Rel: November 6, 2026

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SUPREME COURT OF ALABAMA

OCTOBER TERM, 2026-2027

SC-2025-0579

LG Electronics Alabama, Inc.

v.

Velaro, Inc.

SC-2026-0004

LG Electronics Alabama, Inc.

v.

Velaro, Inc.

Appeals from Madison Circuit Court
(CV-2023-900411)

COOK, Justice.

This is a case about the meaning of a termination-for-convenience clause and a late-payment-charge clause in a commercial contract. In 2008, Velaro, Inc. ("Velaro"), entered into a contract with LG Electronics Alabama, Inc. ("LG"). Under the contract, LG agreed to purchase licenses from Velaro for live-chat and visitor-monitoring software services for LG-branded consumer products. That contract (1) set a quarterly schedule for invoicing, (2) was set to automatically renew each year, (3) contained a termination-for-convenience clause, and (4) contained a late-payment-charge clause.

In 2022, the parties executed the most recent amendment to the contract, which, among other things, modified the term of the contract to two years. That amendment did not alter the original contract's termination-for-convenience clause or the late-payment-charge clause.

About seven months into the two-year term, LG notified Velaro that it was exercising its right to terminate the contract under the

termination-for-convenience clause. Velaro responded by immediately sending LG an invoice for the amount due for the entire two-year term. Because it had terminated the contract early, LG disputed that the entire amount of the contract was due and thus did not pay the invoice.

Velaro subsequently filed the underlying lawsuit against LG in the Madison Circuit Court, alleging a breach-of-contract claim. It also sought damages.

Following a bench trial, the trial court issued an order in which it concluded that the termination-for-convenience clause was ambiguous as to what LG's payment obligations were under that clause. It thus turned to witness testimony and email correspondence between the parties and determined that LG owed the entire amount remaining on the two-year term, plus a late-payment charge on the outstanding amount due. It also found that Velaro was entitled to recover its costs and expenses, including reasonable attorneys' fees. Following a hearing, the trial court entered a separate order setting the amount of those costs and expenses.

In appeal no. SC-2025-0579, LG appeals the trial court's judgment concerning the ambiguity of the termination-for-convenience clause. For the reasons stated below, contrary to the trial court's findings, that clause

was not ambiguous as to LG's payment obligations and, thus, parol evidence was not needed to construe the meaning of that clause. We further conclude that LG was not required to pay a late-payment charge on the amount due under the contract's late-payment-charge clause. Accordingly, in appeal no. SC-2025-0579, we reverse the trial court's judgment and remand the cause.

In appeal no. SC-2026-0004, LG appeals only the trial court's award of attorney's fees and expenses in favor of Velaro. Because of our disposition of appeal no. SC-2025-0579, in appeal no. SC-2026-0004, we also reverse that award.

Facts and Procedural History

I. The Contract's Relevant Terms and Subsequent Amendments

On May 27, 2008, LG entered into a contract with Velaro to purchase licenses for live-chat and visitor-monitoring software services for LG-branded consumer products. That contract was set to automatically renew each year.

With regard to the contract's term and termination options, Section 9.a. -- the termination-for-convenience clause -- stated that the contract "remain[ed] in effect unless terminated by either party [at] any time

without penalty upon not less than thirty (30) days prior written notice to the other and until otherwise terminated pursuant hereto." The termination-for-convenience clause also stated that, upon termination of the contract, LG was "required to pay all undisputed remaining monies owed for entire period of contract hereunder prior to the date of termination" and that those payments "shall be immediately due and payable."

In Section 7.a.(2) of the contract -- the late-payment-charge clause -- the parties stipulated that LG "shall pay to Velaro quarterly, in advance, the set license fees pursuant to this Agreement." That same provision also stated that, "[i]f Velaro invoices [LG] for the quarterly set license fees, [LG] shall pay all fees and other charges within (30) days of receipt of each undisputed invoice." Section 7.a.1. stated that "[a]ll charges [or invoices] are considered valid unless [LG] disputes the charge in writing within thirty (30) days of receipt of invoices." If LG failed to pay Velaro within 30 days, Section 7.a.2. of the contract gave Velaro the authority to "levy a late payment charge … of 1 1/2% per month on the outstanding balance due."

Over the years, LG and Velaro amended the contract multiple

times.[1] All amendments required that LG not downgrade or reduce the number of its licenses within the relevant term.

In February 2022, the parties executed "Amendment No. 7" to the contract. That amendment revised the pricing schedule, extended the one-year term to two years, and added a provision to award costs and expenses to the prevailing party in the event of a dispute pertaining to the contract. Those costs and expenses included "reasonable attorneys' fees and expenses." That amendment did not modify the termination-for-convenience clause in Section 9.a. or the late-payment-charge clause in Section 7.a.2. It became effective in December 2021.

II. LG's Termination of the Contract and Subsequent Email Exchanges Between LG and Velaro

On June 15, 2022, Justin Oh of LG, emailed a notice of termination to one of Velaro's email addresses informing Velaro that it had not been using "Velaro chat services since May [2022]" and that it desired to "discontinue all services … going forward." LG then paid the invoice for

[1]The first four amendments to the contract revised the pricing schedule because of the addition of licenses. The fifth amendment to the contract kept the same pricing schedule, added the Jeong-Do management pledge of practice, and changed Velaro's bank-account information. Finally, the sixth amendment to the contract revised the pricing schedule.

the subscription period from March 6, 2022, through June 5, 2022.

On July 19, 2022, David Garber of Velaro, replied to Oh's email and stated that, because LG had committed to a two-year term and had received extensive discounts, it was required to pay "the remaining amount owed to Velaro under the Contract and Amendment #7, in the amount of $205,270.20 (representing the period from June 6, 2022, through December 5, 2023)." Garber attached "Invoice 72125" to his email, which reflected this amount.

