

SUPREME COURT OF THE STATE OF IDAHO

Maravilla v. J. R. Simplot Co.

161 Idaho 455 (2016) · No. 43538 · Decided December 30, 2016

SUMMARY

The Idaho Supreme Court held that a worker's compensation claimant was not barred by claim preclusion from raising the employer's negligence in response to the employer's subrogation claim. Although a stipulated dismissal with prejudice constituted a final judgment, the employer's subrogation claim arose from the claimant's recovery and was not the same claim as the prior negligence action against a third party. The Court also reversed the Industrial Commission's modification of the rule barring a concurrently negligent employer from asserting subrogation rights.

CASE DETAILS

COURT	Supreme Court of the State of Idaho
WRITING FOR THE COURT	Burdick, Justice; Burdick; Eismann; Horton; J. Jones; W. Jones
JURISDICTION	Idaho
DECIDED	December 30, 2016
DOCKET	43538
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Cross-appeals from the Idaho Industrial Commission's order on a petition for declaratory ruling concerning claim preclusion and an employer's workers' compensation subrogation rights.
STANDARD OF REVIEW	Free review of legal conclusions because the material facts were undisputed.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	J.R. Simplot Company, Joseph Jerry Maravilla, cross-appellant v. Joseph Jerry Maravilla, J.R. Simplot Company, cross-respondent

TOPICS

workers compensation subrogation res judicata civil procedure

PRACTICE AREAS

workers compensation civil procedure subrogation employment law

QUESTIONS PRESENTED

1. Whether claim preclusion barred Maravilla from raising Simplot's alleged negligence in the Industrial Commission proceeding after Maravilla's third-party negligence action against Idaho Industrial Contractors, Inc. had been dismissed with prejudice.
2. Whether an employer's negligence that contributes to an employee's injury bars the employer from exercising statutory workers' compensation subrogation rights, or instead merely reduces those rights in proportion to the employer's fault.

HOLDINGS

1. Claim preclusion did not bar Maravilla from asserting Simplot's negligence as an issue affecting Simplot's subrogation claim because Maravilla's negligence claim against IIC and Simplot's later subrogation claim did not arise from the same cause of action. Although the stipulated dismissal with prejudice constituted a final judgment, the same-claim requirement was not satisfied.
2. An employer whose negligence contributed to an employee's injury is barred from exercising workers' compensation subrogation rights against the employee's recovery from a third party. The Idaho Supreme Court reaffirmed the Liberty Mutual rule and rejected the Commission's rule reducing subrogation in proportion to the employer's fault.

KEY QUOTATIONS

“employer’s negligence is no longer an absolute bar to the exercise of its right of subrogation. Rather, an employer’s right of subrogation will be reduced by its proportionate share of fault in contributing to claimant’s damages.” (2)

“The principle behind the Liberty Mutual rule is that where the employer is concurrently at fault for the worker’s injury it should not be allowed the benefit of subrogation because it runs counter to the policy of law to allow someone to “take advantage of his own wrong.”” (9)

FACTUAL BACKGROUND

Maravilla tripped over a hose placed across a walkway at Simplot while repairs were being performed near a sulfuric acid pad. His foot entered pooled acid, causing serious chemical burns that required skin grafts and surgery. Simplot, acting as a self-insured employer, paid workers' compensation benefits. Maravilla later settled a negligence action against the repair contractor, Idaho Industrial Contractors, Inc., for \$75,000, after which Simplot sought subrogation against the settlement.

PROCEDURAL HISTORY

Maravilla was injured in an industrial accident while working for Simplot, which paid workers' compensation benefits. He later sued third-party contractor Idaho Industrial Contractors, Inc. and settled for \$75,000; the district court dismissed that action with prejudice. Simplot then sought subrogation from the settlement, and Maravilla petitioned the Industrial Commission for a declaratory ruling concerning Simplot's negligence and subrogation rights. The Commission rejected Simplot's claim-preclusion argument but ruled that employer

negligence would reduce, rather than bar, subrogation. The Idaho Supreme Court affirmed the result on claim preclusion but reversed the Commission's alteration of the employer-negligence rule.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The Industrial Commission's ruling rejecting claim preclusion was affirmed on modified reasoning, and its abrogation of the Liberty Mutual employer-negligence rule was reversed. The opinion does not state additional specific remand instructions.

