

SUPREME COURT OF TEXAS

Sabine Pilot Service, Inc. v. Hauck

687 S.W.2d 733 (Tex. 1985) · No. No. C-3312 · Decided April 3, 1985

SUMMARY

The Supreme Court of Texas affirmed the court of appeals’ reversal of summary judgment for Sabine Pilot Service, Inc. in an employee’s wrongful-discharge action. The court recognized a narrow public-policy exception to employment at will when an employee is discharged solely for refusing to perform an illegal act, and placed on the employee the burden of proving that reason by a preponderance of the evidence.

CASE DETAILS

COURT	Supreme Court of Texas
WRITING FOR THE COURT	Wallace, Justice; Kilgarlin, Justice; Ray, Justice
JURISDICTION	Texas
DECIDED	April 3, 1985
DOCKET	No. C-3312
DISPOSITION	affirmed
PROCEDURAL POSTURE	Employee brought a wrongful-discharge action alleging he was fired for refusing to perform an illegal act. The trial court granted the employer's motion for summary judgment; the court of appeals reversed and remanded for trial; the Supreme Court of Texas affirmed the court of appeals.
STANDARD OF REVIEW	On review of summary judgment, the court accepts the nonmovant's version of the evidence as true, draws every reasonable inference in the nonmovant's favor, and requires the movant to establish as a matter of law that no genuine issue of material fact exists.
PRECEDENTIAL VALUE	published precedential opinion of the Supreme Court of Texas
PARTIES	Sabine Pilot Service, Inc. v. Michael Andrew Hauck

TOPICS

- wrongful termination
- employment at-will
- employment law
- summary judgment
- civil procedure

PRACTICE AREAS

employment law

wrongful termination

civil procedure

remedies

QUESTIONS PRESENTED

1. Whether an employee's allegation that he was discharged solely for refusing to perform an illegal act states a cause of action under Texas law.
2. Whether summary judgment for the employer was proper when the employee presented evidence that he was discharged for refusing to perform an illegal act.

HOLDINGS

1. Texas public policy, as expressed in state and federal laws carrying criminal penalties, creates a narrow exception to the employment-at-will doctrine for an employee discharged for the sole reason that the employee refused to perform an illegal act.
2. The employee must prove by a preponderance of the evidence that the discharge was for no reason other than the employee's refusal to perform an illegal act.
3. Summary judgment was improper because the employee's evidence, viewed in his favor, presented a legally cognizable claim and a fact issue concerning the reason for his discharge.

KEY QUOTATIONS

"We now hold that public policy, as expressed in the laws of this state and the United States which carry criminal penalties, requires a very narrow exception to the employment-at-will doctrine announced in East Line & R.R.R. Co. v. Scott. That narrow exception covers only the discharge of an employee for the sole reason that the employee refused to perform an illegal act." (735)

"We further hold that in the trial of such a case it is the plaintiff's burden to prove by a preponderance of the evidence that his discharge was for no reason other than his refusal to perform an illegal act." (735)

FACTUAL BACKGROUND

Michael Andrew Hauck worked as a deckhand for Sabine Pilot Service, Inc. and was instructed to pump the bilges of the boat into the water. After observing a placard stating that such conduct was illegal and confirming the illegality with a United States Coast Guard officer, Hauck refused to perform the task. Hauck testified that he was fired for refusing to pump the bilges illegally, while Sabine asserted that he was discharged for refusing to perform other duties and for other derelictions.

PROCEDURAL HISTORY

The trial court rendered summary judgment for Sabine Pilot Service, Inc. The court of appeals reversed and remanded the case for trial. The Supreme Court of Texas affirmed, holding that Hauck stated a legally cognizable wrongful-discharge cause of action.

DISPOSITION

affirmed

REMAND INSTRUCTIONS

The case proceeds to trial in accordance with the court of appeals' remand. The employee must prove by a preponderance of the evidence that the discharge was solely because of his refusal to perform an illegal act.

CASES CITED

- *Gulbenkian v. Penn*, 151 Tex. 412, 252 S.W.2d 929 (1952)
- *City of Houston v. Clear Creek Basin Authority*, 589 S.W.2d 671 (Tex. 1979)
- *East Line & R.R.R. Co. v. Scott*, 72 Tex. 70, 10 S.W. 99 (1888)
- *Brockmeyer v. Dun & Bradstreet*, 113 Wis. 2d 561, 335 N.W.2d 834 (1983)
- *Parnar v. Americana Hotels, Inc.*, 65 Haw. 370, 652 P.2d 625 (1982)
- *Thompson v. St. Regis Paper Co.*, 102 Wash. 2d 219, 685 P.2d 1081 (1984)
- *Monge v. Beebe Rubber Co.*, 114 N.H. 130, 316 A.2d 549 (1974)
- *Fortune v. National Cash Register Co.*, 373 Mass. 96, 364 N.E.2d 1251 (1977)
- *Carnation Co. v. Borner*, 610 S.W.2d 450 (Tex. 1980)

OPINION

PER CURIAM.