On July 28, 2022, Hwan Hur, LG's Vice President of Customer Care, replied, stating that, under Section 9.a. of the contract, LG had the right to terminate "with not less than 30 days written notice" and, thus, was only "responsible for the payment for the license fee for the 30 days (from June 15th, 2022 until July 15th, 2022) which should amount to $8,552.93." The record is unclear whether any additional exchanges occurred between the parties.

III. Initiation of the Present Action and LG's Motion for a Summary Judgment

On April 20, 2023, Velaro filed the underlying lawsuit against LG in the Madison Circuit Court. As stated previously, Velaro alleged, among things, that LG had breached the parties' contract by failing to

pay the amount listed in Invoice 72125 and further sums due under the amended contract, such as costs and expenses.[2]

In its answer to Velaro's complaint, LG denied that it had breached the contract and stated that "it terminated its contract with [Velaro] in accordance with the terms therein." It further denied that the contract or "Amendment No. 7" to the contract "mandated a two-year commitment or otherwise altered its right to terminate the Agreement."

Following discovery, on March 21, 2025, LG moved for a summary judgment on Velaro's breach-of-contract claim.[3] In its motion, LG argued that it had "properly exercised its contractual right to terminate the Agreement upon 30 days' notice without penalty, as expressly permitted by Paragraph 9(a) of the Agreement." According to LG, it was "only required to pay amounts owed through the termination date" and that the "merger clause … bar[red] Velaro from introducing any extrinsic

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[2]We note that the record indicates that Velaro also alleged a claim for services rendered, seeking the difference between the discounted license rate and the full rate for the seven-month period LG operated under the amended contract; however, Velaro proceeded exclusively with its breach-of- contract claim at trial.

[3]We note that the record indicates that Velaro filed its own summary-judgment motion. That motion was eventually denied and is not relevant to our resolution of these consolidated appeals.

evidence to alter the contract's express terms." It also argued that "Velaro's demand for the full two-year contract price constitute[d] an unenforceable penalty under Alabama law, which prohibits liquidated damages provisions that exceed actual damages." LG relied on "Amendment No. 7" in support of its motion.

On April 18, 2025, Velaro filed its response to LG's summary-judgment motion in which it maintained that LG owed the amount through the end of the contract term since LG had terminated the contract early. To the extent that the pertinent provisions of the contract could be deemed ambiguous, Velaro provided evidence of email exchanges between the parties in which Alex Bloom, Velaro's principal, told LG: "As the contract stands, you can cancel at any time, however you would need to make a final payment of the sum of the year if you were not at the end of the year." It also argued that the damages it suffered were valid liquidated damages and not a penalty.

After LG filed its reply brief, the trial court held a hearing on LG's motion on April 23, 2025. It subsequently denied that motion.

IV. The Bench Trial

On May 7, 2025, the parties jointly moved to waive their right to a

jury trial and requested that the trial court conduct a bench trial. The trial court later granted that motion, and the bench trial was held in June 2025.

During the bench trial, Velaro called Bloom to testify on its behalf. Bloom stated that, when Velaro first contracted with LG, there were "a lot of upfront sunk costs that we go through initially … because we have to secure our contracts with our software vendors … in advance" to onboard LG as a client for the live-chat services. Bloom said that, each year, based on the "aggregate of all [Velaro's] customers, we come up with a number and we pre-commit to that spending with [the software vendor]. So whether we have the customers or not, once we commit … we have to pay that bill."

Bloom then testified that, upon LG's termination of the contract under Section 9.a.'s termination-for-convenience clause, the "intent was [for LG] to pay the balance of the contract at that time." Bloom explained that this understanding was due to Velaro's nonrefundable "upfront costs in the setup" for the provisioning of services with the software vendor. Moreover, Bloom opined that the "without penalty" language in the contract was not a "punishment" for early termination but was just a way

for Velaro to "recoup[] the costs from concessions that we made and asking to collect the balance that we agreed on to prior." Upon notice of termination, Bloom noted, LG was afforded "a 30-day grace period to [pay] that balance."

Velaro thereafter asked the trial court to admit a copy of the 2008 contract into evidence, along with all of its seven amendments. The trial court granted that request.

Then, Velaro moved to admit an email exchange between Bloom and a representative from LG, in which Bloom stated that, if LG did not want to commit to annual contracts, LG could "have a monthly commitment, a 30-day cancellation but they would pay a much higher rate." In that email, Bloom further stated that, "[a]s the contract stands, you can cancel at any time. However, you would need to make a final payment of the sum of the year if you were not at the end of the year." The trial court admitted those emails into evidence. As to the late-payment issue under Section 7.a.(2) of the amended contract, Bloom testified the 1.5% rate came out to an additional $107,151 in interest owed by LG to Velaro.

On cross-examination, Bloom explained that he understood that LG

did not think that it owed the money indicated on the final invoice from LG.

At the end of Bloom's testimony, LG moved for a partial finding of fact, arguing that Velaro had failed to prove that the termination-for-convenience clause in the contract was ambiguous. The trial court denied LG's request.

LG then called Hwan Hur, its corporate representative, to testify on its behalf. Hur testified that he has been LG's Vice President of Customer Care for 21 years and that his professional relationship with Velaro began between 2013 and 2014. He testified that he was familiar with the contract and that, starting with the third amendment, he oversaw all amendments to the contract on behalf of LG.

Hur then testified that his interpretation of the termination-for-convenience clause was that it allowed "both parties in the contract [to] terminate their contract and walk away without any penalty or without further obligations to each other if they provided a 30-day notice." Hur further testified that subsequent amendments, such as "Amendment No. 7," did not change LG's right to provide "30-day in-advance notice and pay that 30-day worth of the service fee" under that clause.

