

Lapsley v. Township of Sparta: Clarification of the "Premises Rule" In Workers' Compensation Claims

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In "Case" You Missed It: Arbitration & Mediation Newsletter

In the recent case *Lapsley v. Township of Sparta*, 249 N.J. 427 (2022), the New Jersey Supreme Court clarified -- and perhaps slightly modified -- the considerations for determining whether an employer exercises sufficient control over certain premises to render an injury on those premises compensable under the Workers' Compensation Act.

The facts were fairly straightforward. The plaintiff was employed by defendant Township of Sparta as a librarian. She worked in the Township's municipal complex, which, in addition to the library, contained three common-use parking lots owned by the Township and open to Township employees and the general public alike. The Township did not direct employees to park in the lots, did not assign employee parking spaces, did not require permit or paid parking, and did not restrict the manner in which employees could travel between the parking lots and the library.

On the night of a snowstorm in February 2014, plaintiff closed the library early and walked into one of the parking lots with her husband. While walking to their car, the couple was struck by a municipal snowplow, resulting in permanent injuries to plaintiff's leg.

Plaintiff then filed suit in the Law Division against the Township, the library, the snowplow operator, and the Sparta Department of Public Works. Defendants filed a motion to dismiss, arguing that the Workers' Compensation Act's exclusive remedy provision barred plaintiff from filing suit in the Law Division. While the matter remained pending in the Law Division, plaintiff filed a claim for workers' compensation benefits against the Township in the Division of Workers' Compensation. After some procedural wrangling, the Law Division granted a stay to allow the Division of Workers' Compensation to decide the compensability issue.

The Division ultimately determined that, because the Township owned, maintained, and had the right to control the lot, and because of the lot's proximity to the library, plaintiff's injuries arose out of and in the course of her employment. Accordingly, the Division held that her injuries were compensable under the Act's exclusive remedy provisions.

Plaintiff appealed, and the Appellate Division reversed in a published opinion. Relying on the Supreme Court's decision in *Novis v. Rosenbluth Travel*, 138 N.J. 92 (1994), the Appellate Division held that the Township did not exercise sufficient control over plaintiff's use of the parking lot for purposes of the Act because employees shared the lot with the public, were not instructed where to park, and were not instructed on how to enter or exit the library complex. The Appellate Division further cautioned that a finding of compensability in this matter "would be an unwarranted and overbroad expansion" of the Act because a municipality may own any number of buildings and roadways throughout its jurisdiction.

The Supreme Court reversed the Appellate Division's decision. In doing so, the Court relied on the Act's broad remedial purpose, and on the "premises rule" established in the 1979 amendments to the Act. That rule provides "that an injury to an employee that happens going to or coming from work arises out of and in the course of employment if the injury takes place on the employer's premises," regardless of whether the employee "punched out on the time clock." Accordingly, "[t]he pivotal questions under the premises rule are (1) where was the situs of the accident, and (2) did the employer have control of the property on which the accident occurred." Moreover, the "[t]he meaning of 'control' under the Act is more expansive than under formal property concepts," and exists whenever the employer owns, maintains, or has exclusive use or the right to control the property.

Applying those principles to the facts here, the Court held that plaintiff was entitled to compensation under the Act because "the Township controlled that parking lot through its ownership and maintenance." The Township's plowing of the parking lot, the Court noted, "visibly demonstrated [its] exercise of control over the lot."

Importantly, the Court's decision clarifies the "premises rule" for purposes of workers' compensation claims, correcting any ambiguity that may have resulted from its earlier decision in *Novis* on which the Appellate Division relied. The Court also clearly did not share the Appellate Division's concern that applying the Act to the facts here would be an overbroad expansion of the Act with regard to municipalities. On the contrary, the Court determined that the Act's "broad remedial objective" warranted such an interpretation.