

DISCLAIMER

This document has been prepared by Trinity HR Consulting, Inc. (“Trinity”) solely for use as a general source of information. As such, it is not intended to take the place of obtaining advice from legal and/or tax counsel. Trinity strongly urges seeking legal and/or tax counsel on this subject matter prior to taking any related actions or making any related decisions.



SCOTUS REVERSES RULING BY CALIFORNIA’S 9TH CIRCUIT COURT

In its April 24, 2019 decision in the workplace-arbitration case of *Lamps Plus Inc. v. Varela*, the Supreme Court of the United States (SCOTUS) issued an employer favored ruling. The ruling dealt with the ability of employers to use an individual arbitration agreement, as contained in the Federal Arbitration Act, in order to resolve disputes, rather than class-action arbitration or suits.

- In its summary of the case, Trinity will seek to provide it in a simple to understand manner

BACKGROUND

An employee of Lamps Plus had filed a class action against the company in which it was contended that Lamps Plus had failed to properly maintain the confidentiality of employee information. In response, the company sought to invoke arbitration as the means to resolve the dispute, with the arbitration being limited to individual, not class, arbitration.

California’s 9th Circuit Court agreed with the company’s position that arbitration was the correct avenue for dispute resolution. However, that court rejected Lamps Plus’s seeking individual arbitration and instead compelled class-wide arbitration.

Lamps Plus appealed the court’s order, arguing that the court had erred in mandating class-wide arbitration.

RULING BY SCOTUS

SCOTUS’s ruling holds that an employer cannot be compelled to class-wide arbitration related to a workplace matter **UNLESS** an agreement exists that expressly states that class-wide arbitration is available to resolve a work dispute.

Legal experts have described this ruling as an important victory for the large number of employers who have all employees sign an arbitration agreement—most commonly as part of the offer of employment.

- In some instances an employer’s arbitration agreement identifies arbitration as the proper forum for resolving employment disputes, while being silent or unclear as to stipulating that arbitration is to involve arbitration by an individual employee, not class-wide arbitration.

COMMENTS

1. The decision means employers with arbitration agreements governed by the Federal Arbitration Act may now require arbitration on an individual basis without having to fear that they will be ordered to undergo class arbitration if they did not expressly agree to it.
2. You should ensure your arbitration agreements expressly provide for individual arbitration only.
3. Lamps Plus had to undergo several years of energy & time consuming years of costly litigation to prevail.
 - ⇒ This illuminates the importance of an employer ensuring that its HR documents (offer letters, policies, employee handbooks and the rest) are written clearly and its actions are compliant with applicable federal, state & local laws & regulatory requirements.

ABOUT TRINITY

The website link below provides you with information about Trinity, such as:

- Who we are
- What we believe
- Our menu of services
- And more

<http://www.trinityhr.net/>

Page 2 of 2

REST OF PAGE INTENTIONALLY BLANK