

SUPREME COURT OF THE STATE OF MONTANA

Great Falls Clinic LLP v. Montana Eighth Judicial District Court

2016 MT 245, 385 Mont. 95 (2016) · No. OP 16-0335 · Decided October 4, 2016

SUMMARY

The Montana Supreme Court accepted supervisory control over an interlocutory employment dispute and affirmed summary judgment for Lisa Warrington on her breach-of-contract claim. The Court held that Montana's Wrongful Discharge from Employment Act did not apply because Warrington had not yet begun working for Great Falls Clinic when the Clinic repudiated the executory employment contract. The Court remanded for further proceedings and assessed costs against Great Falls Clinic.

CASE DETAILS

COURT	Supreme Court of the State of Montana
WRITING FOR THE COURT	Mike McGrath; Michael E. Wheat; Patricia Cotter; Laurie McKinnon; Beth Baker; James Jeremiah Shea; Jim Rice
JURISDICTION	Montana
DECIDED	October 4, 2016
DOCKET	OP 16-0335
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The Great Falls Clinic petitioned for supervisory control over the Montana Eighth Judicial District Court and sought reversal of the district court's summary-judgment order. The Montana Supreme Court accepted supervisory control, affirmed the district court's ruling, and remanded for further proceedings.
STANDARD OF REVIEW	Supervisory control is an extraordinary remedy limited to cases involving purely legal questions and exercised case by case; summary judgment is reviewed de novo under the same standard applied by the district court under Montana Rule of Civil Procedure 56.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Great Falls Clinic LLP v. Lisa Warrington

TOPICS

wrongful termination

employment contracts

breach of contract

writ of certiorari

statutory interpretation

PRACTICE AREAS

employment law

contracts

appellate procedure

remedies

statutory interpretation

QUESTIONS PRESENTED

1. Whether the Montana Wrongful Discharge from Employment Act applies when an employer withdraws an executory contract for future employment before the prospective employee begins work.
2. Whether the Supreme Court should exercise supervisory control to resolve that purely legal issue before further proceedings in the district court.
3. Whether the district court properly granted Warrington summary judgment on her breach-of-contract claim.

HOLDINGS

1. The Supreme Court accepted supervisory control because the case presented a purely legal issue whose resolution would shape the remaining proceedings, including the available legal theories and damages, and would promote judicial economy.
2. The Wrongful Discharge from Employment Act does not apply when an employer breaches an executory contract for future employment before the prospective employee begins working for that employer. A person who has not yet started work is not an employee who has been discharged under the Act.
3. The district court properly granted Warrington summary judgment on her breach-of-contract claim.

KEY QUOTATIONS

“The Act ‘provides the exclusive remedy for a wrongful discharge from employment.’” (¶ 10)

“Because she was not an employee, the Clinic could not discharge her from employment for purposes of the Act.” (¶ 13)

“The District Court properly concluded that there ‘is simply no plausible interpretation of ‘employment’ at the Clinic that would apply to Ms. Warrington’s status on October 25.’” (¶ 14)

FACTUAL BACKGROUND

Lisa Warrington had worked for Benefis Hospital for approximately twenty years when Great Falls Clinic offered her a clinical-manager position. She accepted the offer, gave Benefis two weeks' notice, and signed a written indefinite-term employment contract with the Clinic providing for a start date of October 27, 2014. On October 24, before she began work for the Clinic and while she remained employed by Benefis, the Clinic told her it would not employ her.

PROCEDURAL HISTORY

Lisa Warrington sued Great Falls Clinic for breach of contract, promissory estoppel, and breach of the covenant of good faith and fair dealing after the Clinic withdrew a job offer before her agreed start date. The district court granted Warrington summary judgment on the breach-of-contract claim and denied the Clinic's motion, concluding that Montana's Wrongful Discharge from Employment Act did not apply because Warrington had not

yet begun working for the Clinic. The Clinic sought supervisory control, arguing that the Act applied and preempted the common-law contract claim.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remanded to the district court for further proceedings consistent with the opinion. Costs for the proceeding were assessed against Great Falls Clinic and awarded to Lisa Warrington.

CASES CITED

- Stokes v. Thirteenth Jud. Dist. Court, 2011 MT 182, ¶ 5, 361 Mont. 279, 259 P.3d 754
- Truman v. Eleventh Jud. Dist. Court, 2003 MT 91, ¶ 15, 315 Mont. 165, 68 P.3d 654
- Revelation Industries v. St. Paul Fire & Marine, 2009 MT 123, ¶ 13, 350 Mont. 184, 206 P.3d 919
- Blem v. St. John's Lutheran Hospital, 2010 MT 258, ¶¶ 16, 18-19, 358 Mont. 300, 246 P.3d 1024
- Solle v. Western States Ins., 2000 MT 96, ¶ 12, 299 Mont. 237, 999 P.2d 328
- Cromwell v. Victor School Dist., 2006 MT 171, ¶ 22, 333 Mont. 1, 140 P.3d 487
- Winkel v. Family Health Care, 205 Mont. 40, 45, 668 P.2d 208, 219 (1983)
- Beasley v. Semitool, Inc., 258 Mont. 258, 262, 853 P.2d 84, 86 (1993)

OPINION

PER CURIAM.

