

*This opinion is nonprecedential except as provided by
Minn. R. Civ. App. P. 136.01, subd. 1(c).*

**STATE OF MINNESOTA
IN COURT OF APPEALS
A23-1428**

Peggy Flaig, et al.,
Appellants,

vs.

Civil Society,
Respondent.

**Filed December 23, 2024
Affirmed
Jesson, Judge***

Ramsey County District Court
File No. 62-CV-23-77

Timothy J. Shields, Shields Legal Services, P.A., Edina, Minnesota (for appellants)

Chad A. Snyder, Michael H. Frasier, Rubric Legal, LLC, Minneapolis, Minnesota (for respondent)

Considered and decided by Bjorkman, Presiding Judge; Wheelock, Judge; and
Jesson, Judge.

NONPRECEDENTIAL OPINION

JESSON, Judge

This appeal centers on the interpretation of the contracts governing appellants Peggy Flaig's and Timothy Shields's employment with respondent Civil Society. The contracts

* Retired judge of the Minnesota Court of Appeals, serving by appointment pursuant to Minn. Const. art. VI, § 10.

establish a termination date of September 30, 2022. Yet Flaig and Shields, both attorneys, continued to work on behalf of their clients past that date and relying on language in the contracts, seek damages from their former employer, Civil Society. The district court granted Civil Society's motion for judgment on the pleadings. Flaig and Shields appeal. Because the district court correctly concluded that the plain language of the employment contracts does not allow recovery of post-termination wages or accrued but unpaid sick and vacation time, and because Flaig's and Shields's allegations do not support a claim for recovery in quantum meruit, we affirm.

FACTS

Civil Society hired Flaig and Shields to represent low-income clients "in a program designed to increase the availability of civil and crime victim legal assistance programs" for adult and youth victims of sexual violence and assault at little to no cost to the victims.¹ Flaig and Shields joined Civil Society in 2019 and 2020, respectively, and each signed an employment contract that specified that the term of their employment would expire on September 30, 2022, unless terminated earlier by either party upon 30 days' prior written notice.

The dispute in this case arose in August 2022, when Civil Society's board announced the organization would be dissolving and that the attorneys would no longer be employed following September 30, 2022 (the termination date listed in their contracts).

¹ The facts are as set out in Flaig's and Shields's complaint, which we take as true and construe in their favor as the non-moving parties. *Zutz v. Nelson*, 788 N.W.2d 58, 61 (Minn. 2010).

But Flaig and Shields each continued, after September 30, to dedicate hundreds of hours to clients unable to pay them. Neither has been compensated by Civil Society for this work. In part, their continued representation has been in reliance on a provision in their employment contracts, which they interpreted to guarantee hourly payment of \$20.38 in the event their contracts were terminated but they were still representing clients previously assigned to them by Civil Society. Further, Flaig and Shields believed that the Minnesota Rules of Professional Conduct prevented their withdrawal of representation. Unrelated to their continued work on behalf of clients, Flaig and Shields also allege that they are owed compensation for accrued vacation and sick time.

Flaig and Shields initiated this lawsuit on October 3, 2022, several days after the termination date set out in their contracts. Civil Society moved for judgment on the pleadings pursuant to Minnesota Rules of Civil Procedure 12.03, arguing that no contract existed at the time the complaint was filed, and that Civil Society could not be in breach of a contract that was no longer in effect.

The district court granted Civil Society’s motion in July 2023 because “[t]he unambiguous terms of each contract articulate a termination date of September 30, 2022. . . . To hold otherwise would deprive the contract termination date of its natural meaning.” In its order, the district court further concluded that no contractual language entitled Flaig and Shields to accrued paid sick or vacation leave.²

² The district court first considered the motion under the rule 12.02(e) motion to dismiss standard, despite its designation as a motion for judgment on the pleadings under rule 12.03. *See* Minn. Stat. § 12.02(e) (2022); Minn. Stat. § 12.03 (2022). In February 2024, the district court acknowledged its error but reaffirmed its decision under both a rule 12

This appeal follows.

