

Proskauer»

Law & the Workplace

Navigating Employment Issues in the Modern Workplace

- A Roadmap of Leave Laws
- Planning for Arbitration

Evandro C. Gigante

Partner

Nigel F. Telman

Partner

Kate S. Gold

Partner

Laura M. Fant

Associate

June 19, 2019



Opening Remarks

Joseph Baumgarten

Co-chair of the Labor & Employment Department



Proskauer»

A Roadmap of Leave Laws

Evandro C. Gigante

Partner

Laura M. Fant

Associate

June 19, 2019



What We Will Be Talking About Today ...

- Recent legal developments regarding leaves of absence
 - Federal, state, and local
- Applying leave and accommodation laws in practice
 - Leaves are often sought as a reasonable accommodation

State of the (Leave) Law



Recent federal, state, and local developments

FMLA Regulations Refresh?

- The U.S. Department of Labor announced plans to issue a request for information (RFI) relating to the Family and Medical Leave Act (FMLA)
- While details are sparse, the RFI will seek comment on ways to “better protect and suit the needs of workers” and “reduce administrative and compliance burdens on employers”
- RFI expected by April 2020

NY Paid Family Leave Updates

- Effective **January 1, 2019**, the NYPFL leave entitlement increased to **10 weeks** of leave at a benefit rate of **55%** of the employee's average weekly wage ("AWW") up to a cap of 55% of the statewide AWW ("SAWW")
 - Maximum weekly benefit for 2019 = **\$746.41**
- 2019 employee payroll contribution increased to **0.153%** of gross wages each pay period
 - Maximum annual employee contribution for 2019 = **\$107.97**

NY Paid Family Leave Updates (cont'd)

- Upcoming increases:
 - Beginning **January 1, 2020** → **10 weeks** of leave at **60%** of employee's AWW, up to 60% of the SAWW
 - Beginning **January 1, 2021** → **12 weeks** of leave at **67%** of employee's AWW, up to 67% of the SAWW

NYC ESSTA – Safe Time & Updated Rules

- Effective [May 5, 2018](#), covered reasons for leave under the NYC Earned Sick Time Act include time needed for certain reasons relating to an employee or a family member being the victim of domestic violence, sexual offenses, stalking, or human trafficking (“safe time”)
 - Name of law changed to Earned Safe and Sick Time Act (“ESSTA”)
- Definition of covered family member expanded to include:
 - (1) any individual related by blood to the employee, or
 - (2) any individual whose close association with the employee is the equivalent of a family relationship

NYC ESSTA – Safe Time & Updated Rules (cont'd)

- In November 2018, the NYC Department of Consumer Affairs issued amended rules regarding ESSTA, addressing such things as:
 - Employers must maintain and distribute a written ESSTA policy in addition to providing the Notice of Employee Rights to new employees
 - Such written policy must be in a “single writing” and include a description of confidentiality requirements under the law
 - Expanding the definition of certain terms under ESSTA, including with regard to domestic workers and joint employer relationships

Potential Expansion of NYC ESSTA

- NYC Council is currently considering a bill that would expand ESSTA to include **personal time** that could be used for any reason
- Employees could accrue one hour of personal time for every 30 hours worked, **up to 80 hours** per year
- Would also expand protections for all uses of leave under ESSTA
- Mayor de Blasio has expressed support

Expansion of NJ Family Leave

- Effective **June 30, 2019**, NJ Family Leave Act coverage and benefits expanded in a variety of ways, including:
 - 30 employee threshold for coverage (down from 50)
 - Expanded definition of “family member”
 - Leave available for foster placement or care of child born of surrogacy
 - Employees may use intermittent leave upon the birth, adoption, or placement of a child (previously required employer approval)
 - Employees may now take leave on a reduced schedule for up to 12 consecutive months (previous maximum was 24 consecutive weeks)

Expansion of NJ Family Leave (cont'd)

- Effective **June 1, 2020**, NJ Family Leave Insurance (FLI) benefits period increased from six weeks to 12 weeks in a 12-month period
 - Maximum intermittent leave period increased from 42 days to 56 days in a 12-month period
 - Maximum FLI benefit increased from \$650/week to \$860/week
 - Employers may no longer require employees to use up to two weeks of PTO in lieu of leave under the law
 - Employee may now elect to use PTO and such election does not reduce available FLI benefits

Connecticut Paid Family and Medical Leave

- Will provide **12 weeks of paid leave** per year for reasons covered under the CT “mini-FMLA” law (CFMLA)
 - **Additional two weeks** for serious health conditions during pregnancy
- Expands coverage under the CFMLA to all private sector employees
- Funded by a 0.5% employee payroll tax, effective **January 2021**
- Weekly benefit based on percentage of weekly wages up to a cap
- Benefits available beginning **January 2022**

Westchester Sick Leave and Safe Time

- Westchester County **paid sick leave** law took effect on **April 10, 2019**
 - Employees entitled to begin accruing leave on **July 10, 2019**
 - 1 hour of leave for every 30 hours worked, **up to 40 hours** per year
 - Leave can be used for an employee's medical needs or that of a family member
 - Employers must distribute notice of employee rights and display a poster and copy of the law in the workplace
- Earned Sick Leave website -
<https://humanrights.westchestergov.com/resources/earned-sick-leave-law>

