

No. 21-309

IN THE
Supreme Court of the United States

SOUTHWEST AIRLINES CO.,

Petitioner,

v.

LATRICE SAXON,

Respondent.

**On Writ of Certiorari to the
United States Court of Appeals for the
Seventh Circuit**

**BRIEF OF WASHINGTON LEGAL FOUNDATION
AS *AMICUS CURIAE* IN SUPPORT OF PETITIONER**

CORY L. ANDREWS
Counsel of Record
JOHN M. MASSLON II
WASHINGTON LEGAL
FOUNDATION
2009 Mass. Ave., NW
Washington, DC 20036
(202) 588-0302
candrews@wlf.org

January 28, 2022

QUESTION PRESENTED

Whether the Federal Arbitration Act's "transportation worker" exemption—for "seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce," 9 U.S.C. § 1—covers supervisors of airplane baggage loaders if neither the supervisors nor the loaders actually transport anything, much less in foreign or interstate commerce.

TABLE OF CONTENTS

TABLE OF AUTHORITIES iv

INTEREST OF *AMICUS CURIAE* 1

STATEMENT OF THE CASE..... 2

SUMMARY OF ARGUMENT..... 3

ARGUMENT 6

I. ONLY CLASSES OF WORKERS WHO
TRANSPORT GOODS ACROSS BORDERS ARE
COVERED BY FAA § 1..... 6

II. THERE IS NO PRINCIPLED WAY TO APPLY
FAA § 1 TO THOSE WHO DO NOT
TRANSPORT GOODS ACROSS BORDERS..... 15

CONCLUSION..... 19

TABLE OF AUTHORITIES

	Page(s)
CASES:	
<i>Allied-Bruce Terminix Cos. v. Dobson</i> , 513 U.S. 265 (1995)	6
<i>Amalgamated Ass’n St. Elec. Ry. & Motor Coach Emp. of Am. v. Penn. Greyhound Lines, Inc.</i> , 192 F.2d 310 (3d Cir. 1951)	11
<i>Asplundh Tree Expert Co. v. Bates</i> , 71 F.3d 592 (6th Cir. 1995)	11, 12
<i>AT&T Mobility LLC v. Concepcion</i> , 563 U.S. 333 (2011)	6
<i>Circuit City Stores, Inc. v. Adams</i> , 532 U.S. 105 (2001)	7, 12, 13, 14, 17
<i>Cole v. Burns Int’l Sec. Servs.</i> , 105 F.3d 1465 (D.C. Cir. 1997)	11
<i>DIRECTV, Inc. v. Imburgia</i> , 577 U.S. 47 (2015)	1
<i>Epic Sys. Corp. v. Lewis</i> , 138 S. Ct. 1612 (2018)	1
<i>Hill v. Rent-A- Ctr., Inc.</i> , 398 F.3d 1286 (11th Cir. 2005)	13, 14
<i>Jarecki v. G.D. Searle & Co.</i> , 367 U.S. 303 (1961)	7
<i>Lenz v. Yellow Transp., Inc.</i> , 431 F.3d 348 (8th Cir. 2005)	15, 16, 17
<i>Palcko v. Airborne Express, Inc.</i> , 372 F.3d 588 (3d Cir. 2004)	15

	Page(s)
<i>Pryner v. Tractor Supply Co.</i> , 109 F.3d 354 (7th Cir. 1997).....	17
<i>Rittmann v. Amazon.com</i> , 971 F.3d 904, 917 (9th Cir. 2020).....	15
<i>Rojas v. TK Commc'ns, Inc.</i> , 87 F.3d 745 (5th Cir. 1996).....	11
<i>Rucho v. Common Cause</i> , 139 S. Ct. 2484 (2019).....	15
<i>Shearson/Am. Exp. Inc. v. McMahon</i> , 482 U.S. 220 (1987).....	1
<i>Southern S.S. Co. v. NLRB</i> , 316 U.S. 31 (1942).....	9
<i>Tenney Eng'g, Inc. v. United Elec. Radio & Mach. Workers</i> , 207 F.2d 450 (3d Cir. 1953).....	12, 15
<i>United States v. Pinto</i> , 875 F.2d 143 (7th Cir. 1989).....	16
 CONSTITUTIONAL PROVISION:	
U.S. Const. art. I § 8, cl. 10.....	9
 STATUTES:	
9 U.S.C. § 1.....	<i>passim</i>
9 U.S.C. § 2.....	1, 2, 4, 6, 12
Act of July 20, 1790, 1 Stat. 131.....	9
Crimes Act of April, 30 1790, 1 Stat. 112.....	9

