UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

Jakimas v. Hoffmann-La Roche, Inc.

485 F.3d 770 (3d Cir. 2007) · No. 06-2399 · Decided May 14, 2007

SUMMARY

The United States Court of Appeals for the Third Circuit affirmed summary judgment for Hoffmann-La Roche, Inc. and Johnson Controls World Services, Inc. in claims arising from the outsourcing and termination of former Roche employees. The court held that a claim under ERISA § 510 accrues when the employer decides to terminate the employee and provides notice of the pending termination, rather than on the actual termination date. The court also upheld judgment on the ERISA and New Jersey Law Against Discrimination claims.

CASE DETAILS

COURT	United States Court of Appeals for the Third Circuit
WRITING FOR THE COURT	Fisher, Circuit Judge; Smith, Circuit Judge; Dowd, District Judge, sitting by designation
JURISDICTION	Federal
DECIDED	May 14, 2007
DOCKET	06-2399
DISPOSITION	affirmed
PROCEDURAL POSTURE	Former Roche employees appealed the District Court's grant of summary judgment for Roche and JCI on claims under ERISA § 510 and the New Jersey Law Against Discrimination. Roche also asserted release and tender-back/ratification defenses as alternative grounds for affirmance.
STANDARD OF REVIEW	Review of summary judgment is plenary. The Court applies the same standard as the district court, views facts in the light most favorable to the nonmoving party, and asks whether there is a genuine dispute of material fact and whether the movant is entitled to judgment as a matter of law.
PRECEDENTIAL VALUE	precedential
PARTIES	Richard Jakimas, Dianne Flynn, Louis Ristagno, All Other Association Members, John M. Adair, John J. Adzima, Bruce J. Aiello, Thomas Aiello, Jack Bailey, Gerald A. Barrett, Walter Beniuk, Bruce

Blanchard, Rene Reis Braga, Tedeusz Bukowski, Edward Cabral, Angelo Capalbo, Richard Carlson, Ralph Caso, James Castelli, Samuel Castronovo, Jr., Peter Chapman, Paul D. Ciuppa, Gary Cocozzo, Laura Carbo, Alan L. Curtis, Paul Day, Charles Delorenzi, Peter Demodica, III, Joseph Digiacomo, Stefan Dziaba, Walter Dziaba, Michael Faron, Ramond J. Feiner, Andrew Feraco, Paul Franek, Lawrence Gelok, Robert L. Glover, Raymond Goetz, Joseph Gomes, Anthony Greco, Daniel Green, Johnny Haddley, William J. Hahn, Richard Hall, David Hanrahan, Deborah Helfrich, Ronald Jones, Alojzy Kalata, James F. Kane, Joseph M. Kaprowski, Bernard Kapuscinski, Jan Kasprowski, Michael Kennedy, Robert J. Kohler, Edward Kwasnik, Flavio Labagnara, Rosa Labagnara, Robert J. Lenik, Wojciech Leozenia, Joseph Macdiarmid, James F. Madigan, William R. Malloy, Sr., Albert A. Marchione, Anthony Mariano, Edward B. Mayo, Henry M. McAuliffe, Mike Meechan, Stephen E. Mellinger, Lawrence Memice, Donald A. Meyer, Robert P. Mundt, Nick Nardone, Cheryl Negron, Joseph M. Orol, Joseph Pajak, Roger M. Perri, Frank J. Petrasek, William Pitt, Peter Plafta, Julian Pokrywa, Ronald Pokrywa, Roque N. Rivera, Antonio Rizzi, Barbara Robinson, Samuel Rosamilia, Roger Rotondi, Chuck L. Rutan, Albert Rybacki, Andrew J. Saccoccia, Jan Serafin, Robert Shallcross, Martha X. Skinner, Donald D. Smith, Anthony Spagnuolo, Anthony J. Spano, Sara Spano, Anthony Spera, Natale Turano, Stephen R. Tyburczy, John J. Veleber, Jr., William Villino, Michael A. Vocaturo, Marian Wojciechowski, Leonard A. Zummo, Ricki Blohm, Frank Cavaliere, Charlene Johnson, Donald Breen, John Tomaskovic v. Hoffmann-La Roche, Inc., Johnson Controls World Services, Inc.

TOPICS

employee benefits | employment law | summary judgment | statute of limitations | age discrimination

PRACTICE AREAS

employment law | employee benefits | civil procedure | appellate procedure

QUESTIONS PRESENTED

1. When does an ERISA § 510 claim based on an unlawful termination accrue: when the employee receives actual notice of the pending termination or when the termination becomes effective?
2. Whether Roche provided actual notice of the plaintiffs' terminations before the two-year limitations period expired.
3. Whether Roche's release and tender-back/ratification defenses barred Michael Meechan's claims.

4. Whether Meechan presented sufficient evidence of specific intent to interfere with pension benefits under ERISA § 510 and, after defendants articulated legitimate reasons for outsourcing, sufficient evidence of pretext.
5. Whether Meechan established a prima facie age-discrimination claim under the NJLAD in the context of an outsourcing or reduction in force.