V. The Trial Court Rules in Favor of Velaro

Following the bench trial, the trial court issued an order on June 25, 2025, in which it found as follows:

> "On its face, Section 9(a) [-- the termination-for-convenience clause --] is ambiguous as to the terminating party's (here, LG's) post-termination payment obligations. The provision says that either party may terminate 'without penalty,' which in isolation insinuates no remaining payment is due. However, the provision also states that LG must 'pay all undisputed remaining monies owed for entire period of contract hereunder prior to the date of termination.' It is unclear whether the clause 'prior to the date of termination' qualifies the verb 'pay' or the phrase 'entire period of contract hereunder.' That is, does LG have to pay, 'prior to the date of termination,' all 'undisputed remaining monies owed for entire period of contract hereunder'? Or, does LG have to pay all 'undisputed remaining monies owed' for the 'entire period of contract hereunder' that occurred 'prior to the date of termination'?"

Based on the foregoing, the trial court concluded that the contract's terms were ambiguous and thus turned to parol evidence to determine the intent of the parties.

In doing so, the trial court placed particular emphasis on Bloom's testimony, noting that Bloom was involved in the negotiation of the original contract and that he understood at that time that "LG [would have] to pay for the contract price for the remaining balance of the contract term if LG were to cancel early under Section 9(a)" -- the

termination-for-convenience clause.

It also looked to the email correspondence between the parties to confirm its understanding of that provision. The trial court explained that, "[o]n May 1, 2013, Michelle Maturo with LG directly asked Velaro to remove the '1 year stipulation' from the contract amendment the parties were negotiating at the time." The trial court noted that Bloom replied that he was "'unable, legally, to change any terms we negotiated in 2008 without renegotiating the entire agreement …. As the contract stands, you can cancel at any time, however you would need to make a final payment of the sum of the year if you were not at the end of the year.'" After this exchange, the trial court noted that the parties executed one of the contract amendments the same day, "which reaffirmed the existing contract terms, including Section 9(a)." The trial court thus concluded that Velaro's interpretation of Section 9.a. "comports with the remaining termination clauses in the 2008 Contract."

Based on the above findings, pursuant to Section 9.a. of the contract, the trial court ordered LG to pay $205,270.20 -- the remaining balance of the contract's term as provided in Invoice 72125 -- along with an additional "late payment charge of 1.5% per month on the outstanding

balance due" pursuant to Section 7.a.(2), which amounted to "an additional $107,151.00 up to the date of trial." The trial court also awarded Velaro costs and expenses, including attorneys' fees, incurred by Velaro but reserved determination of the exact amount for a later hearing.

LG thereafter filed a motion for clarification regarding the finality of the June 25, 2025, order. On August 4, 2025, the trial court clarified that its June 25, 2025, order was not a final order and that the final order would be entered after the hearing on the amount of costs and expenses.

VI. The Hearing on Velaro's Costs and Expenses

On November 25, 2025, the trial court held a hearing to determine the amount to be awarded to Velaro for its costs and expenses. Following that hearing, the trial court, on December 16, 2025, entered its final order in which it stated, among other things, that Velaro was owed $159,355.19 in attorneys' fees and expenses based on all the factors set forth in Peebles v. Miley, 439 So. 2d 137 (Ala. 1983).

LG then appealed the trial court's June 25, 2025, order to this Court in appeal no. SC-2025-0579. It also appealed the award of attorneys' fees and expense Court in appeal no. SC-2026-0004. On January 13, 2026,

this Court consolidated the appeals.

Standard of Review

> "'"The question whether a contract is ambiguous is for a court to decide. State Farm Fire & Cas. Co. v. Slade, 747 So. 2d 293 (Ala. 1999). As long as the contractual terms are clear and unambiguous, questions of their legal effect are questions of law. Commercial Credit Corp. v. Leggett, 744 So. 2d 890 (Ala. 1999). Thus, we apply a de novo review to a trial court's determination of whether a contract is ambiguous and to a trial court's determination of the legal effect of an unambiguous contract term.
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> "'"Once the trial court determines that an ambiguity exists in a contract, the meaning of that contract is to be determined by the trier of fact. Employees' Benefit Ass'n v. Grissett, 732 So. 2d 968 (Ala. 1998); Glenlakes Realty Co. v. Norwood, 721 So. 2d 174 (Ala. 1998). In this case, the trier of fact was the trial court, and the court heard ore tenus evidence.
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> > "'"'Where ore tenus evidence is presented to the trial court in a nonjury case, a judgment based on that evidence is presumed to be correct and will not be disturbed on appeal unless a consideration of the evidence and all reasonable inferences therefrom reveals that the judgment is plainly and palpably erroneous or manifestly unjust.'
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> "'"Bertolla v. Bill, 774 So. 2d 497, 503 (Ala. 1999) (quoted in Redden v. State, 804 So. 2d 196 (Ala. 2001))."'"

Black Warrior Mins., Inc. v. Fay, 82 So. 3d 650, 651-52 (Ala. 2011) (quoting SouthTrust Bank v. Copeland One, L.L.C., 886 So. 2d 38, 41 (Ala. 2003), quoting in turn Winkleblack v. Murphy, 811 So. 2d 521, 525-

26 (Ala. 2001)).

Discussion

I. Appeal No. SC-2025-0579 -- LG's Appeal of the Judgment in Favor of Velaro

On appeal, LG contends that the termination-for-convenience clause in Section 9.a. of the contract is not ambiguous. It also argues that the trial court's imposition of a late-payment charge under Section 7.a.(2) of the contract based on the unpaid balance shown in Invoice 72125 was improper. The trial court and Velaro disagree with LG on both points. We will address each issue in turn.

A. The Payment Provision in Section 9.a. of the Contract Is Not Ambiguous

The parties concentrate most of their arguments on the second sentence of Section 9.a. of the contract, although we will consider both the first and second sentences in resolving this appeal:

> "a. **Term.** This [contract] shall become effective upon the last date signed by either party hereto ('Effective Date') and shall remain in effect unless terminated by either party any time without penalty upon not less than thirty (30) days prior written notice to the other and until otherwise terminated pursuant hereto. Client [LG] at time of termination is required to pay all undisputed remaining monies owed for entire period of contract hereunder prior to the date of termination and shall be immediately due and payable."

