

Employers Prevail on the Issue of Class Action Waivers

The United States Supreme Court recently ruled in *Epic Systems Corp. v. Lewis* that employers can use arbitration agreements to bar employees from filing class action lawsuits over the terms of their employment, including claims for unpaid overtime under the Fair Labor Standards Act. This decision is a significant development for employers who can now insist that employees waive their rights to file collective actions in court, thereby allowing companies to avoid costly class action litigation.

In resolving a split among federal circuits, the Court rejected arguments that the National Labor Relations Act renders class action waivers unlawful, stating that the NLRA focuses on the right to organize unions and bargain collectively, and “it does not mention class or collective action procedures.” The Court made clear that while policy considerations may be debatable, Congress has instructed that “arbitration agreements like those before us must be enforced as written.”

Recommendation

With this new ruling, employers may wish to implement arbitration agreements with all employees as a part of their standard employment practices. Any existing arbitration agreements should be reviewed and revised to take advantage of the full reach of the new rule.

This alert was prepared by Hand Arendall Harrison Sale's Employment and Labor Practice Group. For further information or assistance, please contact the Employment and Labor Group attorney with whom you normally work.

Mark T. Waggoner
Practice Group Chair
mwaggoner@handarendall.com
205-502-0100

Practice Group Members:

Roger L. Bates
Windy Cockrell Bitzer
Lisa Darnley Cooper
J. Cole Davis
Tracy R. Davis
McKinley Dunn
Christine Harding Hart
C. Dennis Hughes
Robert C. Jackson
John S. Johnson
Tracy T. Miller
William H. Reece
Edward T. Rowe
Drew Sinor
George M. Walker
Latanishia D. Watters

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