

SUPREME COURT OF TEXAS

Storage & Processors, Inc. v. Reyes

134 S.W.3d 190 (Tex. 2004) · No. No. 02-1008 · Decided April 2, 2004

SUMMARY

The Supreme Court of Texas held that employers enrolling employees in non-subscriber workers' compensation benefit plans must satisfy the fair-notice requirements of the express-negligence doctrine and conspicuousness. The court affirmed the court of appeals and remanded because a fact question remained regarding the employee's actual knowledge of the plan terms.

CASE DETAILS

COURT	Supreme Court of Texas
WRITING FOR THE COURT	Chief Justice Phillips; Phillips; Schneider
JURISDICTION	Texas
DECIDED	April 2, 2004
DOCKET	No. 02-1008
DISPOSITION	affirmed
PROCEDURAL POSTURE	Petition for review of the court of appeals' reversal of summary judgment for the employer and employee defendants in a negligence action arising from an employee's injury under a non-subscriber workers' compensation benefits plan.
STANDARD OF REVIEW	Summary judgment is reviewed under the applicable legal standard, and a contract that fails an imposed fair-notice requirement is unenforceable as a matter of law; the court also considered whether a genuine fact issue existed concerning actual knowledge.
PRECEDENTIAL VALUE	published precedential opinion of the Supreme Court of Texas
PARTIES	Storage & Processors, Inc., Leonel Guerrero v. Ramon Reyes

TOPICS

- workers compensation
- employment contracts
- contract interpretation
- appellate procedure
- standard of review

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the express-negligence and conspicuousness fair-notice requirements apply when an employer enrolls employees in a nonsubscriber workers' compensation benefits plan.
2. Whether the liability waiver was enforceable despite its failure to satisfy the conspicuousness requirement because Reyes may have had actual knowledge of the plan's terms.
3. Whether the court of appeals' suggestion that the fair-notice requirements apply to any contract shifting any degree of risk should be disapproved.

HOLDINGS

1. An employer must satisfy both the express-negligence doctrine and the conspicuousness requirement when enrolling employees in a nonsubscriber workers' compensation benefits plan.
2. A contract that fails either applicable fair-notice requirement is unenforceable as a matter of law, unless both contracting parties had actual knowledge of the plan's terms.
3. The decision is a limited extension of the fair-notice doctrines based on the unique public-policy status of nonsubscriber workers' compensation agreements; it does not establish that the doctrines apply to every contract shifting any degree of risk.

KEY QUOTATIONS

“In this case, we must decide whether an employer must satisfy the fair notice requirements of the express negligence doctrine and conspicuousness when it enrolls employees in a non-subscriber workers' compensation benefits plan. Because we hold that employers must, we affirm the judgment of the court of appeals.” (134 S.W.3d at 190)

“In requiring that nonsubscriber agreements satisfy the fair notice requirements, we reiterate that this is a limited extension of those two doctrines because of the unique status of such agreements under our law.” (134 S.W.3d at 194)

FACTUAL BACKGROUND

Storage & Processors was a nonsubscriber to the Texas Workers' Compensation Act. Reyes enrolled in an employer-provided benefits plan offering medical care and wage continuation benefits for workplace injuries, and later suffered a severe forklift injury caused by Guerrero. Reyes accepted most available plan benefits and sued for negligence, while defendants argued that the plan waived his common-law right to sue. The plan's conspicuousness was conceded to be inadequate, but the parties disputed whether Reyes had actual knowledge of its terms.

PROCEDURAL HISTORY

Reyes sued Storage & Processors and Guerrero for negligence after a forklift operated by Guerrero severed Reyes's foot. The trial court granted defendants' first and second motions for summary judgment based on

Reyes's alleged waiver and ratification of his common-law claims. The court of appeals reversed and remanded, holding that the plan's liability release failed the fair-notice requirements; the Supreme Court of Texas affirmed the court of appeals and remanded for further proceedings because a fact issue remained regarding Reyes's actual knowledge of the plan terms.

DISPOSITION

affirmed

REMAND INSTRUCTIONS

Remand to the trial court for further proceedings because a disputed fact question remained regarding whether Reyes had actual knowledge of the plan's terms.

CASES CITED

- Lawrence v. CDB Servs., Inc., 44 S.W.3d 544, 550-54 (Tex. 2001)
- Dresser Indus., Inc. v. Page Petroleum, Inc., 853 S.W.2d 505, 507-10 (Tex. 1993)
- U.S. Rentals, Inc. v. Mundy Serv. Corp., 901 S.W.2d 789, 792 (Tex. App.—Houston [14th Dist.] 1995, writ denied)
- Ethyl Corp. v. Daniel Constr. Co., 725 S.W.2d 705, 707 (Tex. 1987)
- Ling & Co. v. Trinity Sav. & Loan Ass'n, 482 S.W.2d 841, 843 (Tex. 1972)
- Littlefield v. Schaefer, 955 S.W.2d 272, 274-75 (Tex. 1997)
- Cate v. Dover Corp., 790 S.W.2d 559, 561 (Tex. 1990)
- Green Int'l, Inc. v. Solis, 951 S.W.2d 384, 387 (Tex. 1997)
- Getty Oil Co. v. Ins. Co. of N. Am., 845 S.W.2d 794, 806 (Tex. 1992)
- In re H.E. Butt Grocery Co., 17 S.W.3d 360, 378 (Tex. App.—Houston [14th Dist.] 2000)
- Joe Adams & Son v. McCann Constr. Co., 475 S.W.2d 721, 723-24 (Tex. 1971)
- Spence & Howe Constr. Co. v. Gulf Oil Corp., 365 S.W.2d 631, 634 (Tex. 1963)
- Ohio Oil Co. v. Smith, 365 S.W.2d 621, 624 (Tex. 1963)
- Mitchell's, Inc. v. Friedman, 303 S.W.2d 775, 779 (Tex. 1957)
- Reyes v. Storage & Processors, Inc., 995 S.W.2d 722 (Tex. App.—San Antonio 1999, pet. denied)

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