CASES CITED

- Kelly v. Blue Ribbon Linen Supply, Inc., 159 Idaho 324, 326, 360 P.3d 333, 335 (2015)
- Ticor Title Co. v. Stanion, 144 Idaho 119, 122, 157 P.3d 613, 616 (2007)
- Hindmarsh v. Mock, 138 Idaho 92, 94, 57 P.3d 803, 805 (2002)
- Rodriguez v. Dep't of Corr., 136 Idaho 90, 92, 29 P.3d 401, 403 (2001)
- Martin v. Smith, 154 Idaho 161, 164, 296 P.3d 367, 370 (2013)
- State v. Zichko, 129 Idaho 259, 263, 923 P.2d 966, 970 (1996)
- Scott v. Agric. Prods. Corp., 102 Idaho 147, 151, 627 P.2d 326, 330 (1981)
- Kawai Farms, Inc. v. Longstreet, 121 Idaho 610, 614, 826 P.2d 1322, 1326 (1992)
- Berkshire Invs., LLC v. Taylor, 153 Idaho 73, 81, 278 P.3d 943, 951 (2012)
- Magic Valley Radiology, P.A. v. Kolouch, 123 Idaho 434, 437, 849 P.2d 107, 110 (1993)
- State v. Wolfe, 158 Idaho 55, 63, 343 P.3d 497, 505 (2015)
- Struhs v. Protection Techs., Inc., 133 Idaho 715, 721, 992 P.2d 164, 170 (1999)
- Gerdon v. Rydalch, 153 Idaho 237, 242, 280 P.3d 740, 745 (2012)
- Baker v. Sullivan, 132 Idaho 746, 749, 979 P.2d 619, 622 (1998)
- Coghlan v. Beta Theta Pi Fraternity, 133 Idaho 388, 399, 987 P.2d 300, 311 (1999)
- Martel v. Bulotti, 138 Idaho 451, 453, 65 P.3d 192, 194 (2003)
- Liberty Mutual Insurance Co. v. Adams, 91 Idaho 151, 156, 417 P.2d 417, 422 (1966)
- Brown v. Arrington Construction Co., 74 Idaho 338, 262 P.2d 789 (1953)
- Witt v. Jackson, 366 P.2d 641, 649 (Cal. 1961)
- Tucker v. Union Oil Co. of California, 100 Idaho 590, 604, 603 P.2d 156, 170 (1979)
- Associated Construction & Engineering Co. v. Workers' Compensation Appeals Board, 587 P.2d 684 (Cal. 1978)
- Shields v. Wyeth Labs., Inc., 95 Idaho 572, 513 P.2d 404 (1973)
- Pocatello Industrial Park Co. v. Steel West, Inc., 101 Idaho 783, 788, 621 P.2d 399, 404 (1980)
- McBride v. Ford Motor Co., 105 Idaho 753, 763-64, 673 P.2d 55, 65-66 (1983)

- Runcorn v. Shearer Lumber Prods., Inc., 107 Idaho 389, 395, 690 P.2d 324, 330 (1984)
- Izaguirre v. R & L Carriers Shared Servs., LLC, 155 Idaho 229, 235, 308 P.3d 929, 935 (2013)
- Blake v. Starr, 146 Idaho 847, 851, 203 P.3d 1246, 1250 (2009)
- Yount v. Boundary Cty., 118 Idaho 307, 307, 796 P.2d 516, 516 (1990)
- Kolar v. Cassia Cty. Idaho, 142 Idaho 346, 351, 127 P.3d 962, 967 (2005)
- Brown v. Southern Ry. Co., 129 S.E. 419, 420 (N.C. 1933)
- Lovette v. Lloyd, 73 S.E.2d 886, 891-92 (N.C. 1953)

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