Westchester Sick Leave and Safe Time (cont'd)

- Westchester County **paid safe leave** law takes effect on **October 30, 2019**
 - Provides employees who are victims of domestic violence or human trafficking with **up to 40 hours** of paid leave per year
 - Domestic violence includes other “family offense matters” such as stalking, sexual abuse, or criminal harassment
 - Leave can be used for attending court proceedings or relocation
 - Employers will be required to distribute notice of employee rights and display a poster and copy of the law in the workplace

Other Recent Developments

- In May 2019, [Maine](#) became the first state to enact a law providing [up to 40 hours of personal leave](#) per year to be used for any reason
 - Effective [January 1, 2021](#); covers employers with 10+ employees
- [Nevada](#) has also enacted a similar “personal time” law, effective [January 1, 2020](#)
- [Michigan](#) paid sick leave law took effect [March 29, 2019](#)
 - Covers employers with 50+ employees
 - One hour of leave for every 35 hours worked, up to 40 hours per year
 - Leave can be used for an employee or family member’s medical needs, or care related to domestic violence or sexual assault

Other Recent Developments (cont'd)

- **Dallas, Texas** paid sick leave law enacted in May 2019
 - Effective **August 1, 2019**, one hour of paid leave for every 30 hours worked, up to 64 hours per year (if > 15 employees) or up to 48 hours per year (15 or fewer employees)
 - Employers with five or fewer employees exempted until **August 1, 2021**
- **BUT**, unclear whether law will take effect due to legal challenge to a similar paid leave ordinance enacted in Austin, TX

Untangling the Web of Leave Laws



Applying the Laws in Practice

Scenario #1

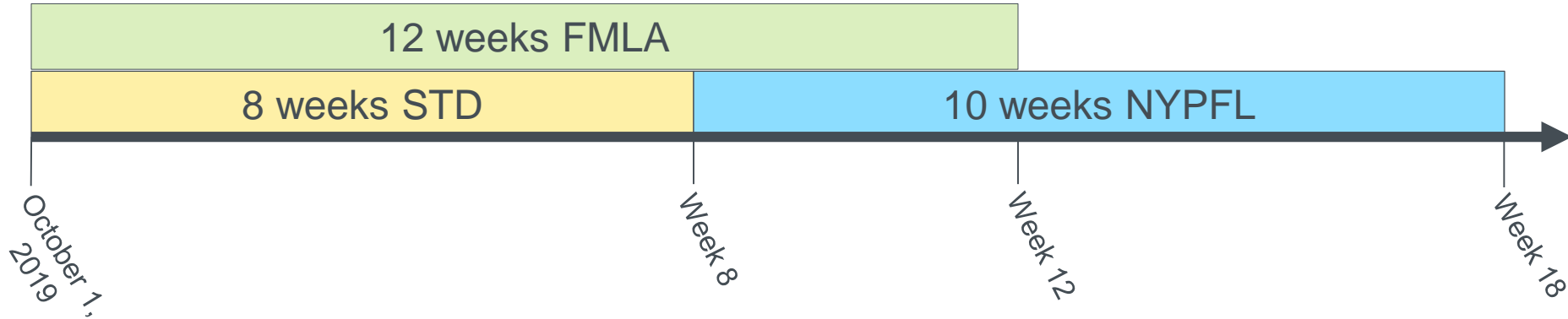
- Alisha, an administrative assistant at Widget Corp., is due to give birth to her first child by planned C-section on October 1, 2019
- She began working for Widget Corp. in May 2017
- Widget Corp. employs over 100 people in NYC

Alisha comes to you to talk about her options for leave for the birth of her child ... where do you begin?

Scenario #1 (cont'd)

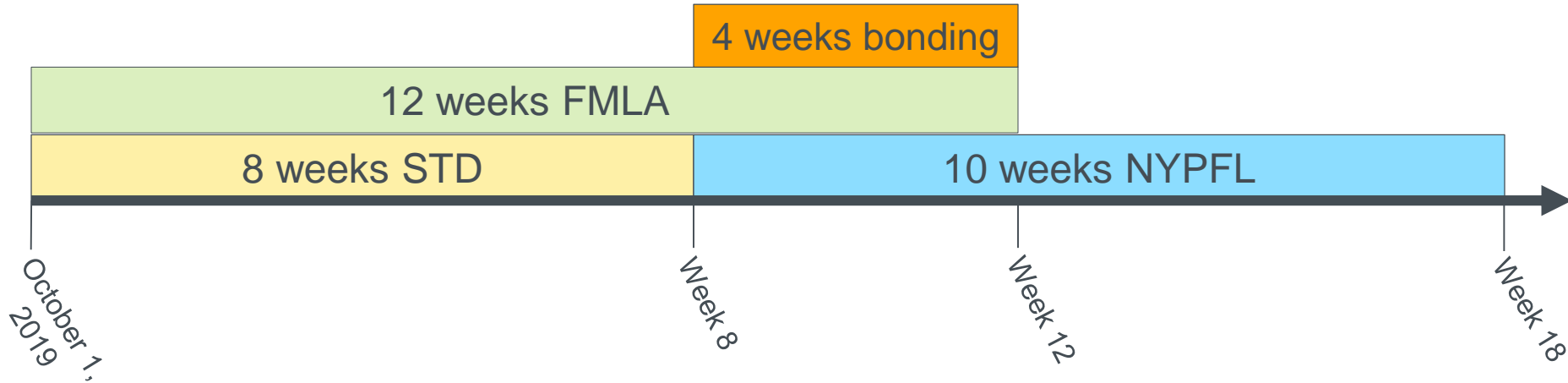
How much leave is available to Alisha?

