

SUPERIOR COURT OF PENNSYLVANIA

Barnett v. SKF USA, Inc.

4 A.3d 1057 (Pa. Super. Ct. 2009) · No. No. 282 EDA 2008 · Decided July 13, 2009

SUMMARY

The Superior Court of Pennsylvania reviewed SKF USA, Inc.'s interlocutory appeal from the denial of summary judgment in former employees' breach of oral contract action. The court held that the employees' claim for promised enhanced severance and pension-related benefits was only tenuously related to an ERISA plan and was therefore not preempted. The court affirmed the order denying summary judgment and noted a dissent.

CASE DETAILS

|                       |                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| COURT                 | Superior Court of Pennsylvania                                                                                                                                                                                                                                                                                                                           |
| WRITING FOR THE COURT | Panella, J.; Shogan, J.; Allen, J.                                                                                                                                                                                                                                                                                                                       |
| JURISDICTION          | Pennsylvania                                                                                                                                                                                                                                                                                                                                             |
| DECIDED               | July 13, 2009                                                                                                                                                                                                                                                                                                                                            |
| DOCKET                | No. 282 EDA 2008                                                                                                                                                                                                                                                                                                                                         |
| DISPOSITION           | affirmed                                                                                                                                                                                                                                                                                                                                                 |
| PROCEDURAL POSTURE    | Interlocutory appeal by permission from an order denying SKF USA, Inc.'s renewed motion for summary judgment in a breach-of-oral-contract action.                                                                                                                                                                                                        |
| STANDARD OF REVIEW    | Summary judgment is reviewed for legal error or abuse of discretion, with plenary review of legal questions and de novo review of whether a genuine issue of material fact exists. The record is viewed in the light most favorable to the nonmoving party, and the moving party bears the burden of showing entitlement to judgment as a matter of law. |
| PRECEDENTIAL VALUE    | published                                                                                                                                                                                                                                                                                                                                                |
| PARTIES               | SKF USA, Inc. v. Lawrence J. Barnett, Christine Cookenback, James M. DeFeo, Madlin Laurent                                                                                                                                                                                                                                                               |

TOPICS

- erisa
- employee benefits
- breach of contract
- appellate procedure
- federalism

## PRACTICE AREAS

employment law

employee benefits

contracts

appellate procedure

## QUESTIONS PRESENTED

1. Whether the appellees' Pennsylvania breach-of-oral-contract claim for enhanced severance benefits was preempted by ERISA.
2. Whether the Third Circuit's decision in *Hooven v. Exxon Mobil Corp.* required summary judgment for SKF.

## HOLDINGS

1. The appellees' breach-of-oral-contract claim was not preempted by ERISA because its connection to the ERISA plan was only tenuous and incidental.
2. *Hooven* did not control the case because it involved claims asserted under ERISA and an ancillary contract theory arising from an ERISA plan, whereas the appellees asserted an independent state-law claim based on an alleged oral promise.

## KEY QUOTATIONS

*"Thus, in those cases where a state law or cause of action impacts upon ERISA in an indirect manner, that is, only tenuously or remotely, then preemption under ERISA is not warranted."* (4 A.3d at 1060)

*"For the reasons we have discussed above, we conclude that the trial court neither committed an error of law nor abused its discretion in denying SKF's motion for summary judgment on grounds that Appellees' breach of oral contract cause of action is only tenuously related to an ERISA plan, and is therefore not preempted by 29 U.S.C.A. § 1144."* (4 A.3d at 1063)

## FACTUAL BACKGROUND

The appellees were former salaried, nonunion employees at SKF's Philadelphia plant, which closed in December 1991. They alleged that SKF orally promised them termination rights comparable to benefits provided to union employees if they continued working until the plant closed. The appellees claimed SKF failed to provide the promised benefits and sued for breach of contract; their claim referenced SKF's ERISA-governed pension plan but was based on an alleged oral agreement made by an employer representative outside the administration of the plan.

## PROCEDURAL HISTORY

The appellees sued SKF for breach of an alleged oral agreement promising enhanced severance or pension-related termination benefits in exchange for continued employment until the Philadelphia plant closed. SKF raised ERISA preemption in preliminary objections and two motions for summary judgment, all of which were denied by the Montgomery County Court of Common Pleas. The Superior Court granted permission to appeal from the renewed summary-judgment order and affirmed.

## DISPOSITION

affirmed

#### CASES CITED

- Evans v. Sodexho, 946 A.2d 733 (Pa. Super. Ct. 2008)
- Scalice v. Pennsylvania Employees Benefit Trust Fund, 584 Pa. 161, 883 A.2d 429 (2005)
- Greenblatt v. Budd Co., 666 F. Supp. 735 (E.D. Pa. 1987)
- Pappas v. Asbel, 564 Pa. 407, 768 A.2d 1089 (2001)
- Hooven v. Exxon Mobil Corp., 465 F.3d 566 (3d Cir. 2006)
- Chiropractic Nutritional Associates, Inc. v. Empire Blue Cross & Blue Shield, 447 Pa. Super. 436, 669 A.2d 975 (1995)
- Kemmerer v. ICI Americas Inc., 70 F.3d 281 (3d Cir. 1995)
- Aetna Health Inc. v. Davila, 542 U.S. 200, 124 S. Ct. 2488, 159 L. Ed. 2d 312 (2004)
- Reichelt v. Emhart Corp., 921 F.2d 425 (2d Cir. 1990)
- Carr v. First Nationwide Bank, 816 F. Supp. 1476 (N.D. Cal. 1993)