(Bold typeface in original; emphasis added.) We will refer to the second sentence as the "payment provision."

LG contends that the termination-for-convenience clause in Section 9.a. is only susceptible to one reasonable reading: it is not required to pay the entire amount of the two-year contract because it exercised its contractual right to terminate. LG's brief at 22. According to LG, the payment provision requires it to pay only for the services it received up to the actual termination date -- not for an additional 17 months of service that it did not receive after the termination date. LG contends that any other reading of the payment provision -- including Velaro's and the trial court's reading -- is unreasonable.

In contrast, Velaro contends the payment provision is susceptible to more than one reasonable interpretation. In its view, the payment provision was intended to give LG a "30-day grace period" within which to pay all of the remainder of the 24-month term balance once it provided notice of termination to Velaro. Velaro's brief at 36. According to Velaro, the phrase "prior to the date of termination" simply refers to the end of the required 30-day notice period for termination and does not limit the amount owed by LG under the contract. Velaro's brief at 37.

Given the competing interpretations, Velaro argues that the payment provision of Section 9.a. was "poorly drafted" and, thus, that the trial court properly determined that it was ambiguous and that parol evidence, such as emails between the parties and witness testimony, must be considered to ascertain the subjective intent of the contracting parties. Velaro's brief at 31. In other words, Velaro argues that the meaning of the contract was a question for the fact-finder.

Stated simply, LG believes that the middle portion of the payment provision -- "owed for entire period of contract hereunder prior to the date of termination" -- should be read together. (Emphasis added.) In other words, LG argues that the phrase "prior to the date of termination" limits the immediately preceding phrase, "entire period of contract hereunder." On the other hand, Velaro believes that the phrase "prior to the date of termination" modifies the language earlier in the sentence regarding when "to pay." Both LG and Velaro's interpretations are shown in bold in the following chart:

LG's Interpretation	**Velaro's Interpretation**
"Client [LG] at time of termination is required to pay all undisputed remaining monies **owed for**	"Client [LG] at time of termination is required to pay **[prior to the date of termination]** all

entire period of contract hereunder prior to the date of termination and shall be immediately due and payable."	undisputed remaining monies owed for entire period of contract hereunder … and shall be immediately due and payable."

(Bold typeface added.)

Our Court has previously stated that, "[w]hen interpreting a contract, a court should give the terms of the contract their clear and plain meaning and should presume that the parties intended to do what the terms of the agreement clearly state." Brewbaker Motors, Inc. v. Belser, 776 So. 2d 110, 112 (Ala. 2000). We have also previously recognized that the mere fact that adverse parties argue for different constructions of a particular contract provision "'does not of itself force the conclusion that the disputed language is ambiguous.'" Hill Air of Gadsden, Inc. v. City of Gadsden, 467 So. 2d 230, 233 (Ala. 1985) (citation omitted).

Further, simply because a contract could have been drafted with more clear language also does not compel the conclusion that it is ambiguous. See Home Inspections of VA & WV, LLC v. Hardin, 244 W. Va. 173, 177, 852 S.E. 2d 240, 244 (2020) (explaining that, although a contract "provision could certainly have been more artfully drafted," this

"simple fact does not render it ambiguous or unenforceable").

Instead, the test for whether a contract is ambiguous is whether more than one reasonable meaning emerges from the reading of the contract. See Drummond Co., v. Walter Indus., Inc., 962 So. 2d 753, 780 (Ala. 2006) ("A document is unambiguous only if one reasonable meaning emerges from a reading of the document." (emphasis added)). In fact, a number of decisions from our Court say the same thing. See, e.g., McCollough v. Regions Bank, 955 So. 2d 405, 411 (Ala. 2006) (noting that "'"[a]n ambiguity exists where a term is reasonably subject to more than one interpretation"'" (citations omitted)). When there is an unambiguous contract, it "'"must be enforced as written."'" Bruce v. Cole, 854 So. 2d 47, 56 (Ala. 2003) (citations omitted).

Finally, it is well settled that a contract "'"must be construed in its entirety, and a single provision or sentence is not to be disassociated from others having reference to the same subject matter."'" Adcock v. Adams Homes, LLC, 906 So. 2d 924, 932 (Ala. 2005)(citations omitted); see also Scheuer v. Wise, 213 Ala. 329, 331, 104 So. 831, 833 (1925) ("In construing this contract, the court will look to and consider the whole instrument, so as to decide its true meaning in any and all of its parts.").

1. Velaro's Interpretation Is Unreasonable

LG argues that Velaro's interpretation of the payment provision is not "technically permissible" and is unreasonable because it would allow Velaro to terminate the contract immediately after contract execution, while leaving LG stuck with the full invoice. LG's brief at 48. LG also argues that Velaro's interpretation is unreasonable because it would render the termination-for-convenience clause meaningless and that LG would never terminate the contract early if doing so accelerated the full payment. Id. at 48-50. We agree with LG.

First, recall that the first sentence of Section 9.a. permits either party to terminate the contract upon 30 days' written notice to the other party. Yet, under Velaro's interpretation, regardless of which party exercises that right, LG, as the "Client," would remain obligated to pay the full 24-month contract term. In other words, Velaro and LG could enter into the contract, Velaro could immediately provide notice of termination for convenience, and LG (1) would be required to pay for the entire 24-month term despite receiving virtually no software services from Velaro and (2) would be required to make such payment immediately rather than over the 24-month period. This is an

unreasonable reading of the payment provision.