18 weeks of job protected leave



Scenario #1 (cont'd)

What if Widget Corp. also offered 4 weeks of paid bonding leave?



Scenario #1 (cont'd)

What if Alisha experienced complications following the birth that required an additional 4-week hospital stay?



Scenario #1 (cont'd)

- Upon her return, Alisha tells you that she is breastfeeding and plans to pump at work

What, if anything, do you need to do in response?



Scenario #1 – The Takeaway

- FMLA and other types of statutory leave often can **run concurrently**
 - But must be for a covered purpose under each law
 - Consult the applicable laws (or a Proskauer attorney!) for guidance
- Whether an employer's parental or other paid leave can run concurrently with FMLA, NYPFL, or other statutory leave will depend on:
 - Statutory requirements/limitations
 - The terms of the employer's written policies
- Accommodation obligations may (and often do) continue **after leave ends**

Scenario #2

- Several months ago, David, a customer service representative, told his supervisor Maria that he had been diagnosed with depression
- At the time, David did not request an accommodation from Maria – he simply said “he just wanted her to be aware”
- About three weeks ago, David’s attendance started to become erratic. On several occasions he arrived late without explanation. He also twice failed to show up at all and Maria could not reach him

What, if anything, should Maria do?

Scenario #2 (cont'd)

- When Maria speaks with David about the absences, he tells her that he has been having problems with his medication and has started seeing a new psychiatrist
- He says that he is working with his doctor to adjust his medications. He also mentions that the doctor recommended he enter a 4-week inpatient treatment program

What, if any, next steps should Maria take?

Can the company discipline David based on his prior absences?

Scenario #2 (cont'd)

- The company grants David 4 weeks of FMLA leave to enter the treatment program. He receives STD benefits during this time
- Three months following his return to work, David's wife is in a serious car accident and requires back surgery and extensive rehabilitation
- David comes to HR to request time off to help care for his wife

What, if any, leave may be available to David?

Scenario #2 (cont'd)

- David expresses concern about using FMLA to care for his wife because he may need more time off in the future for his own health issues and wants to be sure he would still have leave available
- He asks if he can “save his FMLA” and instead use his available vacation time to take care of his wife

Should the company agree to David's request?

Scenario #2 (cont'd)

- David is approved for three weeks of FMLA and NYPFL to care for his wife
- While David is out, Maria accesses his work email to look for a document and discovers that he emailed confidential business information to his personal account in apparent violation of his confidentiality agreement

Can Maria contact David during his leave to address this discovery?

If David violated the agreement, could the company terminate him?

Scenario #2 – The Takeaway

- An employer's obligations regarding FMLA and reasonable accommodation arise when the employer is “on notice” of the potential need
 - NYC → “know or should have known”
- No “magic words” to request FMLA or reasonable accommodation
- If leave is for an FMLA qualifying reason, provide notice to the employee and appropriately designate the time

Scenario #2 – The Takeaway (cont'd)

- Requesting leave or other accommodation does not shield an employee from discipline for legitimate performance or conduct issues, BUT ...
 - Cannot treat employee more harshly/less favorably because of the leave or accommodation request
 - Discipline or performance management will be scrutinized more closely in the context of a statutory leave or other reasonable accommodation
 - Document, document, document

Scenario #3

- The Widget Corp. IT department institutes a new weekend help line (9 a.m.-1 p.m., Saturday and Sunday) which employees staff on a rotating schedule.
- Tonya, a help desk employee, tells her supervisor Steve that she is a Seventh-day Adventist and will be unable to staff the help line during the Sabbath, which runs from sundown Friday to sundown Saturday.
- Steve tells Tonya that he respects her beliefs but that it wouldn't be fair to her co-workers if she did not cover her share of shifts and she therefore will have to work some Saturdays

Did Steve do the right thing?

Scenario #3 – The Takeaway

- Federal, state, and local laws can require employers to provide reasonable accommodation in situations **other than disability**
 - Religion, pregnancy, domestic violence, etc.
- In all cases, engage in an **interactive process** with the employee
 - In NYC, must communicate the ultimate determination **in writing**
- Accurately identifying (and communicating) the **essential functions** of a position can be key
- **Be creative** when it comes to considering potential reasonable accommodations

