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Uber, Lyft Legal Blow Widens Door For Labor Law Challenges, Bloomberg Law, ft. Katherine Catlos

Katherine S. Catlos, KD partner and Chief Diversity & Inclusion Officer, CIPP/US, CIPM, was quoted in an article written by Erin Mulvaney regarding the CA Appeals Court ruling on Uber and Lyft workers published in Bloomberg Law on October 23, 2020.

A California appeals court ruling that Uber Technologies Inc. and Lyft, Inc. must treat their drivers as employees not only portends steep increases in operating costs that the companies say they can't afford, but gives workers legal backup to secure a slew of new labor protections.

It defined even more strongly that the ride-sharing companies' futures will hinge on how California voters decide Proposition 22, a ballot measure that would exempt them from the rigid state law on worker classification that the appeals court backed in its ruling. Polls have indicated the vote, on what has become the most expensive voter initiative in state history, is likely to be close.

If the drivers are classified as employees, gig companies will be on the hook for claims of harassment, discrimination, and workers' compensation, on top of paying for insurance, benefits, and minimum wage. Workers will also have the right to form a union. The change would lead to an estimated 20% to 40% increase in operations costs. Uber and Lyft have said they will shut down or dramatically reduce their operations in California if Proposition 22 fails.

The companies could face "the whole panoply of employment law litigation," said Katherine Catlos, a partner in San Francisco with management-side firm Kaufman Dolowich & Voluck LLP. "I would imagine an onslaught of misclassification, unpaid business expenses, harassment claims and unemployment claims caused by Covid-19 too."

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