Velaro concedes that its proposed interpretation would require additional changes to the text. For instance, in its brief on appeal, Velaro explains that "[t]he better reading of [this] language is to exclude Velaro's ability to terminate for convenience … altogether, or require LG to pay for the remainder of the contract term only if **LG** terminates for **its** convenience …." Velaro's brief at 49 (bold typeface in original). However, it then admits that "[its] readings admittedly would ignore some language in Section 9(a)." Id. (emphasis added).

Velaro's admission is fatal to its proposed interpretation. This Court cannot and will not adopt a reading that admittedly ignores express contractual language and effectively rewrites the parties' contract. As we have explained, this Court will not "'rewrite [the parties'] contract under the guise of construing it.'" Boyd v. Mills, 337 So. 3d 1196, 1198 (Ala. 2021) (quoting Ex parte Dan Tucker Auto Sales, Inc., 718 So. 2d 33, 36 (Ala. 1998)). If Section 9.a. requires a rewrite to make Velaro's interpretation reasonable, then Velaro's interpretation cannot be deemed reasonable.

Second, Velaro's reading makes the termination-for-convenience

clause useless. LG would never have an economic reason to exercise its contractual right to terminate for convenience before the end of the contract term. Under Velaro's interpretation of the payment provision, an early termination by LG would accelerate its payment obligation, requiring LG to pay the entire amount for the remaining contract term within 30 days while simultaneously losing the software services for which it was paying. By contrast, if LG did not terminate early, it could spread its payments over the full 24-month term while continuing to receive the services for which it was paying.

In other words, considering the present value of funds, it would cost LG more to exercise a contract right to terminate for convenience than to simply continue the contract. Terminating pursuant to this clause is not a breach; it is a contractual right. Velaro's interpretation makes the termination-for-convenience clause useless, and therefore Velaro's interpretation is unreasonable.

Moreover, we have previously explained that "'contracts … are construed so as to give effect to the intention of the parties, and, to determine this intent, a court must examine more than an isolated sentence …; it must read each phrase in the context of all other

provisions.'" Celtic Life Ins. Co. v. McLendon, 814 So. 2d 222, 224 (Ala. 2001) (citation and emphasis omitted).

Thus, to determine the plain meaning of the payment provision, we may consider the context in which that provision appears. The first sentence of Section 9.a. gives either party the right to terminate the contract for convenience, and either party may do so "without penalty." (Emphasis added.) But, as explained above, under Velaro's construction of the payment provision, LG would be required to immediately pay an extra 17 months' worth of payments even though Velaro would no longer provide services to LG. Thus, Velaro's construction of the payment provision is inconsistent with the requirement of the first sentence that such a termination is "without penalty."[4] This is yet another reason why Velaro's reading is unreasonable.[5]

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[4]Velaro argues that construing Section 9.a. as an acceleration clause is "analogous" to construing acceleration clauses in rental agreements. Velaro's brief at 15. But a tenant breaches the lease when they leave the property early, whereas the first sentence of Section 9.a. provides a contractual right to terminate early.

[5]Velaro contends that a contractual provision providing a "true **alternative** performance" cannot be a penalty. Velaro's brief at 53 (bold typeface in original). But there is no alternative performance under Velaro's interpretation -- LG would pay the same exact amount of money. In fact, under Velaro's interpretation, LG would be required to pay this

All of these scenarios show that LG's interpretation puts forth the only "reasonable meaning" of the payment provision. See McCollough, 955 So. 2d at 411 (citation modified). The trial court erred in concluding otherwise.

2. The Plain Language of Section 9.a. Supports LG's Interpretation

In support of its plain-language interpretation of the payment provision, LG also relies on several canons of construction, including (1) the nearest-reasonable-referent canon, also known as the doctrine of last antecedent; (2) the presumption-of-consistent-usage canon; and (3) the surplusage and harmonious-reading canons. LG's brief at 39-48.[6]

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same amount of money earlier, thus always making it worse for LG than simply continuing the contract. This is not an "alternative performance" because the alternative is unambiguously worse.

[6]We note briefly that LG does not expressly label these rules of construction as "canons" of construction but instead as "grammatical conventions." LG's reply brief at 15. Velaro, however, refers to these rules of construction as "canons" and agrees that they should be consulted to determine if an ambiguity exists. Velaro's brief at 43 ("If after considering the canons of construction ambiguity still exists -- that is, the contract is still reasonably capable of multiple meanings -- the court faces a factual question." (emphasis added)). In other words, both parties agree that these rules -- whether referred to as "grammatical conventions" or "canons" of construction -- are to be applied to determine if there is ambiguity in the contractual provisions. See Jay Mitchell, Textualism in Alabama, 74 Ala. L. Rev. 1089, 1105 (2023) (explaining that descriptive

a. The Nearest-Reasonable-Referent Canon, Also Referred to as the "Doctrine of Last Antecedent," Support's LG's Reading of Section 9.a.

First, LG relies on the nearest-reasonable-referent canon, or what our Court has previously called the "doctrine of last antecedent," to support its reading of the payment provision. Under that canon, a qualifying phrase generally applies to the "nearest reasonable referent." See Antonin Scalia & Bryan A. Garner, Reading Law: The Interpretation of Legal Texts § 20, at 152 (Thomson/West 2012); see also Securities Am., Inc. v. Rogers, 850 So. 2d 1252, 1258 (Ala. 2002) (noting that "'"relative and qualifying words, phrases, and clauses, are to be applied to the words or phrase immediately preceding, and are not to be construed as extending to or including others more remote"'" under the "'"doctrine of the 'last antecedent'"'") (citations omitted)); Stiff v. Equivest Fin., LLC, 362 So. 3d 141, 145 (Ala. 2022) (plurality opinion) (explaining that, "[n]ormally, a postpositive phrase is best read to modify only the 'nearest reasonable referent.'" (citations omitted)).

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canons are inherent within the plain-meaning rule analysis and that their goal is "to describe how reasonable English speakers use and understand our language, including legal language"); and Ex parte Spencer, [Ms. SC-2024-0672, May 15, 2026] ____ So. 3d ____, ____ (Ala. 2026) (Cook, J., concurring specially).