Planning for Arbitration

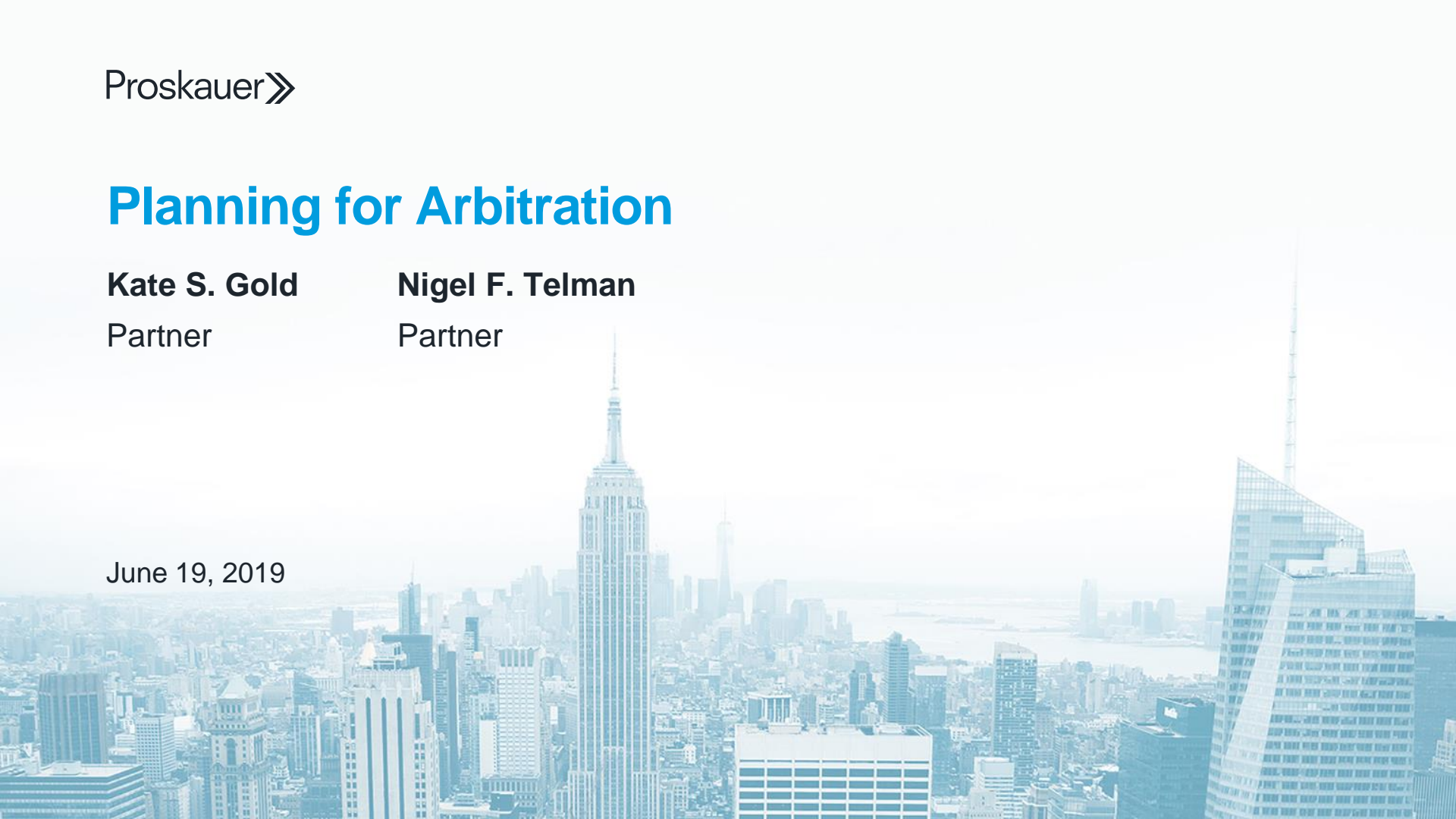
Kate S. Gold

Partner

Nigel F. Telman

Partner

June 19, 2019



Today's Agenda

- Why Arbitration and Arbitration Agreements Matter
- Recent Case Law Concerning Class Action Waivers and Enforcement of Arbitration Agreements
- Current Federal and State Legislation Affecting Arbitration
- How to Prepare an Enforceable Arbitration Agreement



Why Arbitration Matters



Why Arbitration Matters: It Is Not a Jury Trial

Advantages

- A quicker resolution
- May be less costly overall
- Greater choice in selection of fact-finder
- Greater privacy
- Less burden on the courts
- No jury: Limits “runaway jury verdicts” in favor of plaintiffs
- Automatic appeal from a denial of motion to compel arbitration

Disadvantages

- Arbitrators are more likely to “split the baby”
- Employer may pay arbitrator fees
- Summary judgment less likely to be granted
- Limited judicial review
- Inability to join third parties

Why Arbitration Matters: #MeToo movement

- Beginning in 2015 (if not earlier), employee and consumer groups and plaintiff employment attorneys began coordinated attempts to proselytize against “forced arbitration”
- These groups failed to gain real traction until . . .
- The birth of the #MeToo Movement in October 2017



Why Arbitration Matters: Public Awareness



Companies and legislative bodies have been forced to confront arbitration after the rise of the #MeToo movement



Arbitration seen as a means to “hide” sexual harassment claims and resolve them in secret



States have enacted laws that limit the enforceability of **arbitration agreements** in sexual harassment claims



Many other states have proposed legislation

Why Arbitration Matters: Public Pressure

A group from the “T14” schools sent a survey asking firms that recruit on campus to disclose whether the firm used a mandatory arbitration agreement.