Page(s)**LEGISLATIVE MATERIAL:**

Joint Hearings on S. 1005 and H. R. 646 before the Subcommittees on the Judiciary, 68th Cong., 1st Sess. (1924).....	4, 10
--	-------

MISCELLANEOUS:

Matthew W. Finkin, <i>Workers' Contracts under the United States Arbitration Act: An Essay in Historical Clarification</i> , 17 Berkeley J. Emp. & Lab. L. 282 (1996).....	10
Dennis R. Nolan & Roger I. Abrams, <i>American Labor Arbitration: The Early Years</i> , 35 U. Fla. L. Rev. 337 (1983)	8
Antonin Scalia, <i>The Rule of Law as a Law of Rules</i> , 56 U. Chi. L. Rev. 1175 (1989).....	16
Victor E. Schwartz & Christopher E. Appel, <i>Setting the Record Straight About the Benefits of Pre-Dispute Arbitration</i> , WLF Legal Backgrounder (June 7, 2019).....	1
Ahmed A. White, <i>Mutiny, Shipboard Strikes, and the Supreme Court's Subversion of New Deal Labor Law</i> , 25 Berkeley J. Emp. & Lab. L. 275 (2004)	9, 10

INTEREST OF AMICUS CURIAE*

Washington Legal Foundation is a nonprofit, public-interest law firm and policy center with supporters nationwide. WLF promotes free enterprise, individual rights, limited government, and the rule of law. It appears often as *amicus* in important Federal Arbitration Act (FAA) cases. *See, e.g., Epic Sys. Corp. v. Lewis*, 138 S. Ct. 1612 (2018); *DIRECTV, Inc. v. Imburgia*, 577 U.S. 47 (2015). And WLF has published many papers by outside experts on arbitration. *See, e.g.,* Victor E. Schwartz & Christopher E. Appel, *Setting the Record Straight About the Benefits of Pre-Dispute Arbitration*, WLF Legal Backgrounder, www.bit.ly/2Z6rKqg (June 7, 2019).

The FAA “establishes a federal policy favoring arbitration.” *Shearson/Am. Exp. Inc. v. McMahon*, 482 U.S. 220, 226 (1987). It requires, in § 2, that most people comply with their arbitration agreements. The FAA contains a discrete exemption, in § 1, for a few categories of transportation workers. Congress included the exemption not to excuse these classes of workers from arbitration, but merely to enable them to arbitrate through other congressionally created channels.

The respondent here is not subject to an alternative channel of this sort; she just wants to

* No party’s counsel authored any part of this brief. No person or entity, other than Washington Legal Foundation and its counsel, helped pay for the brief’s preparation or submission. All parties consent to the filing of this brief.

avoid arbitration altogether. She seeks to gut the federal policy in favor of arbitration by expanding the § 1 exemption far beyond its proper bounds. Even so, the Seventh Circuit rewarded the respondent's efforts. This Court should reverse and set things right.

STATEMENT OF THE CASE

Southwest Airlines operates the nation's largest passenger airline. Southwest employs the respondent as a Ramp Agent Supervisor at Chicago's Midway Airport. There she supervises and trains a team of Ramp Agents who load and unload passenger baggage for departing and arriving airplanes. Though she occasionally assists her subordinates by handling baggage on a limited basis, she does not physically transport goods interstate or even supervise others who physically transport goods interstate.

The respondent sued Southwest for disputed wages under the Fair Labor Standards Act. Southwest moved to compel arbitration, arguing that the respondent must honor her agreement to arbitrate wage disputes arising from her employment. Southwest invoked § 2 of the FAA, which says that an otherwise valid arbitration clause in a "contract evidencing a transaction involving commerce" is "enforceable." 9 U.S.C. § 2. In response, the respondent invoked § 1, known as the "transportation worker exemption." It says that the FAA does not govern "contracts of employment of seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce." *Id.* § 1.

