

California Bar on Mandatory Arbitration Agreements in Employment Challenged, Injunction Sought

By Scott P. Jang

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Scott P. Jang

Principal

(415) 394-9400

Scott.Jang@jacksonlewis.com

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The U.S. Chamber of Commerce and other business organizations have filed suit in federal court against the State of California to have AB 51 declared preempted by the Federal Arbitration Act (FAA). *Chamber of Commerce of the United States v. Becerra* No. 2:19-cv-2456 KJM DB. Alternatively, the lawsuit seeks a declaration that AB 51's express FAA carve out provision, which protects arbitration agreements otherwise enforceable under the FAA, applies to both enforcement and formation of arbitration agreements.

Under AB 51, if the FAA does not apply, employers are prohibited from requiring employees to sign new mandatory arbitration agreements concerning disputes arising under the California Fair Employment and Housing Act (FEHA) or California Labor Code. AB 51 applies only to contracts executed, modified, or extended on or after January 1, 2020. (For more on AB 51, see our article, [New California Law Attacks Mandatory Arbitration Again ... But Is It More Bark Than Bite?](#))

The lawsuit seeks preliminary and permanent injunctions. A hearing will be held on January 10, 2020, on the motion for a preliminary injunction. If the court grants the motion for a preliminary injunction, AB 51 will be on hold and will not be enforced while the preliminary injunction is in effect and until the case can be decided on the merits.

We will continue to monitor developments. Please contact a Jackson Lewis attorney with any questions.