Once again, the key language from Section 9.a. in dispute here is:

> "Client [LG] at time of termination is required to pay all undisputed remaining monies owed for entire period of contract hereunder prior to the date of termination and shall be immediately due and payable."

LG's construction applies the phrase "prior to the date of termination" to the nearest phrase -- "remaining monies owed for the entire period of the contract hereunder."

In contrast, Velaro applies this same phrase to a verb far earlier in the sentence: "Client [LG] at time of termination is required to pay [prior to the date of termination] all undisputed remaining monies owed for entire period of contract hereunder … and shall be immediately due and payable." (Emphasis added.) Velaro must skip multiple words in the sentence to reach its interpretation. Velaro's brief at 33 ("Under Velaro's reading, … 'prior to the date of termination' is an adverbial phrase modifying 'is required to pay.'").

Thus, under the nearest-reasonable-referent canon, or what our Court has previously called the "doctrine of last antecedent," the plain meaning of the payment provision as articulated by LG prevails, meaning that LG must only pay Velaro the amount it owes for the services it

received up to the date of actual termination.[7]

b. The Presumption-of-Consistent-Usage Canon Further Supports LG's Reading of Section 9.a.

LG also employs the presumption-of-consistent-usage canon to argue that the contract and amendments have distinctive time-bound meanings for the words "period" and "term" that further support its reading of the payment provision. LG's brief at 45-48. In discussing the

[7]Velaro does not dispute that its interpretation violates the nearest-reasonable-referent canon. However, it argues that no canon is "absolute" and, thus, suggests that we disregard this canon. See Velaro's brief at 34 (citing Scalia & Garner, Reading Law at 59). Velaro is correct that no canon is absolute, but, as discussed above, LG is not relying on a single canon for its argument. Additionally, we note that Velaro cites one case in support of its argument to disregard this canon -- White v. Knight, 424 So. 2d 566 (Ala. 1982) -- in which our Court recognized that this canon "'will not be adhered to where extension to a more remote antecedent is clearly required by a consideration of the entire [contract].'" Id. at 567-68 (citation omitted). As demonstrated above, however, under LG's interpretation of the payment provision, "'extension to a more remote antecedent'" is not "'clearly required'" here. Id.

Velaro also argues that the nearest-reasonable-referent canon "does not even apply until the court has ***already found*** an ambiguity exists." Velaro's brief at 33 (bold typeface and italics in original). But Velaro made the exact opposite argument earlier in its brief, arguing that the canons should apply for the purpose of determining whether the contract is ambiguous: "If after considering the canons of construction ambiguity still exists -- that is, the contract is still reasonably capable of multiple meanings -- the court faces a factual question." Velaro's brief at 43 (emphasis added). Thus, we do not find either of these arguments to be persuasive.

presumption-of-consistent-usage canon, our Court has previously explained that "words used in one sense in a part of a contract are deemed of like meaning in another part of the same instrument where there is nothing in the context indicating a different meaning." American Book Co. v. State, 216 Ala. 367, 371, 113 So. 592, 595 (1927).

According to LG, when the contract and amendments discuss the agreement's full duration, the documents consistently use the words "length" and "term." LG's brief at 46 (emphasis added). We agree.

Over and over, the contract uses either "length" or "term" when referring to the duration of the contract. "Amendment No. 7" states that the "[l]ength of contract ('Term')" consists of an automatic renewal "every 24-months … unless otherwise terminated." (Emphasis added.) It later mentions a "24-month recurring Term." (Emphasis added.) Moreover, Section 9.a. of the contract is specifically named "Term," which was initially one year in duration until "Amendment No. 7" was executed. This is noted in the original contract, in which the "[l]ength of contract" was "1 [y]ear." Furthermore, in Section 7.e., the contract uses the word "term" when it states that Velaro may "automatically bill … after this contract term has ended to prevent Client subscription from turning off."

Lastly, Section 12 allows the "client … the right to use such Software during the term of this Agreement." Taken together, these provisions show that the words "term" and "length" have "like meaning" throughout the contract, including in Section 9.a.

As to the word "period," LG asserts that both the amendments and the original contract use "period" to refer to specific time durations distinct from the contract's "term" or "length." LG's brief at 47. The wording of the original contract and amendments supports LG's assertion. For example, "Amendment No. 7" discusses a "Billing period," which is defined as an "automatic charge, prepaid Quarterly and due in advance of service continuation." (Emphasis added.) In the contract, Section 9.b.(1) details that either party may terminate the contract if the other party fails to follow any of the contract's parameters and such failure continues "for a period of thirty (30) calendar days, after written notice." (Emphasis added.) Section 10.e. extends covenants for "a period of three (3) years" after the contract's termination. (Emphasis added.) Section 7.a.(1) uses the phrase "three month period" to define the period of time for which charges would be made if paying by credit card. (Emphasis added.) In a footnote to that section, the contract states that

"invoices are to be paid within 30 days of receipt and therefore dispute must be raised during such same time period." (Emphasis added.) Each of these examples reinforce LG's assertion that the original contract and amendments use "period" to describe a specific amount of time distinct from the contract's 24-month "term" or "length."

Because "period" has a meaning distinct from the 24-month "term," "prior to the date of termination" clarifies that "period" refers to the portion of the contract's "term" extending only up to the actual date of termination. Accordingly, under the presumption-of-consistent-usage canon, LG's reading of the payment provision prevails again.[8]

c. The Surplusage and Harmonious-Reading Canons Also Support LG's Reading of the Payment Provision

[8]Velaro makes an additional argument that "Amendment No. 7" forecloses LG from paying for anything less than the full 24-month term under Section 9.a. because, it says, "LG was contractually committed to use Velaro's services for the full 24-month term." Velaro's brief at 55. However, this is inaccurate. Although the parties' most recent amendment to the contract, "Amendment No. 7," extended the length of the contract to two years, it did not foreclose or in any way alter the termination provisions in Sections 9.a. of the contract. In fact, "Amendment No. 7" provides that the 24-month term will recur "unless otherwise terminated earlier as set forth in the [contract]." Simply put, Section 9.a. plainly provides that, once LG gave a notice of its intent to terminate the contract, LG was required to pay all undisputed, unpaid amounts for services it had received through the date of the actual termination -- and nothing more.

