




Appellate court rejects Tesla's attempt to enforce unsigned arbitration agreement

Tesla moved to compel arbitration, arguing that since Vaughn acted as an employee and held a full-time job offer containing a standard arbitration agreement, he was subject to it regardless of whether he signed or not under equitable estoppel.

Attachments

-  Vaughn v. Tesla, Inc. (https://s3-us-west-2.amazonaws.com/dailyjournal-prod/attachments/pdfs/000/003/530/original/Vaughn_v._Tesla_Inc..PDF?1558540777)

A state appellate court roundly rejected Tesla's attempt to enforce an unsigned arbitration agreement in an unpublished decision Tuesday, writing that his claims do not rely on the contract he never agreed to.

"My only disappointment is that the court did not specifically embrace my position to adopt the chutzpah doctrine in California. To me, this argument is so outrageous, basically that the arbitration plague has gone so far as to infect those who haven't signed an agreement," said Bryan Schwartz, an Oakland practitioner, who represents the plaintiff, Marcus Vaughn.

"Hopefully someone will seek publication of the decision and discourage other employers from making such a frivolous argument," Schwartz said. "After this, we'll get to keep moving forward with our class action."

Vaughn sued the company last year claiming he was subjected to racial slurs and harassment while working as a contractor. The lawsuit says Tesla fired him after he complained.

Tesla moved to compel arbitration, arguing that since Vaughn acted as an employee and held a full-time job offer containing a standard arbitration agreement, he was subject to it regardless of whether he signed or not under equitable estoppel.

Vaughn's lawsuit claims the offer was extended after his complaints, then rescinded before his firing when he continued raising the issue.

A trial court rejected Tesla's argument, and the company appealed. In its brief, attorney Nancy E. Pritikin of Sheppard, Mullin, Richter & Hampton LLP further argued that since Vaughn positioned himself on behalf of employees in his lawsuit, he should be subject to the same arbitration agreement as other employees.

"Vaughn's claims do not rely or depend on the offer letter," wrote Justice Mark B. Simons (https://www.dailyjournal.com/judicial_profiles/8803) of the 1st District Court of Appeal, in the unanimous decision. "These claims depend on the existence of an employment relationship with Tesla, but they are not founded on -- or bound up with -- the terms of the offer letter Vaughn received after he commenced working at Tesla, an offer letter Vaughn did not accept, an offer letter that Tesla withdrew."

Schwartz said he plans to seek costs on appeal, and reiterated that the argument was a stalling tactic from the start -- one which saw some success, since the case languished for a year. *Vaughn v. Tesla, Inc.* (https://s3-us-west-2.amazonaws.com/dailyjournal-prod/attachments/pdfs/000/003/530/original/Vaughn_v._Tesla__Inc..PDF?1558540777) A154753 (Cal. App. 1st Dist. May 21, 2019) (unpublished).

Pritikin did not respond to a request for comment by press time, and nor did Tesla.

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