policy, other than a postulated, causal connection between the termination of the Trauma Contract and the expiration of Villare's privileges made by Villare in a deposition – a theory of damages that was rejected by this Court.⁴⁵

For these reasons, there is no evidence to support the conclusion that, as a matter of law, the Trauma Case and the Credentialing Claim are sufficiently related

⁴² Memo at 4-5.

⁴³ See Restatement (Second) Judgments §24, see also DeRamus at *5.

⁴⁴ Complaint ¶ 32.

⁴⁵See Deposition 11:22-12:6. In a total deposition of 225 pages, less than one page was spent on this topic.

in time, space, origin, or motivation. Nor is there any evidence as a matter of law to support that their treatment as a unit is relevantly convenient or expected.

2. Whether the rejected theory of damages in the Trauma Case is the same as that presented in the Credentialing Claim

Although the proposed theories of damages in the two cases appear similar, the Credentialing Claim is premised on a different theory than the one rejected in the Trauma Case. In the Trauma Case, the damages related to the "loss of pay" and "drop in procedure volume," not the ultimate "failure to be reappointed to staff at Beebe Medical Center."⁴⁶

In the Trauma Case, although Villare opined in his deposition that he believed his privileges were not renewed because of the drop in patients that resulted from the termination of the Trauma Contract,⁴⁷ he did not plead this in the Trauma Complaint,⁴⁸ nor did he argue this in his summary judgment brief.⁴⁹ And, in its 2007 Motion for Summary Judgment in the Trauma Case, Beebe did not address Villare's "failure to be reappointed" as an element of his damages.⁵⁰

⁴⁶ Trauma Opinion p. 13.

⁴⁷ Deposition 11:5-23.

⁴⁸ See Trauma Complaint.

⁴⁹ See Trauma Brief.

⁵⁰See Defendant Beebe Medical Center, Inc.'s Second Revised Motion for Summary Judgment, *Villare v. Beebe Medical Center, Inc.*, C.A. No. 05C-10-023 (CLS), Nov. 15 2007. ¶18. "At deposition, Villare testified that he believes he is entitled to four distinct damage calculations."

Despite this, it appears that the trial court, in essence, considered Villare's testimony on this point as an amendment to the pleadings (thereby including Villare's "failure to be reappointed" as an element of his damages) when it held that Villare failed to provide sufficient information to support his theory that "the drop in procedure volume . . . proximately led to his failure to be reappointed to staff at Beebe."⁵¹

The Credentialing Claim is premised on Villare's contention that "Beebe breached its contract with Villare, as well as its duty of good faith and fair dealing owed to Villare under Beebe's bylaws, including the Appointment Policy."⁵² Villare contends in this case that the unfair credentialing process was the reason he was not credentialed, not the facts giving rise to the Trauma Claim.⁵³ Nowhere in the instant complaint does Villare allege that the expiration of his privileges was in any way related to, or the result of, the termination of the Trauma Contract. Nowhere in the instant complaint does Villare allege, as he did in the Trauma Complaint, that his privileges were not renewed because of the drop in patients that resulted from the termination of the Trauma Complaint is devoid of reference to the Appointment Policy, the mechanics of the credentialing

⁵¹ Trauma Opinion at 13. It is clear that the trial judge reviewed and considered Villare's deposition because he quoted Villare's testimony on this point and referred to "the drop in procedure volume, which proximately led to his failure to be reappointed to staff at Beebe."

⁵² Credentialing Complaint at 17.

⁵³ *Id.* at 14-17.

process, or actionable behavior on the part of Beebe relating thereto – the totality of which forms the basis of Villare's damages under the Credentialing Claim.⁵⁴

For these reasons, as a matter of law, the theory of damages in the Credentialing Claim is not the same as that rejected (on Summary Judgment) by the Court in the Trauma Case. Consequently, the Credentialing Claim is not barred by *res judicata*.

C. Collateral Estoppel

Under Delaware law, the doctrine of collateral estoppel will bar a claim if the following four elements are satisfied:

(1) The issue previously decided is identical with the one presented in the action in question, (2) the prior action has been finally adjudicated on the merits, (3) the party against whom the doctrine is invoked was a party or in privity with a party to the prior adjudication, and (4) the party against whom the doctrine is raised had a full and fair opportunity to litigate the issue in the prior action.⁵⁵

As discussed above, the Trauma Case and the Credentialing Claim are two

separate causes of action, not arising from a common nucleus of operative facts, and each decides separate issues of law. Specifically, the Credentialing Claim alleges violations of the Appointment Policy and the credentialing process. These issues and the facts surrounding them were not raised in the Trauma Case. For

⁵⁴ See generally id. If the Trauma Complaint had in fact alleged this conduct, which underlies the current Credentialing Claim, the current case would most certainly be barred by res judicata.

⁵⁵ The Reserves Dev. Corp. v. Esham, 2009 WL 3765497, at *7 (Del. Super. Nov. 10, 2009), citing Betts v. Townsends, Inc., 756 A.2d 531, 535 (Del. 2000) (quoting State v. Machin, 642 A.2d 1235, 1239 (Del. Super. 1993)).

these reasons, the Credentialing Claim is not barred by the doctrine of collateral estoppel.⁵⁶

However, collateral estoppel will apply to any mention of the Trauma Contract, Trauma Case or Trauma Complaint. The Trauma Case was adjudicated to a final disposition and the parties involved in both cases are identical. The damages pertaining to the Trauma Case were dismissed through summary judgment and that decision was not appealed nor was a motion for reargument filed. Villare had a full and fair opportunity to litigate the damage aspect of the Trauma Case but chose not to present evidence (other than a brief mention in his deposition). Villare is therefore collaterally estopped from alleging in this case that the termination of his Trauma Contract led to his failure to be reappointed.⁵⁷

VI. Conclusion

Because the Trauma Case and the Credentialing Case are separate causes of action and do not arise from a common nucleus of operative facts, and further because Villare does not seek damages here under the theory asserted in the Trauma Case, the Credentialing Claim itself is not barred by the doctrines of *res judicata* or collateral estoppel. However, Villare is collaterally estopped in this case from causally connecting the outcome of the credentialing process with the

⁵⁶ See Betts, 756 A.2d at 535. "Because we believe that the issue before the Board at the second hearing was not identical to the issue adjudicated at the first hearing, we conclude that collateral estoppel does not apply."

⁵⁷ The alleged damages stemming from the loss of production after the termination of the Trauma Contract were adjudicated in the Trauma Case, and will be conclusive in subsequent causes of action, such as the case *sub judice*.

termination of his Trauma Contract. Beebe's Motion for Summary Judgment is, therefore, **DENIED IN PART** and **GRANTED IN PART**.

IT IS SO ORDERED.

Jan R. Jurden, Judge

cc: Prothonotary

Therefore, if, for example, Villare attempts at trial to relate the termination of the Trauma Contract to the Credentialing Claim he would be collaterally estopped from doing so.