

SUPREME COURT OF IDAHO

Moore v. Omnicare, Inc., 141 Idaho 809

118 P.3d 141 (2005) · No. Nos. 30244, 30245 · Decided July 22, 2005

SUMMARY

The Idaho Supreme Court reviewed consolidated appeals concerning an arbitration award arising from an asset purchase agreement and an employment agreement. The court held that the Idaho Uniform Arbitration Act governed, upheld prejudgment interest on the earnings holdback claim, vacated awards of attorney fees and costs that exceeded the parties' agreement, and affirmed the refusal to award treble damages and attorney fees on the employment claim.

CASE DETAILS

COURT	Supreme Court of Idaho
WRITING FOR THE COURT	Schroeder, Chief Justice; Eismann, Justice; Trout, Justice; Burdick, Justice; Jones, Justice
JURISDICTION	Idaho
DECIDED	July 22, 2005
DOCKET	Nos. 30244, 30245
DISPOSITION	reversed
PROCEDURAL POSTURE	Consolidated cross-appeals from a district court judgment partially vacating and partially confirming an arbitration award arising from an Asset Purchase Agreement and Employment Agreement.
STANDARD OF REVIEW	The Supreme Court applies virtually the same standard as the district court when reviewing a decision to vacate or modify an arbitration award. Review is limited to the statutory grounds in the Idaho Uniform Arbitration Act; an arbitrator's legal and factual rulings are binding even if erroneous unless an enumerated statutory ground exists. Additional district-court factual findings are reviewed for substantial and competent evidence.
PRECEDENTIAL VALUE	Published Idaho Supreme Court opinion; precedential.
PARTIES	David Moore, Mednat, Inc. v. Omnicare, Inc.

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QUESTIONS PRESENTED

1. Whether the Idaho Uniform Arbitration Act or the Federal Arbitration Act governed the parties' arbitration agreements.
2. Whether the arbitration panel exceeded its authority by awarding attorney fees and costs on Mednat's earnings-holdback claim.
3. Whether the arbitration panel had authority to award prejudgment interest on the earnings-holdback claim.
4. Whether Moore's damages under the Employment Agreement were wages subject to mandatory trebling under Idaho Code section 45-615.
5. Whether Moore or Omnicare was entitled to attorney fees on appeal.

HOLDINGS

1. The Idaho Uniform Arbitration Act, rather than the Federal Arbitration Act, governed the substantive arbitration issues because the parties expressly agreed that Idaho law would govern both the Asset Purchase Agreement and the Employment Agreement.
2. An arbitrator's award may be vacated under the UAA when the arbitrator exceeds the authority granted by the parties' agreement, but an award may not be set aside merely because the arbitrator allegedly made an error of law or fact.
3. The arbitration panel exceeded its authority by awarding Mednat attorney fees on the earnings-holdback claim because the Asset Purchase Agreement required each party to bear its own arbitration costs and attorney fees.
4. The district court erred by confirming the arbitration panel's award of costs on the earnings-holdback claim.
5. The arbitration panel acted within its authority by awarding prejudgment interest on the earnings-holdback claim.
6. Moore's damages under the Employment Agreement were not wages for services rendered and therefore were not subject to mandatory trebling under Idaho Code section 45-615.

KEY QUOTATIONS

“An arbitrator's rulings on questions of law and fact are binding, even where erroneous, unless one of the enumerated statutory grounds is present.” (141 Idaho at 812)

“An arbitrator's powers stem from the parties' agreement.” (141 Idaho at 814)

“The panel's decision to award costs directly contradicts this express language and was beyond the scope of the arbitrator's authority under I.C. § 7-912(a)(3).” (141 Idaho at 818)

FACTUAL BACKGROUND

Omnicare acquired the assets and goodwill of Tandem, later known as Mednat, under an Asset Purchase Agreement containing an earnings-holdback provision and agreed to employ David Moore under a separate five-year Employment Agreement. After Mednat's client base declined, Omnicare closed Mednat and terminated Moore without providing the written notice required by the Employment Agreement. An arbitration panel awarded Moore \$247,500 plus prejudgment interest and awarded Mednat \$400,000 on the earnings-holdback claim, together with prejudgment interest, costs, and attorney fees.

