

Ninth Circuit to Ask California Supreme Court to Decide Retroactivity of ‘ABC’ Test, Withdraws Opinion

By Jonathan A. Siegel

July 24, 2019

Meet the Authors



Jonathan A. Siegel

(He/Him)

Principal

(949) 885-1360

Jonathan.Siegel@jacksonlewis.com

Related Services

California Advice and Counsel

Class Actions and Complex
Litigation

Staffing and Independent

Workforce

Technology

Wage and Hour

Whether California’s recently adopted “ABC” test, used in the employee-versus-independent contractor analysis in cases involving California’s wage orders, must be applied retroactively should be decided by the California Supreme Court, a panel of the U.S. Court of Appeals for the Ninth Circuit has decided, withdrawing its controversial May 2, 2019, opinion. *Vazquez v. Jan-Pro Franchising Int’l, Inc.*, 2019 U.S. App. LEXIS 21687 (9th Cir. July 22, 2019). The Ninth Circuit said it will certify that question to the California Supreme Court.

The now-withdrawn opinion stemmed from the California Supreme Court’s decision in *Dynamex Operations West, Inc. v. Superior Court of Los Angeles County*, 416 P.3d 1 (Cal. 2018). The Supreme Court broadened the definition of “employee” in the state’s Industrial Work Commission (IWC) wage orders when undertaking the employee-versus-independent contractor analysis by adopting the commonly known ABC test.

Under that standard, to establish that an individual is in fact an independent contractor, an employer must prove that:

A: The work must be free from the control and direction of the employer in connection with the performance of the work, both under the contract for performance of the work and in fact;

B: The worker performs work that is outside the usual course of the employer’s business; and

C: The worker is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

The standard set in *Dynamex* presumes that workers are employees subject to the requirements of the IWC wage orders and clearly places the burden on the employer to prove all three elements of the ABC test to establish independent contractor status. What the California Supreme Court did not decide in *Dynamex*, and what it will be asked to determine, is whether the ABC test should apply retroactively to matters that were still viable at the time of the decision. Given its past rulings on the retroactivity issue, it certainly is possible that the Supreme Court might concur with the Ninth Circuit’s initial conclusion that the ABC test applies retroactively.

In the meantime, if you have any questions about the *Dynamex* decision, the employee-versus-independent contractor analysis, or any other wage and hour issue, please consult a Jackson Lewis attorney.

©2019 Jackson Lewis P.C. This material is provided for informational purposes only. It is not intended to constitute legal advice nor does it create a client-lawyer relationship between Jackson Lewis and any recipient. Recipients should consult with counsel before taking any actions based on the information contained within this material. This material may be considered attorney advertising in some jurisdictions. Prior results do not guarantee a similar outcome.

Focused on employment and labor law since 1958, Jackson Lewis P.C.'s 1,000+ attorneys located in major cities nationwide consistently identify and respond to new ways workplace law intersects business. We help employers develop proactive strategies, strong policies and business-oriented solutions to cultivate high-functioning workforces that are engaged and stable, and share our clients' goals to emphasize belonging and respect for the contributions of every employee. For more information, visit <https://www.jacksonlewis.com>.