

labor and employment lawflash

June 23, 2014

California Supreme Court Rules on Class Waivers

The court holds that class action waivers in arbitration agreements are enforceable but PAGA waivers are not.

On June 23, the California Supreme Court issued its much-anticipated decision in *Iskanian v. CLS Transportation Los Angeles, LLC*.¹ The court found that class action waivers in arbitration agreements are enforceable. The court rejected arguments made by the plaintiff that class action waivers are unlawful under the National Labor Relations Act. However, the court concluded that waivers to bring representative actions on behalf of the state under the Private Attorneys General Act (PAGA) are contrary to public policy. The court held that the Federal Arbitration Act does not preempt state law prohibiting waivers of PAGA representative actions in employment arbitration agreements.

Our upcoming LawFlash will provide more detailed discussion of the decision and its implications for employers.

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1. No. S204032 (Cal. June 23, 2014), available at <http://www.courts.ca.gov/opinions/documents/S204032.PDF>.

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