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Arbitration Clause Was Too Narrow To Cover Wrongful Termination Claims

California Employment Law on **September 22, 2026**

Morales v. Superior Court, 122 Cal. App. 5th 239 (2026)

A former employee asserted disability discrimination, failure to accommodate, failure to engage in the interactive process, retaliation under the California Family Rights Act, and common law wrongful termination claims. The trial court granted the employer's motion to compel arbitration based on an arbitration clause that applied to disputes "regarding any aspect" of the employment agreement or acts allegedly violating it. The Court of Appeal issued a peremptory writ of mandate directing the trial court to vacate its order granting the motion to compel arbitration on the ground that the arbitration clause was too narrow to apply to Morales's claims because they arose from statutory protections and public policy, not from any disputed interpretation or breach of the agreement. A merger clause made the later, more narrow employment agreement, rather than the earlier hiring documents, controlling. The agreement's at-will provision did not alter the analysis because public policy limits on terminating an at-will employee exist independently of the employment contract.

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