10/04/2016 OP 16-0335 Case Number: OP 16-0335 IN THE SUPREME COURT OF THE STATE OF MONTANA 2016 MT 245 GREAT FALLS CLINIC LLP, Petitioner, v. MONTANA EIGHTH JUDICIAL DISTRICT COURT, Cascade County, The Honorable John A. Kutzman, Presiding Judge, Respondents. APPEAL FROM: District Court of the Eighth Judicial District, In and For the County of Cascade, Cause No. BDV-15-118(C) Honorable John A. Kutzman, Presiding Judge COUNSEL OF RECORD: For Petitioner Great Falls Clinic: Adam Warren (argued), Gerry Fagan, Moulton Bellingham PC, Billings, Montana For Plaintiff Lisa Warrington: Timothy J. McKittrick (argued), McKittrick Law Firm, P.C., Great Falls, Montana Argued: August 31, 2016 Submitted: September 6, 2016 Decided: October 4, 2016 Filed:

_____ Clerk OPINION AND ORDER ¶1 The Great Falls Clinic petitions this Court to take supervisory control over the District Court of the Eighth Judicial District and to reverse the Order on Cross Motions for Summary Judgment dated April 25, 2016, in the case of Lisa Warrington v. Great Falls Clinic, Cause No. BDV-15-118(C).

We accept supervisory control and affirm the District Court. FACTUAL AND PROCEDURAL BACKGROUND ¶2 In 2014 Lisa Warrington had worked for Benefis Hospital (Benefis) in Great

Falls for about 20 years. On October 7, 2014, the Great Falls Clinic (Clinic) offered her a job as clinical manager.

The next day Warrington accepted the offer of employment and gave two weeks' notice to Benefis that she was leaving its employ after October 24. On October 10, Warrington signed a written employment contract for an indefinite term with the Clinic, and both agreed that her start date would be October 27, 2014.

On October 24, Warrington's last day at Benefis, the Clinic called and told her that it would not employ her after all. ¶3 Warrington brought an action against the Clinic for breach of contract, promissory estoppel, and breach of the covenant of good faith and fair dealing.

The parties each moved for summary judgment on the breach of contract and promissory estoppel claims. The District Court granted Warrington's motion for summary judgment on the breach of contract claim and denied the Clinic's motion.

The District Court found that the Wrongful Discharge from Employment Act (Act) did not apply. 2 ¶4 On June 7, 2016, the Clinic petitioned this Court for a writ of supervisory control, contending that the District Court made a serious mistake of law by concluding that the Act does not apply to the relationship between Warrington and the Clinic.¹ The Clinic asserts that resolution of this legal issue will determine the ultimate outcome of the case and must be resolved before the parties proceed to other issues such as damages. ¶5 This Court ordered a response from either the District Court or the plaintiff in the underlying case.

On June 23, 2016, Warrington responded to the Clinic's petition, contending that the District Court's order on summary judgment was correct and should be upheld. After reviewing the petition and the response, this Court ordered oral argument, which occurred on August 31, 2016. STANDARDS OF REVIEW ¶6 This Court has supervisory control over all other courts. Mont.

Const. art. VII, § 2(2). Supervisory control is an extraordinary remedy and we determine whether to use it on a case-by-case basis. M. R. App. P. 14(3). Acceptance of supervisory control is limited to cases involving purely legal questions. *Stokes v. Thirteenth Jud. Dist. Court*, 2011 MT 182, ¶ 5, 361 Mont. 279, 259 P.3d 754. Promoting judicial economy and avoiding "inevitable procedural entanglements" are appropriate reasons for exercising the writ.

Truman v. Eleventh Jud. Dist. Court, 2003 MT 91, ¶ 15, 315 Mont. 165, 68 P.3d 654. 1 The District Court denied Warrington's motion for summary judgment on the promissory estoppel claim. Neither party seeks review of that ruling. 3 ¶7 We review a district court's ruling on summary judgment de novo, to determine whether it is correct, using the same standards as the district court under M. R. Civ.

P. 56. *Revelation Industries v. St. Paul Fire & Marine*, 2009 MT 123, ¶ 13, 350 Mont. 184, 206 P.3d 919. DISCUSSION ¶8 We have determined to accept the petition for supervisory control to resolve the issue in this case as to whether the Wrongful Discharge from Employment Act applies to the relationship between Warrington and the Clinic. This is purely an issue of law and its resolution will shape the proceedings for the remainder of the case, including the legal theory or theories under which Warrington may pursue her claim against the Clinic and the determination of damages, if any.

Settling this issue at the present time will further judicial economy and will materially aid the parties. ¶9 The primary issue is whether the Montana Wrongful Discharge from Employment Act, Title 39, chapter 2, MCA, applies to Warrington's claims.

The Clinic argues that the Act applies, preempting Warrington's common law claim for breach of contract and limiting her remedies. The District Court concluded that the Act did not apply to Warrington's relationship with the Clinic because she was never an employee of the Clinic and therefore could not have been discharged.