The respondent argued that she falls within the § 1 exemption.

The district court rejected the respondent's construction of § 1 and dismissed the complaint. The "linchpin for classification as a 'transportation worker,'" the court explained, is "actual transportation." (Pet. App. 37a.) Because the respondent does not "physically transport goods at all, let alone out-of-state," the court held that she falls outside the § 1 exemption. (*Id.* at 39a.) "[M]erely handling goods" that may travel interstate, the court concluded, is not enough. (*Id.* at 37a.)

The Seventh Circuit reversed. Rather than focusing on the respondent's exclusively intrastate work activities (i.e., the activities in which the "worker" was "engaged" under § 1), the appeals court focused on the vehicle into which the goods were being moved. Because the "act of loading cargo onto a vehicle to be transported interstate is itself commerce," the court reasoned, "cargo-loading work is interstate or foreign commerce." (Pet. App. 10a.) As a result, the court held, the respondent's duties as Ramp Agent Supervisor qualify as "actual transportation." (*Id.* at 10a.)

SUMMARY OF ARGUMENT

Litigation is expensive. It's expensive for businesses, which must pay lawyers to argue and employees to miss work to testify. It's expensive for consumers and workers, who cover businesses' costs through higher prices and lower wages. It's expensive for the judiciary, which must pay for "judges, attendants, light, heat, and power—and

even ventilation in some courthouses.” Joint Hearings on S. 1005 and H. R. 646 before the Subcommittees on the Judiciary, 68th Cong., 1st Sess. (1924) (statement of Charles L. Bernheimer). And it’s expensive for the average citizen; for just as corporate litigation expenses are really consumer and worker expenses, the judiciary’s expenses are really taxpayer expenses.

It’s no mystery, then, why Congress passed the FAA. Courts had long refused to enforce most arbitration agreements, and this meant that more disputes remained in litigation. To save people time, money, and trouble, Congress empowered courts to enforce otherwise valid clauses, in contracts “involving commerce,” that require streamlined private dispute resolution—arbitration. 9 U.S.C. § 2. But the FAA contains a qualification. It does not govern “contracts of employment of seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce.” 9 U.S.C. § 1.

Contrary to the Seventh Circuit’s elastic reading, § 1 is not the product of Congress’s desire to excuse transportation workers—and, for some peculiar reason, them alone—from honoring arbitration agreements. Rather, § 1 exists because Congress expected certain classes of transportation workers to engage in arbitration governed by *other* federal laws. When Congress enacted the FAA, seamen and railroad workers were subject to their own federal arbitration regimes. Congress exempted these classes of workers from the FAA to ensure that the FAA did not disrupt those distinct systems of alternative-dispute-resolution. (The seamen had, in fact, lobbied for this carve out.)

As for § 1’s residual clause—the carveout for “other class[es] of workers engaged in foreign or interstate commerce”—it covers only those workers whom Congress expected would get their own federal arbitration law or special remedial scheme. This means workers *precisely analogous* to seamen and railroad employees. It means workers who (1) traverse national and international shipping lanes and (2) who regularly carry goods, in bulk, across interstate or foreign borders. The respondent does not fit into either of those categories.

Put differently, § 1 simply accommodates existing or expected federal arbitration laws tailored to specific classes of unionized workers in the transportation sector. And because § 1 fulfills this singular purpose, there is no principled way to stretch its application. Although some judge-made tests, including the Seventh Circuit’s, purport to expand the exemption beyond those actively engaged in the interstate and international transportation of goods, these contrived standards defy statutory text and context, produce inconsistent results, and serve no end set forth by Congress.

To prevent this misguided view from metastasizing any further, this Court should clarify that the scope of the § 1 exemption does not cover purely local and grounded supervisors like the respondent. Such clarity is vital to so many businesses and workers who, relying on the FAA, have agreed to arbitrate their disputes.