Finally, LG employs the surplusage and harmonious-reading canons to argue that Velaro's interpretation of the payment provision of Section 9.a. cannot be correct. In discussing the surplusage canon, we have explained that "'parties to a contract will not be imputed with using language that is meaningless or without effect.'" Black Diamond Dev., Inc. v. Thompson, 979 So. 2d 47, 51 (Ala. 2007) (citation omitted). Likewise, in discussing the harmonious-reading canon, our Court has recognized that "[w]ritten documents 'are to be construed as a whole so as to harmonize their parts whenever possible.'" Guardian Builders, LLC v. Uselton, 154 So. 3d 964, 972 (Ala. 2014) (quoting Dudley v. Fridge, 443 So. 2d 1207, 1211 (Ala. 1983)). See also Blue Cross Blue Shield of Alabama v. Rigas, 923 So. 2d 1077, 1085 (Ala. 2005) (explaining that "'the court begins with its plain language, construed in harmony with the plain and generally accepted meaning of the words used, with reference to all of the agreement's provisions.'" (citation omitted)).

As explained above, Velaro argues the phrase "prior to the date of termination" must modify the phrase "required to pay" -- meaning that LG must pay the entire remaining amount due under the contract during the 30-day period between notice of termination and the termination

date. As noted above, under Velaro's reading of the payment provision, that provision would effectively read as follows:

> "Client [LG] at time of termination is required to pay **[prior to the date of termination]** all undisputed remaining monies owed for entire period of contract hereunder … and shall be immediately due and payable."

(Bold typeface added.)

LG responds and argues that, if Velaro's interpretation is accurate, it would render certain language meaningless in that provision of the contract and would potentially create inconsistent payment deadlines. LG's brief at 41. For instance, the phrase "immediately due and payable" would no longer have any meaning if the provision is revised to state that LG is "required to pay prior to the date of termination." Likewise, the phrase "at the time of termination" becomes surplusage.[9] Thus, LG is

[9]We note briefly that Velaro also cites the surplusage canon and argues that LG's reading of the payment provision makes the word "entire" meaningless. Velaro is mistaken. The word "entire" in the phrase "entire period of contract hereunder prior to the date of termination" has meaning under LG's interpretation. The termination is not effective until the 30-day notice period is complete. Once this effective date of termination is reached, the contract is over. Thus, LG is required to pay "all … monies" due for the "entire period" of the contract -- that is, the "entire period" of the contract is from the beginning of the contract until the effective date of termination.

correct that Velaro's interpretation violates yet another canon.[10]

3. Conclusion

Based on the foregoing, we agree with LG that the payment provision in Section 9.a. is not ambiguous and is, thus, susceptible to only one interpretation -- that LG is required to pay only for the services it received up to the actual termination date and not for an additional 17 months of service that it did not receive after the termination date. The trial court erred in concluding otherwise.

B. Velaro Is Not Entitled to a Late-Payment Charge for the Disputed Amount in Invoice 72125

[10]Velaro argues that the parol evidence that it deems "extrinsic evidence" -- that is, witness testimony about conversations between the parties and emails -- reflect assent to its interpretation of the contract. But the parol evidence is not relevant unless the contract is ambiguous, which occurs only if there are competing "reasonable" meanings of the contract. In fact, Velaro makes this very point in its brief on appeal, stating: "'If one must go beyond the four corners of the agreement in construing an ambiguous agreement, the surrounding circumstances, including the practical construction put on the language of the agreement by the parties to the agreement, are controlling in resolving the ambiguity.'" Velaro's brief at 43-44 (citation omitted; emphasis added). Moreover, this contract included a merger clause -- Section 15.j. -- which prohibited modifications that were not in a signed writing. ("This Agreement may be modified only by a further written agreement executed by an authorized representative of the parties hereto. This Agreement may not be modified or waived orally and may be modified only in writing signed by duly authorized representatives of each party.").

LG also challenges the trial court's imposition of a late-payment charge on the unpaid balance of Invoice 72125 pursuant to Section 7.a.(2) of the contract. First, LG argues that Invoice 72125 "was not an 'invoice[] … for the quarterly set license fees'" and, thus, "did not trigger Section 7(a)(2)." LG's brief at 67-68. Second, LG asserts that Section 7.a.(2) is inapplicable because it disputed the invoice and the contract did not require LG to formalize the dispute in any way. LG's brief at 68.

In contrast, Velaro argues that Section 7.a.(2) applies to all "invoices issued under the contract." Velaro's brief at 63. Velaro also argues that LG's "dispute" was not the kind that was contemplated under Section 7.a.(2) because LG (1) relied solely on its witness testimony and (2) failed to allege that Velaro did not provide the contract's services, that it miscalculated the invoice, or that it breached the contract. Id. at 63-64. Finally, Velaro contends that LG failed to "adequately" dispute Invoice 72125 by failing to pay the undisputed portion of that amount as required by Section 7.d., and that, thus, the trial court correctly imposed the 1.5% late-payment charge against it. Id. at 64.

In pertinent part, Section 7.a.(2) -- the late-payment-charge clause -- states:

> "If Velaro invoices [LG] for the quarterly set license fees, [LG] shall pay all fees and other charges within thirty (30) days of receipt of each undisputed invoice. … [I]n the event that [LG] fails to pay within thirty (30) days of an undisputed Invoice, Velaro may levy a late payment charge computed at the rate of 1 1/2% per month on the outstanding balance due hereunder from any month or fraction thereof that such payment is in default."