687 S.W.2d 733 (1985) SABINE PILOT SERVICE, INC., Petitioner, v. Michael Andrew HAUCK, Respondent. No. C-3312. Supreme Court of Texas. April 3, 1985. *734 Orgain, Bell & Tucker, Gilbert I. Low and Robert J. Hambright, Beaumont, Long, Parker, Doyle & Cichowaki, Carl A. Parker, Port Arthur, for petitioner. Provost, Umphrey, McPherson & Swearingen, Greg Thompson, Port Arthur, for respondent.

WALLACE, Justice. This is a suit for wrongful discharge brought by an employee, Michael Andrew Hauck. The trial court rendered summary judgment for Sabine Pilot Service, Inc., the employer. The court of appeals reversed the judgment of the trial court and remanded the cause for trial. 672 S.W.2d 322.

We affirm the judgment of the court of appeals. Hauck was a deckhand for Sabine. He testified in deposition that he was instructed that one of his duties each day was to pump the bilges of the boat on which he worked. He observed a placard posted on the boat which stated that it was illegal to pump the bilges into the water. He called the United States Coast Guard and an officer confirmed that pumping bilges into the water was illegal; therefore, he refused to do so.

He further testified that he was fired for refusing to illegally pump the bilges into the water. Sabine testified through one of its officers that Hauck was discharged because he refused to swab the

deck, man a radio watch and other derelictions of duty.

In reviewing the granting of a summary judgment we must accept as true the non-movant's version of the evidence and make every reasonable inference in the non-movant's favor. *Gulbenkian v. Penn*, 151 Tex. 412, 252 S.W.2d 929 (1952).

To sustain the summary judgment the movant must establish as a matter of law that no genuine issue of material fact exists. *City of Houston v. Clear Creek Basin Authority*, 589 S.W.2d 671 (Tex.1979). The sole issue for our determination is whether an allegation by an employee that he was discharged for refusing to perform an illegal act states a cause of action.

This court in *East Line & R.R.R. Co. v. Scott*, 72 Tex. 70, 75, 10 S.W. 99, 102 (1888), held that employment for an indefinite term may be terminated at will and without cause. The courts of Texas have steadfastly refused to vary from that holding.

However, in the last 30 years the courts of 22 states have made exceptions to the employment-at-will doctrine and numerous commentators have advocated exceptions to the doctrine. The exceptions advocated by the commentators and adopted by various courts range from very liberal and broad exceptions to very narrow and closely defined ones. See Comment, *The At-Will Doctrine: A Proposal to Modify the Texas Employment Relationship*, 36 *Baylor L.Rev.*

667 (1984) for a thorough discussion of the reasoning and decisions of other states concerning this issue. Sabine contends that any exception to the employment-at-will doctrine should be statutorily created. The Legislature has created exceptions to this doctrine. TEX.REV.CIV.STAT.ANN. art. 8307c (discharge for filing a worker's compensation claim); TEX.REV.CIV.STAT.ANN. art. 5207a (discharge based on union membership or nonmembership); TEX.REV.CIV.

STAT.ANN. art. 5765 § 7A (discharge because of active duty in the State Military Forces); TEX.REV.CIV.STAT.ANN. art. 5207b (discharge because of jury service); TEX.REV.CIV.STAT.ANN. art. 5221k *735 § 1.02, Texas Commission on Human Rights Act (discharge based on race, color, handicap, religion, national origin, age or sex).

Although the Legislature has created those exceptions to the doctrine, this court is free to judicially amend a judicially created doctrine. Upon careful consideration of the changes in American society and in the employer/employee relationship during the intervening 97 years since the *East Line & R.R.R. Co. v. Scott* decision, we hold that the situation which led to that decision has changed in certain respects.

We now hold that public policy, as expressed in the laws of this state and the United States which carry criminal penalties, requires a very narrow exception to the employment-at-will doctrine announced in *East Line & R.R.R. Co. v. Scott*. That narrow exception covers only the discharge of an employee for the sole reason that the employee refused to perform an illegal act.

We further hold that in the trial of such a case it is the plaintiff's burden to prove by a preponderance of the evidence that his discharge was for no reason other than his refusal to perform an illegal act. The judgment of the court of appeals is affirmed. KILGARLIN, J., files a concurring opinion in which RAY, J., joins. KILGARLIN, Justice, concurring. I concur with this judgment which gives Michael Hauck an opportunity to prove to a trier of fact that he was discharged for refusing to violate a law.

