

## **CALIFORNIA'S MANDATORY ARBITRATION BAN ON HOLD – AT LEAST FOR NOW**

A District Court Judge has extended the injunction on the enforcement of AB-51, California's recently enacted ban on mandatory arbitration agreements for employees. The preliminary injunction will remain in effect until at least January 31, 2020, when a further hearing will be conducted before Judge Mueller.

This means that employers can continue to require that employees sign mandatory arbitration agreement as a condition of employment. Of course, the arbitration agreement has to meet existing legal standards, both in terms of the substance of the arbitration agreement and the procedural requirements set forth in the agreement.

We will update you about the status of this matter once the Judge issues her decision after the January 31 hearing.

By way of background, Judge Mueller first granted the U.S. Chamber of Commerce's request for a temporary injunction on December 30, 2019, while the court considered the Chamber's request for a longer preliminary injunction. The Judge set a hearing for a preliminary injunction on January 10. At the hearing, the U.S. Chamber of Commerce argued that AB-51 is pre-empted by the Federal Arbitration Act and that a preliminary injunction barring enforcement was necessary to protect employers from litigation and possible criminal penalties. The District Attorney's office argued that the law governs the conduct of contracting parties generally and does not single out arbitration agreements in violation of federal law. The Judge will further consider the arguments of the parties at the January 31 hearing.

Please contact Jeff Dinkin or Sean Piers at Stradling if you have any questions on AB-51 or the temporary injunction.

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