PROCEDURAL HISTORY

An arbitration panel awarded Moore damages and prejudgment interest on his employment-agreement claim and awarded Mednat damages, prejudgment interest, costs, and attorney fees on its earnings-holdback claim. The district court vacated the attorney-fee award on the earnings-holdback claim, confirmed the remaining challenged portions of the award, and denied Moore's requests for treble damages and attorney fees. Both parties appealed, and the appeals were consolidated.

DISPOSITION

reversed

REMAND INSTRUCTIONS

The judgment was affirmed in part and reversed in part. The district court was required to vacate the arbitration panel's award of costs on the earnings-holdback claim while leaving the award of prejudgment interest, the vacatur of attorney fees on that claim, and the denial of treble damages and attorney fees on Moore's employment claim intact.

CASES CITED

- Bingham County Comm'n v. Interstate Elec. Corp., 105 Idaho 36, 665 P.2d 1046 (1983)
- Pacific Alaska Seafoods, Inc. v. Vic Hoskins Trucking, Inc., 139 Idaho 472, 80 P.3d 1073 (2003)
- Landmark v. Mader Agency, Inc., 126 Idaho 74, 878 P.2d 773 (1994)
- Driver v. SI Corp., 139 Idaho 423, 80 P.3d 1024 (2003)
- Reece v. U.S. Bancorp Piper Jaffray, Inc., 139 Idaho 487, 80 P.3d 1088 (2003)
- Hecla Mining Co. v. Bunker Hill Co., 101 Idaho 557, 617 P.2d 861 (1980)
- Chicoine v. Bignall, 127 Idaho 225, 899 P.2d 438 (1995)
- Allied-Bruce Terminix Co. v. Dobson, 513 U.S. 265 (1995)
- Volt Info. Scis., Inc. v. Bd. of Trs., 489 U.S. 468 (1989)
- Mastrobuono v. Shearson Lehman Hutton, Inc., 514 U.S. 52 (1995)
- United Steelworkers of Am. v. Enterprise Wheel & Car Corp., 363 U.S. 593 (1960)

- Swift Indus. Inc. v. Botany Indus., Inc., 466 F.2d 1125 (3d Cir. 1972)
- Lundgren v. Freeman, 307 F.2d 104 (9th Cir. 1962)
- H.S. Cramer & Co. v. Washburn-Wilson Seed Co., 68 Idaho 416, 195 P.2d 346 (1948)
- W. Constr., Inc. v. Oregon-Southern Idaho & Wyoming Dist. of Laborers, 101 Idaho 145, 609 P.2d 1136 (1980)
- Emery v. United Pac. Ins. Co., 120 Idaho 244, 815 P.2d 442 (1991)
- Storrer v. Kier Constr. Corp., 129 Idaho 745, 932 P.2d 373 (Ct. App. 1997)
- McPheters v. Maile, 138 Idaho 391, 64 P.3d 317 (2003)
- Chittenden & Eastman Co. v. Leasure, 116 Idaho 981, 783 P.2d 320 (Ct. App. 1989)
- Schilling v. Allstate Ins. Co., 132 Idaho 927, 980 P.2d 1014 (1999)
- DiRussa v. Dean Witter Reynolds, Inc., 121 F.3d 818 (2d Cir. 1997)
- Whitlock v. Haney Seed Co., 114 Idaho 628, 759 P.2d 919 (Ct. App. 1988)
- Neal v. Idaho Forest Indus., Inc., 107 Idaho 681, 691 P.2d 1296 (Ct. App. 1984)
- Polk v. Larrabee, 135 Idaho 303, 17 P.3d 247 (2000)
- Gustaves v. Gustaves, 138 Idaho 64, 57 P.3d 775 (2002)
- Minich v. Gem State Developers, Inc., 99 Idaho 911, 591 P.2d 1078 (1979)
- Fairfax v. Ramirez, 133 Idaho 72, 982 P.2d 375 (Ct. App. 1999)
- Northwest Pipeline Corp. v. State, Department of Employment, 129 Idaho 548, 928 P.2d 898 (1996)
- Lowery v. Board of County Commissioners, 117 Idaho 1079, 793 P.2d 1251 (1990)
- Barnes v. Hinton, 103 Idaho 619, 651 P.2d 553 (1982)