Moreover, I heartily applaud the court's acknowledgement of the vital need for a public policy exception to the employment at will doctrine. Absolute employment at will is a relic of early industrial times, conjuring up visions of the sweat shops described by Charles Dickens and his contemporaries.

The doctrine belongs in a museum, not in our law. As it was a judicially promulgated doctrine, this court has the burden and the duty of amending it to reflect social and economic changes. Our duty to update this doctrine is particularly urgent when the doctrine is used as leverage to incite violations of our state and federal laws. Allowing an employer to require an employee to break a law or face termination cannot help but promote a thorough disrespect for the laws and legal institutions of our society.

The court admittedly carves out but one exception to employment at will, but I do not fault the court for the singleness of its exception. The issue before the court was whether a cause of action existed under this particular fact situation: termination of an employee for his refusal to violate a law with a criminal penalty. There was no need for the court to create any other exception to employment at will in order to grant Hauck his requested relief.

But, our decision today in no way precludes us from broadening the exception when warranted in a proper case. As the court opinion recognizes, over twenty-two jurisdictions have carved exceptions to the employment at will doctrine in the last thirty years.

The characteristics of the cause of action for wrongful discharge in those states vary. For example, Wisconsin has instituted a narrow contract-based exception to the employment at will doctrine. *Brockmeyer v. Dun & Bradstreet*, 113 Wis. 2d 561, 335 N.W.2d 834, 838 (1983). Wisconsin law now implies into each employment at will contract a provision that the employer will not "discharge an employee for refusing to perform an act that violates a clear mandate of public policy."

335 N.W.2d at 841. The Wisconsin court narrowly defined public policy to include constitutional and statutorily enunciated public policy only. The employee has to show that the dismissal violated such a policy. Then it becomes the employer's burden to go forward with evidence to show that the firing resulted from just cause, not from the employee's refusal to commit an illegal act.

Hawaii has a similar exception, but uses a broader definition of public policy. Judicial decisions are included in the scope of public policy which an employer is not permitted to ask an employee *736 to violate. *Parnar v. Americana Hotels, Inc.*, 65 Haw. 370, 652 P.2d 625 (1982). Washington uses the same definition of public policy as Hawaii, but the burden of proof varies slightly.

The Supreme Court of Washington requires the employee to plead and prove that a public policy may have been contravened. Once the employee has met this relatively easy task, "the burden shifts to the employer to prove that the dismissal was for reasons other than those alleged by the employee." *Thompson v. St. Regis Paper Co.*, 102 Wash.2d 219, 685 P.2d 1081, 1089 (1984).

On the opposite end of the scale are New Hampshire and Massachusetts. New Hampshire may have announced the broadest of exceptions to the employment at will doctrine when it recognized a cause of action for terminations resulting from "bad faith, malice or retaliatory motives." *Monge v. Beebe Rubber Co.*, 114 N.H. 130, 316 A.2d 549 (1974). Massachusetts simply implies a good faith and fair dealing clause into each employment contract.

See *Fortune v. National Cash Register Co.*, 373 Mass. 96, 364 N.E.2d 1251 (1977). The court opinion today does not extend an employee's protection as far as any of the other states and Texas may never extend the exception to the Monge limit. Yet, the examples of other states will be valuable in examining exactly how broadly the exception in Texas can evolve.

In the meantime, an employee in Texas finally has a cause of action when he can show that his employer fired him for his refusal to commit an illegal act. The employee has the burden of proof and persuasion. The judge will then have to determine if a statute with a criminal penalty is involved.

The jury or fact finder then must decide if the employer sought to have the employee commit an illegal act. Finally, the jury will have to answer a question similar to the following: Do you find from a preponderance of the evidence that the only reason for the employee's termination was his (her) refusal to commit an illegal act?

Finally, because of the limited issues presented in this case, the court does not address the matter of Hauck's measure of damages. Logically, Tex.Rev.Civ.Stat.Ann. art. 8307c (prohibition of firing an employee for filing a worker's compensation claim) should serve as a guide. If so, damages would include loss of wages, both past and those reasonably anticipated in the future, and employee and retirement benefits that would have accrued had employment continued.

It would also include punitive damages. See *Carnation Co. v. Borner*, 610 S.W.2d 450 (Tex.1980). Although I might have defined the employment at will exception differently, I concur in the court's result and am pleased that an antiquated doctrine has been overcome by the realization that modern times require modern law. I, too, would affirm the judgment of the court of appeals.

RAY, J., joins in this concurring opinion.

WALLACE, J.

WALLACE, Justice. This is a suit for wrongful discharge brought by an employee, Michael Andrew Hauck. The trial court rendered summary judgment for Sabine Pilot Service, Inc., the employer. The court of appeals reversed the judgment of the trial court and remanded the cause for trial. 672 S.W.2d 322.

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