

No Wrongful Termination Claim for Nonrenewal of Contract, But Retaliation Claim Allowed under California Law

By Mark S. Askanas

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Desperate Housewives actress, Nicollette Sheridan, cannot pursue a claim for wrongful termination based on the television production company's failure to renew her contract for an additional season, the California Court of Appeal has ruled. *Touchstone Television Productions v. Superior Court (Sheridan)*, No. B241137 (Cal. Ct. App. Aug. 16, 2012). Although Sheridan contended that the production company fired her in violation of state public policy because she complained about a battery committed upon her by the series' creator, the Court declined to fashion a new tort for nonrenewal of a fixed-term employment contract and directed the trial court to enter a verdict in favor of the production company. However, the Court would permit Sheridan to amend her complaint to assert a claim for retaliation for complaints about unsafe working conditions under Section 6310(b) of the California Labor Code.

Background

Touchstone Television Productions hired Sheridan for the television series *Desperate Housewives*, pursuant to an employment agreement. The agreement was for the initial season, but it gave Touchstone the exclusive option to renew the agreement for up to an additional six seasons. Touchstone renewed its agreement with Sheridan for Seasons 2 through 5.

During the filming of Season 5, Sheridan alleged that the series' creator, Marc Cherry, hit her. Sheridan complained to Touchstone about the alleged battery. Thereafter, Touchstone informed Sheridan it would not renew her agreement for Season 6 and that her character would be killed in a car accident.

Sheridan subsequently sued Touchstone for wrongful termination and retaliation.

Following a trial, the jury deadlocked on Sheridan's wrongful termination claim, and Touchstone asked the trial court to enter judgment in its favor. It argued that it had not terminated Sheridan's employment; rather, it had decided not to renew her contract. The trial denied Touchstone's request and set the matter for retrial. Touchstone appealed.

Court Rejects Wrongful Termination Claim

Under California law, the expiration of a fixed-term contract does not give rise to a claim for wrongful termination. *Daly v. Exxon Corp.*, 55 Cal. App. 4th 39 (Cal. Ct. App. 1997). The Court of Appeal explained that no claim exists for "tortious nonrenewal of an employment contract in violation of public policy." Applying well-established California law, the Court rejected Sheridan's public policy wrongful discharge claim and found that the trial court erred by failing to enter a directed verdict in favor of Touchstone.

However, the Court did not leave Sheridan without a remedy. It allowed Sheridan to amend her complaint to add a claim for retaliation for complaining about unsafe working conditions under Section 6310(b) of the California Labor Code. To prevail on such a claim, Sheridan must prove that, but for her complaint, Touchstone would have renewed her contract. Her damages would be limited to lost wages and benefits, however.

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Implications

What this case gave to employers with one hand, it took away with the other. Employers scored a victory on the wrongful termination claim, with the Court confirming that an employee cannot pursue such a claim based on the nonrenewal of a fixed-term employment agreement. However, that victory may be short-lived if the facts of the case support a retaliation claim under Section 6310(b).

Jackson Lewis attorneys are available to answer inquiries regarding this and other workplace developments.

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