Supreme Court Rules For Workers On FAA "Transportation" Exemption

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Last month, our *Labor & Employment Law Update* discussed *New Prime, Inc. v. Oliveira*, a then-pending case before the Supreme Court that presented the question of whether arbitration agreements between trucking companies and independent contractor drivers fall within the "transportation" exemption to the Federal Arbitration Act ("FAA").

This morning, the Court unanimously ruled in favor of Mr. Oliveira, affirming the First Circuit and holding that his independent contractor agreement with New Prime is a "contract of employment" under the FAA. The Court disregarded the characterization of his relationship with New Prime as an independent contractor (as opposed to an "employee") and found that the FAA's exemption for "contracts of employment" refers to any "agreements to perform work." Therefore, Mr. Oliveira's agreement fell within the FAA's exemption and his claims were not properly subject to compelled arbitration.

This is a significant victory for workers, especially considering the unanimity of the Court's decision, authored by one of its more conservative jurists, Justice Gorsuch. Employers with independent contractors in the transportation field should take note: existing arbitration provisions in independent contractor agreements can no longer be used to shield businesses from the risks, expenses and uncertainty of litigation in court.

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