

# Mandatory arbitration agreements and independent contract drivers

In a [unanimous opinion](#) (except for Justice Kavanaugh, who was recused from the case) expected to have broad implications for the transportation industry, the Supreme Court delivered a blow to employers that seek to enforce mandatory arbitration agreements for claims filed by drivers and other transportation workers classified as independent contractors.



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OPINION.

The high court affirmed a decision from the First Circuit Court of Appeals that an exemption in the Federal Arbitration Act for interstate transportation workers applies to all workers, whether classified as employees or independent contractors. The employer, New Prime Inc., an interstate trucking company, sought to compel mandatory arbitration of claims by one of its drivers, Dominic Oliveira, who filed a class action in federal court alleging New Prime violated the Fair Labor Standards Act by denying its drivers lawful wages.

After the district court and the First Circuit sided with the driver, New Prime petitioned the Supreme Court to overturn the First Circuit's May 2017 ruling that the term "contracts of employment" in the Section 1 exemption of the FAA includes not only employees, but also independent contractors. New Prime's broad mandatory arbitration agreement included a "delegation clause" that gave an arbitrator authority to decide whether the parties' dispute is [subject to arbitration](#).

The Supreme Court nonetheless agreed with the First Circuit that a court, rather than an arbitrator, should determine whether the contract in question is within the coverage of the FAA, citing the Court's 1967 *Prima Paint* decision. Turning to the interpretation of "contracts of employment" in the FAA exemption, the Court employed the "ordinary meaning" analysis of the statute's language to conclude the term is not limited to employees because at the time Congress enacted the FAA in 1925, "contract of employment" described "any contract for the performance of *work* by *workers*." Justice Ginsburg filed a short concurring opinion.

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