

How Continuing Jurisdiction Affects the Parties in Disputes Involving Commercial Leases

The Fourth Appellate District may have precluded trial courts from retaining jurisdiction of disputes involving long-term commercial leases. *Stump's Market, Inc. v. Plaza De Santa Fe Limited*, filed on January 11, 2013, concerned a dispute between a commercial tenant and their landlord. Stump's Market leased and operated a grocery store from Plaza. After several disputes concerning the calculation of rent, the existence of an option to extend the lease until 2029 and the payment of repairs to the parking garage in the shopping center could not be resolved informally, Stump's Market decided to sue Plaza for declaratory relief and Plaza filed a cross-complaint for ejectment.

At trial, the jury found in favor of Stump's Market on most of its contentions and the trial court ordered specific performance of the lease including Stump's Market's right to extend the lease until 2029, and reserved its "jurisdiction to make further orders, including injunctions, if necessary in the future to effectuate and enforce the Court's judgment." In other words, the court decided to keep the case on its docket for up to an additional 17 years.

On appeal, the court of appeal disagreed with the trial court's exercise of continuing jurisdiction. In a partially published opinion, the court of appeal cited specific examples of when continuing jurisdiction is appropriate from prior cases, such as where there is a need to calculate damages in the future, where water rights are concerned and in marital dissolution cases where the court must dispose of a former family residence.

What does this mean for future cases involving long-term commercial leases? On the one hand, this decision may be welcome by lessors and lessees who would prefer that the courts not micromanage their business disputes. Commercial tenants who have invested large sums of money to establish themselves on their landlords' property may want to try and work out issues informally instead of having to be forced to go to court and rely on a judge to decide their disputes.

On the other hand, some parties may prefer to have a case monitored and handled by a particular judge who is already familiar with their issues. Some judges have more experience with cases involving a particular area of law than others. In addition, having a single judge retain jurisdiction of a lawsuit eliminates the need to have to re-brief the facts and issues to a new judge every time a new dispute arises from essentially the same set of circumstances.

There is no one-size-fits-all answer to the question of whether it makes sense to ask a court to exercise continuing jurisdiction over a commercial dispute. In a vast majority of

cases, the court's jurisdiction ends when it has entered judgment in a case. As with other aspects of business litigation, there are circumstances where the exercise of continuing jurisdictions furthers a client's business and strategic goals.

If you have any questions or comments, I would be delighted to hear from you.

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