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Class Action Waivers Are Lawful and Should Be Enforced

Today, the Supreme Court issued a 5-4 decision holding that employers are not violating the National Labor Relations Act by requiring employees to sign class action waivers in arbitration agreements as a condition of their employment. Rejecting the NLRB's position that class waivers violate a workers' right to engage in concerted action, the majority held that mandatory arbitration agreements, which bar employees from joining together in a class-action lawsuit to settle disputes over wages and working conditions, must be enforced. In its opinion, the Court stated:

"[A]s a matter of law the answer is clear. In the Federal Arbitration Act, Congress has instructed federal courts to enforce arbitration agreements according to their terms—including terms providing for individualized proceedings."

This decision is a huge blow to plaintiffs' class action lawyers, and a huge win for employers. Now, instead of employees banding together to combine small individual claims into class or collective actions, employees who sign arbitration agreements containing class waivers will be limited to pursue their claims in separate, out-of-court arbitration proceedings.

If you do not currently have an arbitration agreement that contains a class action waiver, we encourage you to edit your arbitration agreement accordingly.

Questions? Contact Stokes Wagner.