

COURT OF APPEALS OF TEXAS, EIGHTH DISTRICT, EL PASO

IHS Acquisition No. 131, Inc. d/b/a Horizon Healthcare Center at El Paso v. Martha Iturralde

387 S.W.3d 799 (Tex. App.—El Paso 2012) · No. 08-11-00091-CV · Decided April 25, 2012

SUMMARY

The Eighth District Court of Appeals of Texas held that an employee’s signed arbitration agreement clearly and unmistakably delegated gateway issues concerning validity and enforceability to the arbitrator. The court also concluded that the reference to a different affiliated employer was a misnomer that did not make the agreement unenforceable. It reversed the denial of the motion to compel arbitration and remanded for orders compelling arbitration.

CASE DETAILS

COURT	Court of Appeals of Texas, Eighth District, El Paso
WRITING FOR THE COURT	Ann Crawford McClure; Rivera; Antcliff
JURISDICTION	Texas
DECIDED	April 25, 2012
DOCKET	08-11-00091-CV
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Interlocutory appeal from the denial of an employer's motion to compel arbitration under the Federal Arbitration Act.
STANDARD OF REVIEW	The validity of an arbitration agreement is reviewed de novo as a question of law. A trial court abuses its discretion when it refuses to compel arbitration under a valid and enforceable arbitration agreement.
PRECEDENTIAL VALUE	published
PARTIES	IHS Acquisition No. 131, Inc. d/b/a Horizon Healthcare Center at El Paso v. Martha Iturralde

TOPICS

employment arbitration

arbitration

contract formation

contract interpretation

interlocutory appeal

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the Mutual Arbitration Agreement clearly and unmistakably delegated gateway issues concerning validity, enforceability, formation, and arbitrability to the arbitrator.
2. Whether the agreement was unenforceable because it identified IHS Acquisition No. 174 rather than IHS Acquisition No. 131 as the employer.
3. Whether the trial court erred by refusing to compel arbitration when Iturralde did not establish an affirmative defense to enforcement.

HOLDINGS

1. The Mutual Arbitration Agreement clearly and unmistakably delegated issues concerning the validity and enforceability of the agreement to the arbitrator; therefore, Iturralde's challenge that the agreement was illusory or lacked consideration had to be submitted to arbitration rather than decided by the court.
2. The misnomer identifying the employer as IHS Acquisition No. 174 did not render the arbitration agreement unenforceable because the signed agreement, the employment relationship, and the surrounding circumstances demonstrated the parties' intent to arbitrate disputes between Iturralde and her actual employer, IHS Acquisition No. 131.
3. The trial court erred in refusing to compel arbitration because IHS established the existence of an enforceable arbitration agreement covering the dispute, and Iturralde did not prove an affirmative defense to arbitration.

KEY QUOTATIONS

“Unless the agreement clearly demonstrates that the parties intended to confer on the arbitrator the power to determine what disputes are arbitrable, the court retains the duty to decide that issue.” (-8-)

“If the challenge relates to the arbitration agreement as a whole, and the agreement contains a provision delegating issues of arbitrability to the arbitrator, then the challenge must be directed to arbitration.” (-10-)

“We conclude that the trial court erred in refusing to compel arbitration. We sustain both issues for review and reverse and remand for orders compelling arbitration.” (-13-)

FACTUAL BACKGROUND

Martha Iturralde, a former employee of IHS Acquisition No. 131 d/b/a Horizon Healthcare Center at El Paso, alleged that she was denied a promotion because of her age and later demoted and had her salary reduced in retaliation for filing an Equal Employment Opportunity Commission claim. IHS moved to compel arbitration based on a Mutual Arbitration Agreement that Iturralde signed on October 17, 2008. The agreement identified the employer as IHS Acquisition No. 174, creating a misnomer dispute because Iturralde had been employed by IHS Acquisition No. 131 and had never worked for IHS Acquisition No. 174.

PROCEDURAL HISTORY

Iturralde sued her former employer alleging age discrimination in the denial of a promotion and retaliation in connection with her demotion. IHS moved to compel arbitration based on a signed Mutual Arbitration Agreement, but the trial court denied the motion. IHS brought an interlocutory appeal, and the Court of Appeals reversed and remanded for orders compelling arbitration.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand for entry of orders compelling arbitration.

CASES CITED

- J.M. Davidson, Inc. v. Webster, 128 S.W.3d 223 (Tex. 2003)
- In re Halliburton Co., 80 S.W.3d 566 (Tex. 2002)
- In re Dillard Department Stores, Inc., 186 S.W.3d 514 (Tex. 2006)
- In re AdvancePCS Health L.P., 172 S.W.3d 603 (Tex. 2005)
- Budd v. Max International, LLC, 339 S.W.3d 915 (Tex. App.—Dallas 2011, no pet.)
- Rent-A-Center, West, Inc. v. Jackson, 130 S. Ct. 2772 (2010)
- First Options of Chicago, Inc. v. Kaplan, 514 U.S. 938 (1995)
- AT&T Technologies, Inc. v. Communications Workers, 475 U.S. 643 (1986)
- AT&T Mobility LLC v. Concepcion, AT&T Mobility LLC v. Concepcion, 131 S. Ct. 1740 (2011)
- Moses H. Cone Memorial Hospital v. Mercury Construction Corp., 460 U.S. 1 (1983)
- Buckeye Check Cashing, Inc. v. Cardegna, 546 U.S. 440 (2006)
- Volt Information Sciences, Inc. v. Board of Trustees of Leland Stanford Junior University, 489 U.S. 468 (1989)
- United Steelworkers of America v. American Manufacturing Co., 363 U.S. 564 (1960)
- Del E. Webb Construction v. Richardson Hospital Authority, 823 F.2d 145 (5th Cir. 1987)
- In re Palm Harbor Homes, Inc., 195 S.W.3d 672 (Tex. 2006)
- First Options of Chicago, Inc. v. Kaplan, 514 U.S. 938 (1995)
- In re Kellogg Brown & Root, Inc., 166 S.W.3d 732 (Tex. 2005)
- Cessna Aircraft Co. v. Aircraft Network, L.L.C., 213 S.W.3d 455 (Tex. App.—Dallas 2006, pet. denied)
- Texas Custom Pools, Inc. v. Clayton, 293 S.W.3d 299 (Tex. App.—El Paso 2009, no pet.)
- In re 24R, Inc., 324 S.W.3d 564 (Tex. 2010)
- Mann Frankfort Stein & Lipp Advisors, Inc. v. Fielding, 289 S.W.3d 844 (Tex. 2009)
- Light v. Centel Cellular Co., 883 S.W.2d 642 (Tex. 1994)
- Vanegas v. American Energy Services, 302 S.W.3d 299 (Tex. 2009)
- In re Polymerica, LLC, 296 S.W.3d 74 (Tex. 2009)

- Fogal v. Stature Construction, Inc., 294 S.W.3d 708 (Tex. App.—Houston [1st Dist.] 2009, pet. denied)
- In re Kaplan Higher Education Corp., 235 S.W.3d 206 (Tex. 2007)
- In re FirstMerit Bank, N.A., 52 S.W.3d 749 (Tex. 2001)

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