Truck Drivers' Right to Access Court Despite Arbitration Agreements

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Some truck drivers involved in labor disputes with their employers may seek a remedy through court intervention. Many, however, will try to be barred from doing so as a result of arbitration agreements previously executed with their employers. But, can such agreements be used to prevent truck drivers from having their days in court? The Supreme Court, in a 2019 unanimous decision, affirmed that the answer is no.

New Prime, Inc. v. Oliveira involved the Federal Arbitration Act (FAA) and its impact on the enforceability of arbitration agreements signed by truck drivers. The FAA usually forces courts to enforce arbitration agreements, but Congress carved out an exception in the Act for "contracts of employment of … seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce." For such contracts, the provisions of the FAA do not apply. In *Oliveira*, all of the parties believed that interstate truck drivers, like Mr. Oliveira, were "workers engaged in foreign or interstate commerce." However, their disagreement was over the meaning of the phrase "contracts of employment." New Prime structured its relationship with Mr. Oliveira to make him an independent contractor and not an employee. Thus, the company argued, the exception to the FAA was inapplicable to Mr. Oliveira's contract.

The case made its way to the U.S. Supreme Court through the District of Massachusetts, which found for Mr. Oliveira, and the First Circuit Court of Appeals, which affirmed the lower court's decision. In the Supreme Court, Massachusetts Attorney General Maura Healey, joined by Attorneys General from states such as Connecticut, New Jersey, and New York, filed a brief in support of Mr. Oliveira, declaring, "Forced arbitration denies workers their day in court … federal law protects truck drivers, and companies cannot strip these workers of their rights."

The Supreme Court held that the term "contracts of employment" in the FAA included independent contractor relationships, so the law could not compel the enforcement of Mr. Oliveira's arbitration agreement. Justice Neil Gorsuch, writing for the court, explained that in interpreting the statute's language, the court needed to look to how the phrase was understood when the statute was enacted in 1925. Justice Gorsuch wrote that at that time, the majority of people "would have understood § 1 to exclude not only agreements between employers and employees but also agreements that require independent contractors to perform work." Dictionaries provided him with evidence that the word "employment" was essentially a synonym for "work," and prior Supreme Court cases supported this interpretation. All members of the Court who participated in the case joined Justice Gorsuch's opinion.

It is important for trucking companies to recognize that drivers who are both employees and independent contractors can escape the FAA's provisions compelling the enforcement of arbitration agreements. As such, trucking companies need to be prepared to have disputes with their workers handled in court, even if they compel the workers to sign arbitration agreements.