Students called for boycotts of certain firms with mandatory arbitration.

In 2018, law students organized an effort to force law firms to stop mandatory arbitration.



In response, three major firms dropped their mandatory arbitration agreements.

Skadden

Students are foregoing professional opportunities in order to avoid mandatory arbitration (or avoid supporting it).

Why Arbitration Matters: Corporate Response

December 2017: Microsoft eliminates mandatory arbitration of sexual harassment claims.

May 2018: Uber (and then Lyft) abandons mandatory arbitration for sexual misconduct claims.

November 1, 2018: Google Walkout: employees stage protest of company's handling of sexual harassment claims demanding elimination of mandatory arbitration and non-disclosure agreements.


November 8, 2018: Google abandons mandatory arbitration policy for "sexual harassment and sexual assault claims."

November 2018: Facebook, Airbnb, and eBay abandon mandatory arbitration policy for sexual harassment and sexual assault claims.

January 15, 2019: Googlers for Ending Forced Arbitration launches a public awareness campaign against mandatory arbitration agreement.

February 2019: Google abandons mandatory arbitration policy for "all work disputes."

Recent Case Law and Legislation Affecting the Enforceability of Arbitration Agreements



Recent Case Law and Legislation: The Basics

The Federal Arbitration Act (FAA)

- Enacted in 1925 as a response to judicial hostility to arbitration
- Provides for enforcement of contractually based arbitration procedures
- Since it is predicated upon the Commerce Clause, it can only apply to arbitration agreements that involve interstate commerce
- The intent, text, and application of the FAA is central to arbitration disputes nearly 100 years later
- Many arbitration disputes before the Supreme Court concern FAA **pre-emption** of state laws



Recent Case Law: Class Action Waivers

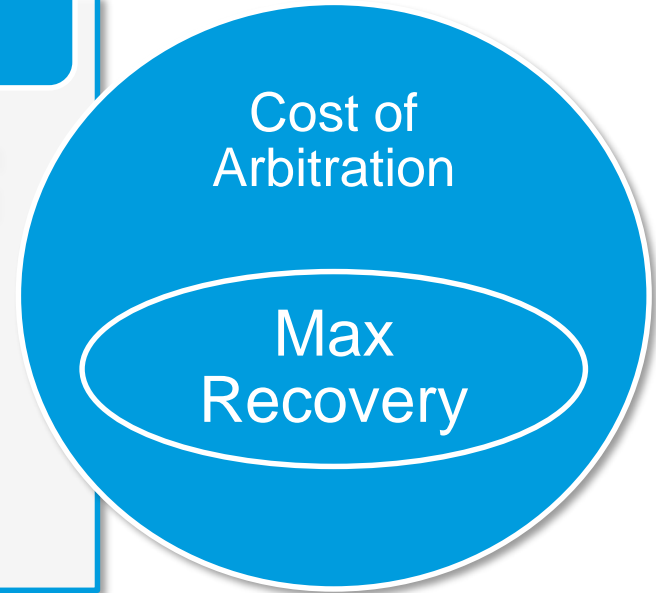
AT&T Mobility v. Concepcion, 131 S. Ct. 1740 (2011)

- Could California, by judicial decision, find arbitration agreements containing class action waivers unconscionable and unenforceable?
- The Supreme Court held that the FAA pre-empts any state-law rule that “stands as an obstacle to the accomplishment and execution of the FAA’s objectives.”
- The “Discover Bank” rule that held that class action waivers in adhesive consumer contracts are unconscionable, stood in the way of arbitration. *Discover Bank v. Superior Court*, 36 Cal.4th 148 (2005).
- Held that agreements to arbitrate may be “invalidated by ‘generally applicable contract defenses, such as fraud, duress, or unconscionability,’ but not by defenses that apply only to arbitration or that derive their meaning from the fact that an agreement to arbitrate is at issue.”

Recent Case Law: Class Action Waivers

American Express Co. v. Italian Colors Restaurant, 133 S. Ct. 2304 (2013)

- Plaintiff's cost of individually arbitrating claim for antitrust violation (\$200K-\$1M) exceeded potential recovery (\$12K-\$38K)
- SCOTUS held that it does not matter if enforcing a class action waiver would bar "effective vindication" of a federal statutory right
- Class action waiver is enforceable



Recent Case Law:

Class Action Waivers Are Here to Stay

- Even after *Concepcion*, the NLRB took the position that the NLRA requires employees be allowed to bring class actions and ruled as much in *D.R. Horton*.
- Some circuits rejected this rule, while others followed. The Supreme Court granted certiorari in three cases involving the *D.R. Horton* rule and consolidated them into *Epic*.

