

SUPREME COURT DECISION ALLOWS EMPLOYERS TO COMPEL EMPLOYEES TO INDIVIDUAL PROCEEDINGS FOR EMPLOYMENT DISPUTES

This summer, the United States Supreme Court issued a 5-4 decision that allows employers to compel an employee to individual proceedings for employee disputes. In other words, employers can force employees to give up his/her right to engage in collective litigation under the FLSA and class actions under state law.

The Supreme Court found that employee agreements compelling individual arbitration resolution are valid. Agreements to arbitrate are widely accepted in practice. The Court noted that there is a liberal federal policy favoring arbitration agreements.

This decision is extremely advantageous for employers as it allows employers to safeguard against costly class action litigation and collective litigation processes. When employees bring actions against employers under Federal Law such as the Fair Labor Standards Act there can be extensive litigation costs in addition to crippling penalties, including liquidated damages.

In light of this decision, Litchfield Cavo attorneys encourage employers revisit handbooks and employee agreements to ensure that the language and circumstances surrounding the agreements are legally sound.

Litchfield Cavo attorneys practice in 37 states nationwide and are available to counsel on business matters surrounding this decision and safeguard against potentially debilitating lawsuits. Contact one of our local offices or attorneys to learn more.