IN THE COURT OF APPEALS OF IOWA

FILED
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CLERK SUPREME COURT

No. 0-824 / 00-0593
Filed February 28, 2001

DWIGHT CURTIS, ROBERT PIERCE, STEPHEN A. PEOT, SAMUEL DILLON and **DAVID HUOVINEN,**
Appellants,

vs.

ROCKWELL COLLINS, INC. and **ROCKWELL INTERNATIONAL CORPORATION,**
Appellees.

Appeal from the Iowa District Court for Linn County, Kristin L. Hibbs, Judge.

On appeal, plaintiffs claim the district court erred by granting summary judgment in favor of defendants on their claims for breach of an implied employment contract following their discharge. **AFFIRMED.**

Peter C. Riley and Anne Updegraff of Tom Riley Law Firm, P.L.C., Cedar Rapids, for appellants.

Wilford H. Stone of Lynch, Dallas, Smith & Harman, P.C., Cedar Rapids, for appellees.

Heard by Huitink, P.J., and Vogel and Mahan, JJ.

VOGEL, J.

On appeal, the plaintiffs claim the district court erred by granting summary judgment in favor of the defendants on their claims for breach of an implied employment contract following their discharge. We find the terms of the human resources handbook were not sufficiently definite to create an implied contract and, therefore, we affirm.

Background facts. The plaintiffs, Dwight Curtis, Robert Pierce, Stephen A. Peot, Samuel Dillon, and David Huovinen, appeal the trial court's order of summary judgment in favor of Rockwell Collins, Inc. and Rockwell International Corporation (Rockwell). Upon commencement of their employment with varying Rockwell subsidiaries or business units, each plaintiff signed an employment agreement, which basically acknowledged their work product was the property of the company and their employment was at-will. Although the agreement language was modified between the time the first agreement was signed in 1968 and the last one in 1996, the general content remained constant.

The plaintiffs were employed with Rockwell when the corporation sold their business unit, the Railroad Electronics Business Area, to Westinghouse Air Brake Company (WABCO). At the time of the sale, Rockwell had an employee policy in place allowing for downsized employees to re-apply for a different position within Rockwell. As a condition of the sale, however, the plaintiffs were in a category of employees that was "sold" with the business unit and were not allowed to re-apply within Rockwell. All of the plaintiffs were offered and accepted employment with WABCO. The plaintiffs relied on the section in the

human resources handbook addressing employee terminations and brought suit, alleging Rockwell's failure to allow them to apply for a different position breached an implied contract established by the handbook.

Scope of review. A motion for summary judgment is reviewed for correction of errors at law. Iowa R. Civ. P. 237(c). We will uphold a summary judgment order when the movant shows there are no genuine issues of material fact and it is entitled to judgment as a matter of law. *C-Thru Container Corp. v. Midland Mfg. Co.*, 533 N.W.2d 542, 544 (Iowa 1995). We review the record in the light most favorable to the non-moving party. *Id.; Hoffnagle v. McDonald's Corp.*, 522 N.W.2d 808, 811 (Iowa 1994).

Human resources handbook as an implied contract. The plaintiffs first argue that although the written employment agreements define their employment as at-will, they do not preclude the formation of an implied contract regarding the terms of their employment. At-will employment status does not exclude the possibility of the creation of an implied contract based on the employee handbook. *See Thompson v. City of Des Moines*, 564 N.W.2d 839, 845 (Iowa 1997); *see also Phipps v. IASD Health Services Corp.*, 558 N.W.2d 198, 204 (Iowa 1997); *see also Jones v. Lake Park Care Center, Inc.*, 569 N.W.2d 369, 374 (Iowa 1997). However, the mere existence of an employee handbook or employment procedures manual does not qualify as an employment contract. *See Thompson*, 564 N.W.2d at 845; *see also Phipps*, 558 N.W.2d at 204.

"Except in the case of ambiguity, whether an employee handbook binds the parties in contract is a *question of law.*" *Thompson*, 564 N.W.2d at 844

(emphasis added). In order for the human resources handbook to constitute a unilateral contract, three elements must be present: (1) the handbook is sufficiently definite in its terms to create an offer; (2) the handbook is communicated to and accepted by the employee so as to constitute acceptance; and (3) the employee provides consideration. *Anderson v. Douglas & Lomason Co.*, 540 N.W.2d 277, 283 (Iowa 1995). This must be reviewed from an objective standard of a reasonable employee. *Jones,* 569 N.W.2d at 375.

The first prong is a difficult hurdle to clear and our case law reflects a high standard of definite language to bind the employer. In *Thompson,* no contract was found because the handbook did not limit the reasons for termination to just cause. *Thompson,* 564 N.W.2d at 845. A review of *Phipps* held no contract existed due to a clearly stated disclaimer in the handbook that the employer was not to be bound by the handbook. *Phipps,* 558 N.W.2d at 204. Recently, our supreme court determined a handbook stating it was "to be regarded as binding on both the employee and management" contained sufficiently definite language to find the existence of an implied contract. *Jones,* 569 N.W.2d at 375.

Therefore, we must look to the language of the Rockwell human resources handbook to determine whether this document was sufficiently definite to form a contract. In this case, the plaintiffs signed separate employment agreements, which were valid until modified by new terms. The plaintiffs argue the human resources handbook is a modification of the employee contracts containing new terms, which should bind both employer and employee. The language of the handbook, however, does not reflect a definite statement of terms for a contract

but rather appears to be comprised of general policy language to be used as a human resources guideline. Although the document could be amended unilaterally by Rockwell, the handbook contained neither the binding language of *Jones* or the disclaimer language of *Phipps*. The employment contracts did, however, contain disclaimer language. We find the human resources handbook language is not sufficiently definite to modify the employment contracts or establish an implied contract. There was no breach of contract because there was no contract based on the human resources handbook to breach. The trial court did not err in granting summary judgment.

Accordingly, we affirm.

AFFIRMED.