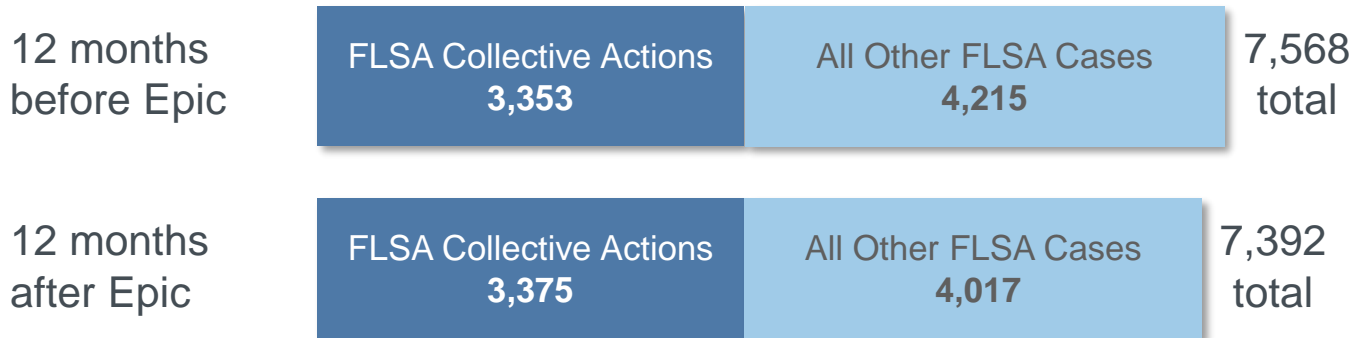
***Epic Sys. Corp. v. Lewis*, 138 S. Ct. 1612 (2018)**

- HELD: Arbitration agreements requiring individual arbitration (not class or collective proceedings) are enforceable under the FAA
- The National Labor Relations Act (NLRA) does not prohibit enforcement of arbitration agreements because it does not mention class or collective action procedures

Recent Case Law: **Class Action Waivers**

FLSA Filings Steady After Epic

- Data shows workers filed about the same number of Fair Labor Standards Act collective actions after Epic Systems as before.



Data Source: Lex Machina

Recent Case Law: Class Arbitration

Lamps Plus Inc. v. Varela, 587 U.S. ____ (2019)

- If arbitration agreement is unclear as to whether it permits class arbitration, what does a court do?
- HELD: “An ambiguous agreement [cannot] provide the necessary ‘contractual basis’ for compelling class arbitration.”
- The court reasoned that class arbitration “sacrifices the principal advantage of arbitration—its informality—and makes the process slower, more costly, and more likely to generate procedural morass than final judgment.”
- Silence or ambiguity is not enough to infer consent to participate in class arbitration.



Arbitration/Class Action Waivers: A Case Study

If class action waivers in arbitration agreements are enforceable, does that mean an employer might have to face thousands of individual arbitrations? Possibly, yes.

Uber

Uber has individual arbitration clauses in contracts, preventing class actions.

12,500 drivers served individual arbitration demands on Uber.

Most of the arbitrations have stalled out (or haven't begun).

Recent Case Law: Who Decides Arbitrability

Henry Schein, Inc. v. Archer & White Sales, Inc., 586 U.S. ____ (2019)

- Defendant argued that the arbitrator should resolve the gateway issue of arbitrability
- Plaintiff argued for the “wholly groundless” exception, which allows the court to resolve the issue notwithstanding a clause delegating authority to the arbitrator
- HELD: The “wholly groundless” exception is not consistent with the FAA



Recent Legislation: **Federal**

- The Senate introduced the **Forced Arbitration Injustice Repeal Act** (“FAIR Act”) in February 2019.
 - The bill would prohibit predispute arbitration agreements.



“Forced arbitration is unfair, unjust, and un-American.” – Sen. Richard Blumenthal

Recent Legislation: New York

New York law states that arbitration agreements are generally favored as enforceable. N.Y. C.P.L.R. § 7501

Under recently passed New York law, an arbitration agreement requiring the arbitration of sexual harassment claims is unenforceable. N.Y. C.P.L.R. § 7515.

Although likely pre-empted by the FAA, its future remains unclear.

Prohibition on mandatory arbitration clauses might be expanded. One particular amendment proposes that:

- “Mandatory arbitration clauses or agreements covering consumers and employees are contrary to the established public policy of this state...the State prohibits the formation and enforcement of mandatory arbitration agreements in employment and consumer contracts.”



Recent Legislation: Illinois

HB 2975

- Would amend the Illinois Employment Contract Act to prevent employers from conditioning employment on agreements to waive, arbitrate, or otherwise diminish future claims
- Has passed both houses of the Illinois legislature

SB 1829

- Would prevent mandatory arbitration agreements from applying to employment discrimination or harassment claims under the Illinois Human Rights Act
- Has passed the Illinois House of Representatives

Recent Legislation: California



- Arbitration agreements are generally enforceable in CA
 - “California law, like federal law, favors enforcement of valid arbitration agreements.” *Armendariz v. Foundation Health Psychcare Services, Inc.*, 24 Cal. 4th 83 (2000)
- The California legislature has repeatedly tried to ban arbitration agreements between employers and employees
- Former Gov. Jerry Brown steadfastly vetoed these bills (“Since this bill plainly violates federal law...”)
- The legislature is trying again with a new governor at the helm with AB-51 (making its way through the legislature right now). The bill states its intention to not preempt the FAA, but its unclear what effect that declaration will have