ARGUMENT

I. ONLY CLASSES OF WORKERS WHO TRANSPORT GOODS ACROSS BORDERS ARE COVERED BY FAA § 1.

Section 2 of the FAA empowers a party to enforce an (otherwise valid) arbitration clause in “a contract evidencing a transaction involving commerce.” 9 U.S.C. § 2. Congress enacted the statute to thwart the “great variety” of “devices and formulas” that judges “hostil[e] towards arbitration” had used to “declar[e] arbitration against public policy.” *AT&T Mobility LLC v. Concepcion*, 563 U.S. 333, 342 (2011). And it used broad terms (“evidencing” a transaction “involving” commerce) because it wanted the FAA to extend as far as the federal legislative power under the Commerce Clause can go. *Allied-Bruce Terminix Cos. v. Dobson*, 513 U.S. 265, 277 (1995). In short, Congress wanted the FAA to govern most arbitration clauses.

Most, but not all. Section 1 of the FAA withdraws from the statute’s coverage “contracts of employment of seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce.” 9 U.S.C. § 1. As shown below, that exemption cuts much more narrowly than the respondent and the Seventh Circuit contend.

First, Congress framed § 2 more broadly than § 1. Section 2 extends the FAA to a contract “involving” commerce, while § 1 removes it from a contract of employment signed by certain classes of workers “engaged in” foreign or interstate commerce. The “open-ended” § 2 is limited by the “narrower”

§ 1. *Circuit City Stores, Inc. v. Adams*, 532 U.S. 105, 118 (2001). This manifests an intent to withdraw only a small sliver of contracts from the FAA’s purview. After all, if Congress had wanted the FAA to have a narrow ambit—if it had wanted it to apply, say, only to contracts between merchants—it could have simply said so in the first place. It would have made no sense for Congress to craft a narrow statute by the circuitous method of (1) writing a sweeping clause, and then (2) cutting that clause to the bone with another, almost equally sweeping clause.

What’s more, under the venerable statutory canon *noscitur a sociis*, “a word is known by the company it keeps.” *Jarecki v. G.D. Searle & Co.*, 367 U.S. 303, 307 (1961). Section 1 lists *seamen*, *railroad employees*, and *others* “engaged in” foreign or interstate commerce. The section’s more general category (“any other class of workers engaged in foreign or interstate commerce”) is “controlled and defined” by the examples that precede it (“seamen” and “railroad employees”). *Circuit City*, 532 U.S. at 114-15. So § 1 governs seamen, railroad employees, and *others like them*. Others, that is, who engage in bulk foreign or interstate shipping like seamen and railroad employees do. Section 1 is a discrete carveout for narrow classes of transportation workers.

But why would Congress want to protect commercial arbitration to the fullest extent possible, *except* when it comes to nationwide transportation, the very lifeblood of commerce? The answer is revealed by a closer look at Congress’s decision to single out rails and sails. Why were railroad employees and seamen singled out? Special reasons

applied to each group—reasons that point to § 1’s exceedingly limited role in Congress’s arbitration scheme.

Start with the railroads. “Before the modern highway system, railroads were the only practical means of long-distance transportation.” Dennis R. Nolan & Roger I. Abrams, *American Labor Arbitration: The Early Years*, 35 U. Fla. L. Rev. 337, 382 (1983). And “railroad employees were among the first to organize nationally.” *Id.* The railroads were thus both a keystone of the economy and a hotbed of labor friction. No surprise, then, that the national government spotted the need for streamlined dispute resolution for the rail industry long before it spotted the need for it in the wider market. “Reacting to a drastic increase in [railroad worker] strikes, President Grover Cleveland recommended to Congress in 1886 the creation of a permanent board for voluntary arbitration of railroad labor disputes.” *Id.* at 382.

The resulting law—and a series of others—failed to stem the strikes. *Id.* at 382-85. But Congress kept trying. For decades—up to and through 1925, the year the FAA was passed—Congress collaborated with the railroads and their workers to create a special rail-industry arbitration regime. Around the same time Congress was considering the FAA, in fact, “railway executives and union officials” were holding “a series of conferences aimed at drafting a new law.” *Id.* at 386. This resulted in the Railway Labor Act of 1926—a law that stuck. It created a comprehensive process for resolving labor grievances for unionized railway workers. *Id.* at 386-87. The law even banned strikes

“over certain grievance disputes.” *Id.* at 387. It would, of course, have made no sense for Congress to disrupt the delicate negotiations underlying this law by slapping the FAA on the railroads.