(Emphasis added.) Additionally, Section 7.d. briefly provides that, "[i]n the event of a bona fide dispute regarding amounts due on specific invoices, [LG] shall pay the undisputed items and promptly report the disputed items to Velaro."

As stated previously, the trial court awarded Velaro "a late payment charge of 1.5% per month on the outstanding balance due," which amounted to "an additional $107,151.00 up to the date of trial." However, the trial court erred in doing so for two reasons.

First, the late-payment charge could only be applied if LG failed to pay, within 30 days, the undisputed and invoiced "quarterly set license fees." (Emphasis added.) This quarterly invoice limitation is clearly written in Section 7.a.(2) of the contract. According to the description in Invoice 72125, the $205,270.20 amount was for the "Final Balance (Period 6/6/2022-12/5/2023) Per Contract Dated 12/6/2021." In other words, the amount due was not for a quarterly period, but was instead

for the remaining amount of the full contract term. Thus, Section 7.a.(2) cannot apply.

Second, even if we ignored Section 7.a.(2)'s quarterly invoice limitation, LG would still not be required to pay the late-payment charge. Velaro sent LG this invoice on July 19, 2022, after LG had provided notice of termination on June 15, 2022, which officially terminated the contract as of July 15, 2022. On July 28, 2022, LG's Hur disputed the invoice amount by asserting that, under Section 9.a., LG had the right to terminate "with not less than 30 days written notice" and, thus, so it was only "responsible for the payment for the license fee for the 30 days (from June 15th, 2022 until July 15th, 2022)." Moreover, Hur testified at trial that, once LG received the invoice, "we consulted with legal, and then we disputed it."

Because the record clearly shows that LG disputed the amount owed in Invoice 72125, there was no "undisputed invoice" that LG failed to pay within 30 days such that the late-payment-charge clause in Section 7.a.(2) was triggered. Thus, the trial court erred in awarding Velaro a late-payment charge under Section 7.a.(2) of the contract.

II. Appeal No. SC-2026-0004 -- LG's Appeal of the Attorneys' Fees and Expenses Awarded to Velaro

In appeal no. SC-2026-0004, LG challenges the trial court's determination that Velaro was owed $159,355.19 in attorneys' fees and expenses. Based on our disposition in appeal no. SC-2025-0579, we also reverse that award and remand the cause to the trial court.

Conclusion

For the reasons stated above, in appeal no. SC-2025-0579, we conclude that the trial court erred in determining that the contract's termination-for-convenience clause in Section 9.a. was ambiguous and that LG was liable to Velaro for any late-payment charges under Section 7.a.(2) of the contract. In our view, LG is liable only for any remaining moneys owed for services rendered by Velaro up to the date LG terminated the contract -- July 15, 2022. Based on our disposition of appeal no. SC-2025-0579, Velaro is not entitled to the attorneys' fees and expenses at issue in appeal no. SC-2026-0004. Accordingly, we reverse the trial court's judgment and remand the cause for proceedings consistent with this opinion.[11]

[11]Based on our holding here, we do not need to address the remaining arguments raised by the parties on appeal. See Jackson Hosp. & Clinic, Inc. v. Murphy, 343 So. 3d 490, 498 n.3 (Ala. 2021) (stating that the Court would pretermit discussion of remaining issues considering the dispositive nature of another issue).

SC-2025-0579 -- REVERSED AND REMANDED.

Stewart, C.J., and Wise, Bryan, McCool, and Parker, JJ., concur.

Sellers, J., concurs in the result, with opinion.

Mendheim, J., concurs in the result.

Shaw, J., recuses himself.

SC-2026-0004 -- REVERSED AND REMANDED.

Stewart, C.J., and Wise, Bryan, Sellers, McCool, and Parker, JJ., concur.

Mendheim, J., concurs in the result.

Shaw, J., recuses himself.

SELLERS, Justice (concurring in the result in appeal no. SC-2025-0579).

When the ordinary meaning of contractual language is unambiguous, i.e., clear from the words themselves within their context, resorting to and applying an elaborate assortment of semantic canons does not make the interpretation more persuasive. Rather, it exalts a demonstration of interpretive machinery over explaining what the parties unambiguously actually agreed to. Although the termination-for-convenience clause in Section 9.a. of the parties' contract could have been drafted more precisely, its meaning becomes apparent when its language is read in context. This is what the trial court failed to do. That clause expressly permits either Velaro, Inc. ("Velaro"), or LG Electronics Alabama, Inc. ("LG"), to terminate the parties' contract upon 30 days' written notice, without penalty. It then requires LG to pay the undisputed amounts owed for the period of the contract preceding termination. Read naturally, these provisions establish a right to discontinue the contractual relationship while preserving the obligation to pay amounts already earned. It is as simple as that. Velaro's interpretation would require LG to pay for the entire unexpired term, even if Velaro itself elected to terminate the contract. Such a reading

completely undermines the express right of termination without penalty and imposes an accelerated-payment obligation for services never to be furnished. Nothing in the contract establishes such an obligation. Common sense supports this conclusion. Understanding the contract in its ordinary context, the question is not how many interpretive canons might favor one party's construction, but whether the contract, read as a reasonable person would read it, supports more than one reasonable meaning. Here, it does not. Because the contract requires payment only for obligations accrued through the effective date of termination, the trial court erred in finding the termination-for-convenience clause ambiguous. There is no need to resort to extrinsic evidence or to an elaborate examination of semantic canons to reach that conclusion. Thus, I concur in the result reached by the main opinion in appeal no. SC-2025-0579. I further agree that, based on the disposition of appeal no. SC-2025-0579, Velaro is not entitled to the costs and expenses, including attorneys' fees, at issue in appeal no. SC-2026-0004. Thus, I concur with the main opinion's reversal of the trial court's judgment in both appeals.