How to Prepare an Enforceable Arbitration Agreement



How to Prepare an Enforceable Agreement: Checklist

<input checked="" type="checkbox"/>	Applicable state laws	<input checked="" type="checkbox"/>	Choice of law
<input checked="" type="checkbox"/>	Interstate commerce	<input checked="" type="checkbox"/>	Mutuality
<input checked="" type="checkbox"/>	Standalone	<input checked="" type="checkbox"/>	Fee-splitting
<input checked="" type="checkbox"/>	Delegation	<input checked="" type="checkbox"/>	Statute of limitations
<input checked="" type="checkbox"/>	Scope	<input checked="" type="checkbox"/>	Class action waiver
<input checked="" type="checkbox"/>	Location	<input checked="" type="checkbox"/>	Consideration
<input checked="" type="checkbox"/>	ADR provider and rules		

How to Prepare an Enforceable Agreement:

Scope



- Most statutory, contract, and tort claims are subject to arbitration – list them explicitly in the agreement



- Outside the scope of the agreement
- Claims by government agencies not a party to the agreement (e.g., EEOC)
- Statutory claims when the statute either prohibits arbitration or provides the exclusive remedy and exclusive forum
- Claims against or by non-signatories to the agreement (unless agent, third party beneficiary, or based on estoppel doctrine)

How to Prepare an Enforceable Agreement:

Scope

Consider the language carefully:

- Insufficient to cover all claims in the Ninth Circuit: “All controversies and claims **arising under or out of** this agreement...”
 - Only requires arbitrating disputes relating to the interpretation and performance of the contract, but not tort claims

Consider using:

- “All controversies and claims **arising out of or relating to this agreement or the breach thereof**”

- Arbitration clauses in the Second Circuit are construed broadly
 - **“any and all claims”** sufficient
- Under Illinois state law, generic arbitration clauses cover most employment claims

How to Prepare an Enforceable Agreement: Choosing Where to Arbitrate

- **Select a neutral location for arbitration**

- requiring the employee to travel a great distance will be looked at unfavorably.

- **The location must be reasonable**

- New York and Illinois courts broadly enforce forum selection clauses in arbitration agreements, unless they are unreasonable, unjust, or invalid.
- A California court held that an adhesive agreement that required a California borrower to litigate in Minnesota was unreasonable.



How to Prepare an Enforceable Agreement:

Statute of Limitations

- Can an arbitration agreement shorten the amount of time the employee has to bring a claim?
 - Can be problematic – it adds to the overall one-sidedness and poor optics.
- **New York:** Unsettled. Even if unenforceable – it would likely be severed
- **California:** Generally, parties may shorten a statute of limitations period, but it must be reasonable. **Not approved** for statutory discrimination (FEHA) claims
- **Illinois:** Generally, parties may shorten a statute of limitations period, but it must be reasonable. **Not approved** for uninsured motorist claims



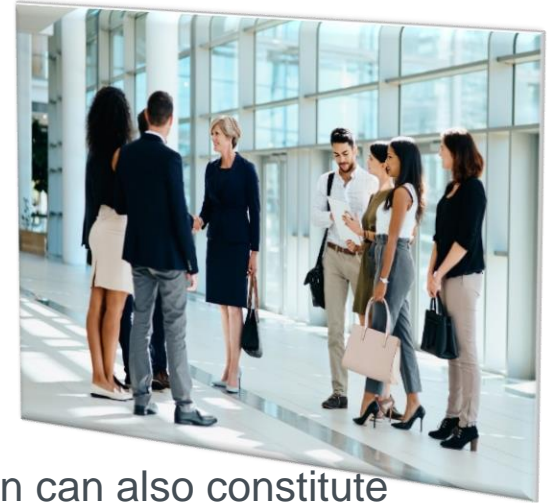
How to Prepare an Enforceable Agreement: Fee Splitting

- Can an agreement require employee to share arbitration costs?
- **New York:** Case by case analysis, analyzing:
 - Whether the litigant can pay the fees and costs
 - The expected cost differential between arbitration and court
 - Whether the differential is substantial enough to deter bringing claims
- **California:** Cannot be more expensive to employee than litigating in court
- **Illinois:** Parties may agree to almost any allocation of fees
 - Exceptions: Uninsured motorist claims, claims covered by the Health Care Arbitration Act, 710 ILCS 15/14



How to Prepare an Enforceable Agreement: Consideration

- **New employees:** An offer of employment is adequate consideration for agreements given at inception of employment
- **Current employees:** Is continued employment sufficient consideration for agreements given to current employees?
 - Conduct a state-specific inquiry.
 - **New York:** Continued at-will employment is sufficient.
 - **California:** Mutual agreement to be bound by arbitration can also constitute sufficient consideration.
 - **Illinois:** Mutual agreement to be bound by arbitration is sufficient consideration; for non-mutual agreements, continued employment “for a substantial period” constitutes sufficient consideration.



How to Prepare an Enforceable Agreement: Class Action Waiver

“Claims must be brought by either Employee or Employer in his/her/its *individual capacity*, not as plaintiffs or class members in any purported class or collective proceeding, and the arbitrator shall not have the power to hear the arbitration as a class or collective action or otherwise combine claims by multiple parties in a single arbitration (“Class/Collective Action Waiver”). If this Class/Collective Action Waiver is found to be unenforceable, it shall be severed from this Agreement, and any class or collective claims brought by either party shall instead be heard in a court of competent jurisdiction and **not** in arbitration under this Agreement.”