The reason seamen are mentioned in § 1 is more obvious still. From the beginning of the republic, the federal government had taken a keen interest in maritime working conditions. For instance, the First Congress “enacted protective legislation giving seamen the right to written employment contracts * * * [and] protection from onboard debt collection.” Ahmed A. White, *Mutiny, Shipboard Strikes, and the Supreme Court’s Subversion of New Deal Labor Law*, 25 Berkeley J. Emp. & Lab. L. 275, 292 (2004) (discussing Act of July 20, 1790, 1 Stat. 131, 131-35); *see also Southern S.S. Co. v. NLRB*, 316 U.S. 31, 38-39 (1942) (“Workers at sea have been the beneficiaries of extraordinary legislative solicitude[.] * * * The statutes of the United States contain elaborate requirements with respect to such matters as their medicines, clothing, heat, hours and watches, wages, and return transportation to this country if destitute abroad.”).

The First Congress also regulated the earliest form of maritime alternative-dispute-resolution—better known as mutiny—through its power “to define and punish * * * Felonies committed on the high Seas.” U.S. Const. art. I § 8, cl. 10. “If any seaman shall * * * make a revolt in the ship,” declared the Crimes Act of 1790, he “shall be deemed * * * a pirate and a felon, and * * * shall suffer death.” 1 Stat. 112, 114. Despite this and other punitive laws, robust “labor protest” was “a common

feature of shipboard life in the nineteenth and early twentieth centuries.” White, *supra*, at 299-301. By 1925, therefore, seamen (like railroad workers) were both highly organized and the subject of several federal labor laws. *See id.* at 305.

Nor is that all. The president of the International Seamen’s Union lobbied to exempt seamen from the FAA. Matthew W. Finkin, *Workers’ Contracts under the United States Arbitration Act: An Essay in Historical Clarification*, 17 Berkeley J. Emp. & Lab. L. 282, 284-85 (1996). He feared that, given then-existing quirks of admiralty law, seamen were especially vulnerable to hidden arbitration clauses. *Id.* at 286. He feared too that, unlike other workers, seamen (and railway laborers) were subject, if they ignored such a clause, to being “forcibly returned to work.” *Id.* at 287. And he believed that the courts, which had historically viewed seamen as “wards of the admiralty,” treated his constituents with special favor. *Id.* at 287-88. The seamen’s exemption from the FAA thus has all the marks of a legislative compromise extracted by an interest group—and limited to that group’s unique circumstances.

True, in a letter to Congress supporting passage of the FAA, then-Secretary of Commerce Herbert Hoover wrote: “If objection appears to the inclusion of workers’ contracts in the law’s scheme, it might be well amended by stating ‘but nothing herein contained shall apply to contracts of employment of seamen, railroad employees, or any other class of workers engaged in interstate or foreign commerce.’” Joint Hearings on S. 1005 and H. R. 646, *supra*. But the historical context confirms

that Hoover, in referring to “workers’ contracts,” was most likely just responding to the special needs of a few discrete transportation industries (and the special lobbying of the seamen in particular).

So the keys to understanding § 1 of the FAA are (1) the unique situation of (and lobbying by) seamen and (2) “the existence of administrative rather than judicial machinery for settlement of labor disputes” involving seamen and railroad workers. *Amalgamated Ass’n St. Elec. Ry. & Motor Coach Emp. of Am. v. Penn. Greyhound Lines, Inc.*, 192 F.2d 310, 313 (3d Cir. 1951). Congress understood, above all, that including sea and rail workers in the FAA “would have created pointless friction” in “already sensitive area[s].” *Id.* Once these driving forces are accounted for, the scope of § 1 becomes clear. It was meant to apply, at most, to workers in cross-border bulk shipping industries subject, or likely to become subject (hence the “other class of workers” residual clause), to (1) their own unique federal arbitration scheme (in the case of the RLA and unionized railway workers) or (2) a specialized federal scheme governing wages, hours, and working conditions (in the case of the seamen).

And this is essentially how many federal courts have come to understand § 1. The exemption applies, in these courts’ correct view, to workers “actually engaged in the movement of goods in interstate commerce.” *Rojas v. TK Commc’ns, Inc.*, 87 F.3d 745, 748 (5th Cir. 1996); *see also, e.g., Cole v. Burns Int’l Sec. Servs.*, 105 F.3d 1465, 1470-72 (D.C. Cir. 1997) (collecting cases); *Asplundh Tree Expert Co. v. Bates*, 71 F.3d 592, 598-601 (6th Cir. 1995) (collecting yet other cases).

