



Lyft Drivers Compelled to Individually Arbitrate Misclassification Claims

The United States Court of Appeals for the First Circuit recently held that Lyft drivers are not entitled to invoke an exception to the Federal Arbitration Act (“FAA”) applying to workers engaged in interstate commerce. In *Cunningham v. Lyft, Inc.*, Lyft drivers brought a putative class action alleging that Lyft misclassifies them as independent contractors. Lyft moved to compel arbitration based on an arbitration clause in Lyft’s electronic Terms of Service. That arbitration clause stated that Lyft drivers are required to submit their claims to arbitration on an individual, not class-wide basis. The District Court denied Lyft’s motion to compel.

On interlocutory appeal, the First Circuit reversed. The First Circuit agreed with Lyft that its drivers were not engaged in interstate commerce within the meaning of Section 1 of the FAA. The First Circuit rejected Plaintiffs’ arguments that they were engaged in interstate commerce as a result of: (i) taking passengers to Logan Airport for trips to other states and countries; and (ii) occasionally transporting passengers across state lines. As to the first argument, the First Circuit explained that Lyft drivers take passengers to the start or from the finish of the passengers’ interstate journeys and are not themselves part of that journey.

As to the second argument, the First Circuit noted that the two other federal circuits to consider the issue had reached opposite results. The First Circuit determined that Lyft had the stronger argument on this point and decided that Lyft drivers were a class of workers “engaged primarily in local intrastate transportation, some of whom infrequently find themselves crossing state lines.” The court pointed out that the lead Plaintiff had never taken a passenger across state lines in five years of working as a Lyft driver.

The First Circuit’s decision means that Lyft drivers will likely have to arbitrate their misclassification claims on an individual basis. It will be interesting to see whether this issue eventually makes its way to the U.S. Supreme Court.

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