Waiver

A formal statement in which someone gives up a right or power.



How to Prepare an Enforceable Agreement:

Class Action Waiver Does Not Apply to Representative Actions

- An individual cannot waive his right to litigate representative actions:
 - **California:** Private Attorney General Act (“PAGA”) (CA) – *Iskanian v. CLS Transportation Los Angeles, LLC*, 59 Cal. 4th 348, 383 (2014).
 - Agreements requiring the waiver of PAGA rights would harm the state’s interests in enforcing the Labor Code.
 - **New York:** EMPIRE Worker Protection Act, S1848/A2265
 - Other states are considering similar acts, which permit an individual to bring actions on behalf of the attorney general.

How to Prepare an Enforceable Agreement:

Barriers to Enforcement in New York

- **Application of FAA:** Agreement must evidence a transaction involving interstate commerce
 - This is a low bar, it only needs to “affect” commerce.
- **Contract Defenses:**
 - **New York:** No specific arbitration agreement defenses
 - Plaintiff must show special grounds such as fraud, duress, or coercion
- **Waiver**
 - Must demand arbitration within a “reasonable time.”



How to Prepare an Enforceable Agreement: Barriers to Enforcement in Illinois

Illinois Uniform Arbitration Act, 710 ILCS 5/1

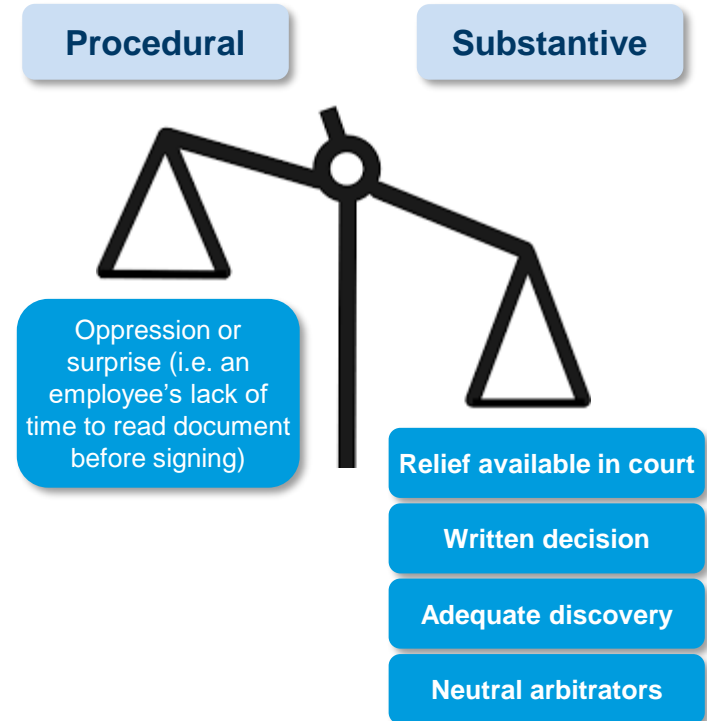
- Arbitration agreements are “valid, enforceable and irrevocable save upon such grounds as exist for the revocation of any contract”
- Applies when a contract: (1) has no effect on interstate commerce, or (2) contains an Illinois choice-of-law provision
- Questions of arbitrability are generally committed to the arbitrator

Biometric Information Privacy Act

- Keep arbitration clauses broad
- E.g. “arising out of the agreement *or relationship*” versus “arising out of the agreement” or listing specific dispute categories

How to Prepare an Enforceable Agreement: California Has Special Rules

- While New York agreements are governed by basic contract principles, California has further requirements. *Armendariz v. Foundation Health Psychcare Services, Inc.*, 24 Cal. 4th 83 (2000)
- Arbitration agreements must not be *procedurally* and *substantively* unconscionable. To defeat an arbitration agreement, both must be present (a “sliding scale”)
- Does this rule survive?



Our Experience: Summary

Immediate settlement leverage

Proliferation of arbitration services

Limits on onerous written discovery

Availability of summary judgment or summary adjudication

Speed and convenience

Increased certainty of outcomes

Limited judicial review



Law & the Workplace

Navigating Employment Issues in the Modern Workplace

- A Roadmap of Leave Laws
- Planning for Arbitration

Evandro C. Gigante

Partner

Nigel F. Telman

Partner

Kate S. Gold

Partner

Laura M. Fant

Associate

The information provided in this slide presentation is not intended to be, and shall not be construed to be, either the provision of legal advice or an offer to provide legal services, nor does it necessarily reflect the opinions of the firm, our lawyers or our clients. No client-lawyer relationship between you and the firm is or may be created by your access to or use of this presentation or any information contained on them. Rather, the content is intended as a general overview of the subject matter covered. Proskauer Rose LLP (Proskauer) is not obligated to provide updates on the information presented herein. Those viewing this presentation are encouraged to seek direct counsel on legal questions. © Proskauer Rose LLP. All Rights Reserved.