The District Court concluded that Warrington and the Clinic were parties to an executory contract for future employment and that an employer cannot discharge a person who is still employed somewhere else and has not yet started to work for the employer.

The Clinic contends that unless this result is reversed the Act will be eviscerated and judicial resources wasted. 4 ¶10 The Act "provides the exclusive remedy for a wrongful discharge from employment." *Blem v. St John's Lutheran Hospital*, 2010 MT 258, ¶¶ 18-19, 358 Mont. 300, 246 P.3d 1024; § 39-2-902, MCA.

The Act preempts all common law remedies for wrongful discharge, and precludes any discharge claim arising "from tort or express or implied contract." Section 39-2-913, MCA; *Solle v. Western States Ins.*, 2000 MT 96, ¶ 12, 299 Mont. 237, 999 P.2d 328.

The Act applies to an "employee," who is "a person who works for another for hire." Section 39-2-903(3), MCA. The Act provides that a "discharge" includes a constructive discharge (not involved in this case) and "any other termination of employment." If an employer has committed a wrongful discharge the employee may be awarded wages and fringe benefits for a maximum of four years, less any interim earnings.

Section 39-2-905(1), MCA; *Cromwell v. Victor School Dist.*, 2006 MT 171, ¶ 22, 333 Mont. 1, 140 P.3d 487. There is no right to damages for pain and suffering, emotional distress, compensatory damages, punitive damages, or any other form of damages except those provided in the Act. Section 39-2-905, MCA. ¶11 It is clear that Warrington and the Clinic had entered an executory contract as found by the District Court.

The Clinic's written job offer, accepted by Warrington, welcomed her to join them "as a Clinical Manager" at an annual compensation of \$78,500 plus benefits, with a start date to be determined. The Clinic established a six-month probationary period "which begins on your first date of employment." The Clinic's written offer to Warrington stated that "[W]e greatly look forward to having you join the Clinic and become a member of our team." At that time, and through October 24, 2014, Warrington was employed by Benefis.

5 ¶12 A contract requires identifiable parties capable of contracting; consent of the parties; a lawful object; and sufficient consideration. Section 28-2-102, MCA. It was a contract for future employment and as such was an executory contract, under which "a party binds himself to do or not to do a particular thing in the future." *Winkel v. Family Health Care*, 205 Mont.

40, 45, 668 P.2d 208, 219 (1983). The executory contract here was the agreement that the Clinic would employ Warrington starting October 27, 2014. ¶13 The Wrongful Discharge Act applies when an employer discharges an employee from employment. *Blem*, ¶ 18. None of those attributes applies to the relationship between the Clinic and Warrington. When the Clinic breached the executory contract Warrington was not employed by the Clinic because she had not yet started work and was not entitled to any salary for having worked.

As the District Court succinctly concluded, Warrington "had not yet earned a dime working for the Clinic." Because she was not an employee, the Clinic could not discharge her from employment for purposes of the Act.

As the District Court concluded, "[b]ecause the Act applies only to a 'discharge' and not to other types of employment claims, the ultimate legal question here is whether the Clinic or any other employer can 'discharge' a person before their first day on the job." When the Clinic purportedly "discharged" Warrington she was still a full-time employee of Benefis and had not yet become an employee of the Clinic.

An "employee" is a "person who works for another for hire." Section 39-2-903(3), MCA. ¶14 We have held that § 39-2-913, MCA, "bars claims for discharge arising from tort or implied or express contract, but does not bar all tort or contract claims merely because they arise in the employment context." *Beasley v. Semitool, Inc.*, 258 Mont. 258, 262, 685 P.2d 84, 86 (1993).

This Court effectively disposed of the Clinic's argument in *Blem*, holding that a prospective employee's probationary period does not begin upon acceptance of an offer of employment, but rather begins when "the new employee actually starts work." This is especially true where the purportedly discharged employee is "actually working for another employer" at the time.

Blem, ¶ 16. The District Court properly concluded that there "is simply no plausible interpretation of 'employment' at the Clinic that would apply to Ms. Warrington's status on October 25." ¶15 We accept the petition for supervisory control.

In doing so, we affirm the District Court's determination that the Wrongful Discharge From Employment Act does not apply to the relationship between the Clinic and Warrington, and we affirm its order granting summary judgment to Warrington on the breach of contract claim. ¶16 Further, costs can be awarded in extraordinary writs and original proceedings under M. R. App.

P. 19(3)(b)(iii), and will be assessed against the real party in interest, rather than against the respondent district court. M. R. App. P. 19(3)(b)(ii). ¶17 IT IS HEREBY ORDERED that this matter is remanded to the District Court for further proceedings consistent with this Opinion and Order. ¶18 IT IS FURTHER ORDERED that costs for this proceeding will be assessed against Great Falls Clinic and awarded to Lisa Warrington, pursuant to M. R. App.

P. 19(3)(b). DATED this 4th day of October, 2016. /S/ MIKE McGRATH 7 We Concur: /S/ MICHAEL E WHEAT /S/ PATRICIA COTTER /S/ LAURIE McKINNON /S/ BETH BAKER /S/ JAMES JEREMIAH SHEA /S/ JIM RICE 8