IN THE COURT OF APPEALS OF IOWA

No. 8-357 / 97-1551

EATON CORPORATION and GAB ROBINS,

Plaintiffs-Appellants,

vs.

ELLEN L. HOUSER,

Defendant-Appellee.

FILED
SEP 30 1998
CLERK SUPREME COURT

Appeal from the Iowa District Court for Polk County, D.J. Stovall, Judge.

Plaintiffs appeal from the district court's ruling dismissing their specific performance action regarding their alleged oral contract with defendant for settlement of her workers' compensation claim against them. **REVERSED AND REMANDED.**

William D. Scherle and Aaron Oliver of Hansen, McClintock & Riley, Des Moines, for appellant.

Richard B. Maher, Glenwood, for appellee.

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

SACKETT, P.J.

Plaintiffs-appellants appeal after the district court dismissed their claim for specific performance of an oral contract to settle with defendant-appellee a worker's compensation claim. We reverse and remand.

On January 18, 1996, defendant allegedly injured her left shoulder in the course of employment with plaintiff Eaton Corporation. Plaintiffs claim defendant orally agreed to accept $100 and execute and deliver a release of any claim she had as a result of the shoulder injury. On February 22, 1996, plaintiffs mailed the written settlement documents to defendant, who refused to sign them.

On March 6, 1996, defendant filed an original notice and petition for arbitration with the Iowa Industrial Commissioner alleging she sustained a work-related injury while working for plaintiffs on January 18, 1996, and was entitled to worker's compensation and medical benefits.

On February 11, 1997, plaintiffs filed a petition in Polk County District Court seeking specific performance of the alleged oral settlement agreement defendant made. Defendant moved to dismiss contending (1) exclusive jurisdiction of the matter was with the Iowa Industrial Commissioner; and (2) Polk County was not the proper venue. The district court dismissed plaintiffs' petition finding it lacked subject matter jurisdiction. The venue issue was not addressed.

Plaintiffs on appeal contend: (1) the district court does have subject matter jurisdiction because this is a suit in equity; and (2) Polk County is a proper venue.

On appeal from a motion to dismiss, our review is for correction of errors at law. Iowa R. App. P. 4; *Magers-Fionof v. State*, 555 N.W.2d 672, 674 (Iowa 1996). A dismissal will only be upheld if the court can conclude no state of facts is conceivable under which plaintiffs might show a right of recovery. *Smith v. Smith*, 513 N.W.2d 728, 730 (Iowa 1994). We must construe the petition in the light most favorable to plaintiffs, and all doubts and ambiguities are resolved in their favor. *Magers-Fionof*, 555 N.W.2d at 674; *Holsapple v. McGrath*, 521 N.W.2d 711, 712 (Iowa 1994). Under this review, the allegations of the petition are accepted as true. *Smith*, 513 N.W.2d at 730. Any decision to overrule or sustain a motion to dismiss must rest on legal grounds. *Haupt v. Miller*, 514 N.W.2d 905, 907 (Iowa 1994). Plaintiffs preserved error in their resistance to defendant's motion to dismiss.

Plaintiffs bring this action in equity for specific performance. They contend the Industrial Commissioner has no equitable jurisdiction. Defendant contends an issue concerning the existence of a settlement of a worker's compensation case lies within the exclusive jurisdiction of the Industrial Commissioner.

An employee's rights and remedies, at common law or otherwise, arising from a job-related injury are governed exclusively by the workers' compensation act under the jurisdiction of the Industrial Commissioner. *See* Iowa Code § 85.20 (1997); *Harned v. Farmland Foods, Inc.*, 331 N.W.2d 98, 99 (Iowa 1983). The exclusivity principle of the act, however, is limited to matters surrounding a job-related injury. *White v. Northwestern Bell Tel. Co.*, 514 N.W.2d 70, 74 (Iowa 1994); *see also Kiner v. Reliance Ins. Co.*, 463 N.W.2d 9, 12 (Iowa 1990); *Tallman v. Hanssen*, 427

N.W.2d 868, 870 (Iowa 1988). The Industrial Commissioner is not a court in the accepted sense. *Travelers Ins. Co. v. Sneddon*, 249 Iowa 393, 397, 86 N.W.2d 870, 873 (1957). The Industrial Commissioner has only such powers as are reasonably conferred by statute and those reasonably to be implied therefrom, together with those arising from implication necessary to the full exercise of the granted powers. *Id.* at 395, 86 N.W.2d at 872.

This is an action seeking specific performance of an oral agreement.[1] An oral agreement to enter into a written contract, the terms of which are agreed upon, is as valid and obligatory as the contract would be if executed; and it is enforceable by the equitable action of specific performance. *Carter v. Bair*, 201 Iowa 788, 790, 208 N.W. 283, 284 (1926). An oral agreement to settle litigation is binding. *Dillon v. City of Davenport*, 366 N.W.2d 918, 925 (Iowa 1985); *Cunningham v. Iowa-Illinois Gas & Elec. Co.*, 243 Iowa 1377, 1381-82, 55 N.W.2d 552, 554-55 (1952).

The only real question is whether the Industrial Commissioner has equity jurisdiction. Plaintiffs contend the Industrial Commissioner cannot entertain actions

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[1] Though not raised as an issue, we note the provisions of Iowa Code section 85.35 requires a settlement, among other things, "be in writing and submitted to the industrial commissioner for approval." Iowa Code § 85.35 (1997). In *Dillon v. City of Davenport*, 366 N.W.2d 918 (Iowa 1985), the court addressed the claim of an employer against whom an employee sought specific performance of an oral settlement of a worker's compensation claim saying, "The City [the employer] maintains this agreement must be in writing and signed by the parties before it becomes binding on the parties. Further, it claims approval by the Industrial Commissioner is a condition precedent to the trial court's decision that the plaintiff [the employee] should have specific performance of the oral agreement to settle." *Id.* at 926. The court found no merit to these claims, holding the employer was required to sign the agreement and submit it to the Industrial Commissioner for approval. *Id.* The court went on to find, "Approval of the agreement by the Commissioner is not a condition precedent to enforcement of the oral agreement." *Id.*

in equity. Defendant does not disagree with this contention, while advancing the commissioner should have exclusive jurisdiction of this claim.

The commissioner is clearly authorized to decide law questions that arise in matters before her. *See Travelers Ins. Co.*, 249 Iowa at 397, 86 N.W.2d at 873. Yet, the legislature has not provided for the Industrial Commissioner to have equity jurisdiction. *See Ford v. Barcus*, 261 Iowa 616, 622, 155 N.W.2d 507, 511 (1968).

The district court has the equitable jurisdiction to do things the Industrial Commissioner did not. *Doyle v. Dugan*, 229 Iowa 724, 729-31, 295 N.W. 128, 130-31 (1940) (set aside a fraudulently induced compensation agreement); *Comingore v. Shenandoah Artificial Ice, Power, Heat & Light Co.*, 208 Iowa 430, 437-40, 226 N.W. 124, 128-29 (1929) (entertain an action in assumpsit for money the claimant received beyond the statutory period). In *Dillon*, 366 N.W.2d at 925, and *H & W Motor Express v. Christ*, 516 N.W.2d 912, 913-14 (Iowa App. 1994), the district court entertained actions for specific performance of agreements to settle worker's compensation claims without addressing subject matter jurisdiction.

Defendant's motion to dismiss plaintiffs' petition for specific performance should not have been sustained. We reverse the dismissal.

The challenge to venue not having been addressed in district court, we do not consider it on appeal. It should be addressed by the district court on remand.

We reverse and remand to the district court. We do not retain jurisdiction.

REVERSED AND REMANDED.