DECISION

We review the district court’s grant of judgment on the pleadings de novo. *Harkins v. Grant Park Ass’n*, 972 N.W.2d 381, 385 (Minn. 2022). In our review, we consider “only the facts alleged in the complaint, accepting those facts as true and drawing all reasonable inferences in favor of the nonmoving party,” to determine whether a claim is legally sufficient. *Id.* (quotation omitted). “A claim is legally sufficient if it is possible on any evidence which might be produced . . . to grant the relief demanded.” *Id.* (quotation omitted). As a “copy of any written instrument which is an exhibit to a pleading is a part of the statement of claim or defense set forth in the pleading,” and, as copies of both Flaig’s and Shields’s employment contracts were attached to their complaint, we consider those as well. Minn. R. Civ. P. 10.03; *see also Hardin Cnty. Sav. Bank v. Housing and Redevelopment Auth. of Brainerd*, 821 N.W.2d 184, 192 (Minn. 2012). And we review the district court’s interpretation of the contracts de novo. *Burke v. Fine*, 608 N.W.2d 909, 911 (Minn. App. 2000), *rev. denied* (Minn. June 13, 2000).

Here, Flaig and Shields signed identical employment agreements, paragraph 2 of which provides as follows:

The term of this contract shall be from October 1, 2019 to September 30, 2022, unless terminated at an earlier date by either party or under requirements of grantor, without cause, upon 30 days prior written notice. Within such 30-day

and a rule 56 standard when it denied Flaig’s and Shields’s motion for reconsideration and dismissed their complaint in full, with prejudice. While our review is de novo under either approach, we choose to address the issues before us using the more liberal rule 12 standard. *Harkins*, 972 N.W.2d at 385.

termination period, the Attorney shall (i) at Civil Society's option, terminate or finalize all possible services; (ii) transfer to Civil Society all materials, manuscripts, supplies, work in progress, facilities, equipment, documents or memoranda produced or acquired by Attorney in connection with the performance of the services for which the Attorney is to be reimbursed hereunder, but not including Attorney work product or materials subject to Attorney and client privilege; and (iii) return to Civil Society all documents, records, data, papers, information and other property of any nature belonging to Civil Society which are in Attorney's possession or under its control. Civil Society can also terminate this contract immediately for cause as limited in the Civil Society Employee Manual. *If cases cannot be transferred to another Attorney because a Judge or Court refuses to release Attorney from the Attorney client relationship or the funding for this contract is ended, the relationship between Attorney and Civil Society will change to an hourly fee contract under which Attorney will be paid \$20.38/hour for the duration of the case.*

(emphasis added).

While the words of the contracts are undisputed, the interpretation of those terms lies at the heart of this lawsuit. When interpreting contractual language, we begin by asking whether the terms of a contract are plain. *Motorsports Racing Plus, Inc. v. Arctic Cat Sales, Inc.*, 666 N.W.2d 320, 323 (Minn. 2003). If so, they are attributed their ordinary meanings. *Id.* Plain meaning is not determined by reading phrases in isolation, but in the context of the contract in its entirety. *Republic Nat'l Life Ins. Co. v. Lorraine Realty Corp.*, 279 N.W.2d 349, 354 (Minn. 1979) ("Intent is ascertained, not by a process of dissection in which words or phrases are isolated from their context, but rather from . . . [the] contract as a whole." (quotation omitted)). But if the contract language is "susceptible to two or more reasonable interpretations," it is ambiguous. *Dykes v. Sukup Mfg. Co.*, 781 N.W.2d 578, 582 (Minn. 2010). If ambiguity exists, dismissal on a rule 12 motion is inappropriate,

as interpretation of ambiguous terms is a question of fact to be resolved by a fact-finder. *Harkins*, 972 N.W.2d 381 at 388.

Turning to the first sentence of paragraph 2, we discern clarity: unless employment is terminated earlier, the contract ends on September 30, 2022. Still, Flaig and Shields argue that ambiguity is introduced by the final clause, which states that if “the funding for this contract is ended, the relationship between Attorney and Civil Society will change to an hourly fee contract under which Attorney will be paid \$20.38/hour for the duration of the case.” We disagree.

