

California Bar on Mandatory Arbitration Agreements in Employment Challenged, Injunction Sought

By Scott P. Jang

December 12, 2019

Meet the Authors



Scott P. Jang

Principal

(415) 394-9400

Scott.Jang@jacksonlewis.com

Related Services

Alternative Dispute Resolution
California Advice and Counsel
Class Actions and Complex
Litigation
Employment Litigation
Technology

©2019 Jackson Lewis P.C. This material is provided for informational purposes only. It is not intended to constitute legal advice nor does it create a client-lawyer relationship between Jackson Lewis and any recipient. Recipients should consult with counsel before taking any actions based on the information contained within this material. This material may be considered attorney advertising in some jurisdictions. Prior results do not guarantee a similar outcome.

Focused on employment and labor law since 1958, Jackson Lewis P.C.'s 1,000+ attorneys located in major cities nationwide consistently identify and respond to new ways workplace law intersects business. We help employers develop proactive strategies, strong policies and business-oriented solutions to cultivate high-functioning workforces that are engaged and stable, and share our clients' goals to emphasize belonging and respect for the contributions of every employee. For more information, visit <https://www.jacksonlewis.com>.

The U.S. Chamber of Commerce and other business organizations have filed suit in federal court against the State of California to have AB 51 declared preempted by the Federal Arbitration Act (FAA). *Chamber of Commerce of the United States v. Becerra* No. 2:19-cv-2456 KJM DB. Alternatively, the lawsuit seeks a declaration that AB 51's express FAA carve out provision, which protects arbitration agreements otherwise enforceable under the FAA, applies to both enforcement and formation of arbitration agreements.

Under AB 51, if the FAA does not apply, employers are prohibited from requiring employees to sign new mandatory arbitration agreements concerning disputes arising under the California Fair Employment and Housing Act (FEHA) or California Labor Code. AB 51 applies only to contracts executed, modified, or extended on or after January 1, 2020. (For more on AB 51, see our article, [New California Law Attacks Mandatory Arbitration Again ... But Is It More Bark Than Bite?](#))

The lawsuit seeks preliminary and permanent injunctions. A hearing will be held on January 10, 2020, on the motion for a preliminary injunction. If the court grants the motion for a preliminary injunction, AB 51 will be on hold and will not be enforced while the preliminary injunction is in effect and until the case can be decided on the merits.

We will continue to monitor developments. Please contact a Jackson Lewis attorney with any questions.