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Jackson & Campbell, P.C.
2300 N Street, N.W.
Suite 300
Washington, D.C. 20037-1194
202.457.1600 (p)

Federal Arbitration Act Does Not Compel Arbitration For Disputes With Interstate Drivers

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James N. Markels

In *New Prime Inc. v. Oliveira*, a driver for an interstate trucking company filed a class action claiming that the company denied its drivers lawful wages. The company, citing the mandatory arbitration provision in the driver s contract, asked the district court to transfer the case to arbitration. The driver argued that the case was exempt under Section 1 of the Federal Arbitration Act, which exempts contracts of employment of certain transportation workers. The company responded that the driver was an independent contractor, not an employee, so the Act s exception did not apply. The district court and the First Circuit agreed with the driver. The Court, in an 8-0 opinion by Justice Gorsuch (Justice Kavanaugh recused), affirmed. First, the Court held that a court must first examine the contract at issue to determine whether Section 1 applied that was not a determination for an arbitrator to make, even if the contract delegated arbitrability questions to the arbitrator. Second, the Court held that the term contract for employment referred to any agreement to perform work, as was the common usage of the phrase when the Act was enacted in 1925, and did not distinguish between employees and independent contractors. Justice Ginsburg wrote a brief concurrence noting that while she agreed with the outcome in this case, that Congress could design legislation to govern changing times and circumstances, rather than stay with a fixed meaning.

TAGGED: scotus, Federal Arbitration Act, New Prime Inc. v. Oliveira, mandatory arbitration provision, contracts of employment