Reading this paragraph as a whole, rather than as independent clauses, suggests that each provision following the sentence starting with “[w]ithin such 30-day termination period. . . .” is meant to be read *within the context of an early termination*. See *Republic Nat’l Life Ins. Co.*, 279 N.W.2d at 354. Both the requirement to attempt to withdraw from a case and the rights to an hourly fee are conditioned on the early termination provision and do not apply in the event the contract terminates naturally. Because there is no dispute that this contract did terminate naturally, and because Flaig and Shields presented no reasonable alternative interpretation of the termination date, the plain language of this paragraph fails to provide evidence sufficient to survive Civil Society’s motion for judgment on the pleadings.³

³ Flaig and Shields also urge us to reverse the district court because in considering the rule 12.03 motion for judgment on the pleadings, the district court inadvertently used the 12.02(e) standard, considering it as a motion to dismiss for failure to state a claim. They further claim that the district court erroneously read a non-existent condition precedent into the contract. However, because we review the district court’s decision de novo, we are not bound by the lower court’s alternative analysis and may affirm based on the contents of

Accordingly, we conclude that the district court did not err in finding the complaint failed to state a legally sufficient claim for relief.⁴

To persuade us otherwise, Flaig and Shields argue that this interpretation violates public policy because requiring them to withdraw from their clients' representation would breach the Rules of Professional Conduct. While Shields orally argued this point to the district court, no mention of this ethical dilemma was made in the complaint or the accompanying documents. As a grant of judgment on the pleadings is reviewed to determine whether the complaint sets forth a legally sufficient claim for relief, the district court did not err by denying relief on the basis of arguments not made in the complaint. *See Harkins*, 972 N.W.2d at 385. Further, Flaig's and Shields's broad assertion that they could not withdraw from representation without breaching their professional obligations is unsupported by the language of the professional rules, which allows for withdrawal in the event that "the representation will result in an unreasonable financial burden on the lawyer . . . or other good cause for withdrawal exists." Minn. R. Prof. Conduct 1.16(a)(6)-(7). Because the plain language of the contract indicates that it terminated naturally, and because Flaig and Shield provide no reasonable argument to the contrary, the district court

the complaint, including the contracts, alone. *Matter of Est. of Tomczik*, 992 N.W.2d 691, 695 (Minn. 2023) ("Under the de novo standard, we do not defer to the analysis of the courts below, but instead we exercise independent review.").

⁴ Flaig and Shields also argue in passing that their contracts required any notices of termination to be made in writing. But they point to no contract provision requiring this notice, only a provision that explains how to deliver "any notice provided for under this contract." Further, the contract itself was in writing and the end date was included in the contract. For all these reasons, this argument lacks merit.

did not err in determining that the complaint lacked a legally sufficient claim for relief. Thus, granting Civil Society’s motion for judgment on the pleadings was proper.

In addition to Flaig’s and Shield’s primary contractual claims pursuant to paragraph 2 of the contract, the complaint raises claims for unpaid accrued sick and vacation time as well as recovery for the value of their post-termination work under a quantum meruit cause of action. The facts as pleaded in the complaint do not support a legally sufficient claim in either respect.

With regard to unpaid benefits, Flaig and Shields allege this as a contractual, not a statutory, claim. And the supreme court has held that liability for unpaid vacation time is “solely a matter of contract between employer and employee. . . .” *Hall v. City of Plainview*, 954 N.W.2d 254, 270 (Minn. 2021) (citation omitted). But Flaig and Shields point to no provision of their employment contracts which requires payment for accrued benefits at termination.⁵ For this reason, the district court did not error in dismissing the claim for unpaid benefits after termination.

Nor do Flaig and Shields raise a viable claim for quantum meruit.

“Quantum meruit is restitution for the value of a benefit conferred *in the absence of a contract* under a theory of unjust enrichment.” *Faricy Law Firm, P.A. v. API, Inc. Asbestos Settlement Tr.*, 912 N.W.2d 652, 657-58 (Minn. 2018) (emphasis added)

⁵ The Civil Society Employee Manual, which was incorporated into the contract at paragraphs 2 and 3, specifically states that “[n]o sick leave benefits are paid upon separation of employment from Civil Society for any reason.” While there is no express provision stating the same for vacation time, the handbook requires the vacation time to be approved by the executive director at least one month in advance.

(quotation omitted). Here, the district court correctly concluded that “Plaintiffs do not have viable claims for quantum meruit or unjust enrichment because the parties’ legal duties are governed by express contracts, and their complaint does not allege that Civil Society derived any benefit from their post-termination representation.” *See Sharp v. Laubersheimer*, 347 N.W.2d 268, 271 (Minn. 1984).

Accordingly, because the district court correctly granted Civil Society’s motion for judgment on the pleadings, we affirm.

Affirmed.