HOLDINGS

1. An ERISA § 510 claim based on termination accrues when the employer makes the decision to terminate and informs the employee of the pending termination, not when the termination becomes effective.
2. The claims of all appellants other than Michael Meechan were time-barred because they received actual notice of Roche's decision to terminate them before November 1, 1997, and the complaint was not filed until November 1, 1999.
3. Summary judgment based on the release was properly denied because genuine issues of material fact existed concerning whether Meechan knowingly and voluntarily accepted the release, including whether he understood the tax consequences of the nontransferability of his Roche 401(k) funds.
4. The common-law tender-back and ratification doctrines do not bar an ERISA § 510 claim merely because the employee retained severance consideration received under a release.
5. Meechan established a prima facie case of specific intent to interfere with pension benefits, but failed to show that Roche's legitimate technical and financial reasons for outsourcing were pretextual; summary judgment for the defendants was therefore proper.
6. Meechan failed to establish a prima facie NJLAD age-discrimination claim because he presented no evidence that younger employees were treated more favorably; termination to avoid pension benefits, without proof that age was a determinative factor, is insufficient.

KEY QUOTATIONS

> *“Therefore, we hold that when an employee is terminated in violation of § 510 of ERISA the claim accrues when the decision to terminate is made and the employee is informed of the pending termination.”*

> *“A plaintiff must “demonstrate that the defendant had the ‘specific intent’ to violate ERISA.””*

> *“A requirement that an employee tender back the consideration prior to suit would make it difficult to put the employee in a pre-release position.”*

> *“Therefore, we will affirm the District Court’s denial of summary judgment as to the affirmative defense of tender back/ratification.”*

FACTUAL BACKGROUND

Roche outsourced functions of its Technical Services Division to JCI, terminating approximately ninety-six employees effective November 3, 1997. Most of those employees began performing substantially the same jobs for JCI on November 4, but lost access to Roche pension benefits and could not participate in JCI's 401(k) plan during the three-year outsourcing agreement. Roche offered severance benefits under two options, with an enhanced package conditioned on signing a release. The plaintiffs alleged that the outsourcing and terminations were intended to interfere with their future pension benefits and that Roche discriminated against them based on age.

PROCEDURAL HISTORY

The plaintiffs filed suit in the District of New Jersey in 1999 after Roche terminated them in connection with outsourcing Technical Services Division functions to JCI. The District Court dismissed the November Third Termination Association for lack of standing, denied joinder of one time-barred plaintiff, and ultimately granted summary judgment to the defendants on the statute-of-limitations defense as to all plaintiffs except Michael Meechan. It also granted summary judgment against Meechan on the merits of his ERISA and NJLAD claims and rejected Roche's release and tender-back/ratification defenses. The Third Circuit affirmed.

DISPOSITION

affirmed

CASES CITED

- NBT Bank National Association v. First National Community Bank, 393 F.3d 404, 409 (3d Cir. 2005)
- Moore v. City of Philadelphia, 461 F.3d 331, 340 (3d Cir. 2006)
- Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 252 (1986)
- Celotex Corp. v. Catrett, 477 U.S. 317, 322-23 (1986)
- Delaware State College v. Ricks, 449 U.S. 250 (1980)
- Chardon v. Fernandez, 454 U.S. 6 (1981) (per curiam)
- Tolle v. Carroll Touch, Inc., 977 F.2d 1129 (7th Cir. 1992)
- Edes v. Verizon Communications, Inc., 417 F.3d 133, 139 (1st Cir. 2005)
- Gavalik v. Continental Can Co., 812 F.2d 834, 843, 851-57 (3d Cir. 1987)
- Romero v. Allstate Corp., 404 F.3d 212, 221 (3d Cir. 2005)
- Pub. Interest Research Group of N.J., Inc. v. Magnesium Elektron, Inc., 123 F.3d 111, 116-17 (3d Cir. 1997)
- Ingersoll-Rand Co. v. McClendon, 498 U.S. 133, 143 (1990)
- Harper v. Virginia Department of Taxation, 509 U.S. 86, 95-98 (1993)
- Coventry v. U.S. Steel Corp., 856 F.2d 514, 522-23 (3d Cir. 1988)
- Wasley v. Champlin Refining & Chemicals, Inc., 11 F.3d 534, 538-39 (5th Cir. 1993)
- Raczak v. Ameritech Corp., 103 F.3d 1257, 1265 (6th Cir. 1997)
- Hogue v. Southern Railway Co., 390 U.S. 516 (1968) (per curiam)
- Long v. Sears Roebuck & Co., 105 F.3d 1529, 1539-44 (3d Cir. 1997)
- Oubre v. Energy Operations, Inc., 522 U.S. 422, 426-27 (1998)
- Deren v. Digital Equipment Corp., 61 F.3d 1 (1st Cir. 1995)
- Wittorf v. Shell Oil Co., 37 F.3d 1151 (5th Cir. 1994)
- DiFederico v. Rolm Co., 201 F.3d 200, 205-07 (3d Cir. 2000)

- Turner v. Schering-Plough Corp., 901 F.2d 335, 348 (3d Cir. 1990)
- Anderson v. Consolidated Rail Corp., 297 F.3d 242, 248, 251 (3d Cir. 2002)
- Clark v. Coats & Clark, Inc., 990 F.2d 1217, 1223 (11th Cir. 1993)
- Texas Department of Community Affairs v. Burdine, 450 U.S. 248, 253 (1981)
- Murray v. Newark Housing Authority, 709 A.2d 340, 344 (N.J. Super. Ct. 1998)
- Monaco v. American General Assurance Co., 359 F.3d 296, 304-05 (3d Cir. 2004)
- Bergen Commercial Bank v. Sisler, 723 A.2d 944, 953 (N.J. 1999)
- Hazen Paper Co. v. Biggins, 507 U.S. 604, 612-13 (1993)
- Rite Aid of Pennsylvania, Inc. v. Houstoun, 171 F.3d 842, 853 (3d Cir. 1999)
- Cospito v. Heckler, 742 F.2d 72, 79 n.8 (3d Cir. 1984)