Given the context discussed above—context confirmed by an early authority on this topic, *Tenney Engineering, Inc. v. United Electrical Radio & Machine Workers*, 207 F.2d 450, 452-53 (3d Cir. 1953)—it’s clear that “workers engaged in the physical movement of goods” does not mean workers “engaged” in such “movement” in some loose chain-of-causation sense. It means, rather, workers “engaged directly” (*id.* at 452) in such movement—workers whose primary role is, literally, to carry goods across state lines or foreign boundaries. See, e.g., *Asplundh*, 71 F.3d at 600-01 (holding that § 1 governs “seamen, railroad workers, and any other class of workers *actually* engaged in the *movement of goods* in interstate commerce in *the same way* that seamen and railroad workers are”) (emphasis added). At most § 1 might stretch, some of these courts concede, to “work so closely related” to such shipping “as to be in practical effect part of it,” *Tenney*, 207 F.2d at 452—a problematic construction inapplicable here and addressed separately below. It suffices for now to say that work “closely related” to engagement in interstate commerce is *not* actual engagement in interstate commerce.

A “narrow construction” of “the § 1 exclusion” has prevailed before this Court, too, in *Circuit City*. There the Court noted the distinction between § 2’s use of the broad “involving commerce” and § 1’s use of the narrower “engaged in commerce,” 532 U.S. at 118; and it stressed the importance of reading “other class of workers” in line with “seamen” and “railroad employees,” *id.* at 114-15. It also endorsed the view that Congress’s decision “to exempt [from the FAA] the workers over whom the commerce power [i]s most apparent” arose from the special status of those

workers' industries. *Id.* at 120. "It is reasonable to assume," *Circuit City* explained, "that Congress excluded 'seamen' and 'railroad employees' from the FAA for the simple reason that it did not wish to unsettle established or developing statutory dispute resolution schemes covering specific workers." *Id.* at 121. The "other class of workers" clause, under this reading, covers only those "transportation workers" who, being themselves engaged in the "free flow of goods" across borders, might, like seamen and railroad employees, get a federal arbitration law of their own. *Id.*

The question in *Circuit City* was whether "all employment contracts are excluded from the FAA" by § 1. *Id.* at 110-11. In answering "no," the Court needed merely to declare that § 1 "exempts from the FAA only contracts of employment of transportation workers." *Id.* at 119. The Court had no need to take the next step and clarify *which* transportation workers. But the import of *Circuit City's* statutory analysis is unmistakable: § 1 should apply to only those workers who transport goods across national or international borders, as seamen and railroad employees do. Those are the only kinds of workers who might generate the type of labor issues that would spur Congress to pass "specific legislation" (*id.* at 121), as it did for the seamen and the railroad employees.

Hill v. Rent-A-Center, Inc., 398 F.3d 1286 (11th Cir. 2005), reads *Circuit City* accurately. Hill was an account manager for a furniture rental company. *Id.* at 1288. As part of his job, he sometimes delivered "goods to customers out of state in his employer's truck." *Id.* He argued that § 1

exempted him from arbitration with his employer. After discussing *Circuit City*, however, *Hill* holds that § 1 does not cover workers who “incidentally transported goods interstate as part of their job in an industry that would otherwise be unregulated”—an industry, that is, for which Congress would not create “specific legislation.” *Id.* at 1289. “There is no indication,” *Hill* continues,

that Congress would be any more concerned about the regulation of the interstate transportation activity incidental to Hill’s employment as an account manager, than it would in regulating interstate ‘transportation’ activities of an interstate traveling pharmaceutical salesman who incidentally delivered products in his travels, or a pizza delivery person who delivered pizza across a state line to a customer in a neighboring town.

Id. at 1289-90. Exactly so. *Hill*’s analysis is even more clear-cut in this case. After all, the respondent doesn’t actually transport anything; she remains fixed at all times on the ground at Midway airport.

In sum, the crucial factor driving the creation of § 1 (other than straight special-interest lobbying for seamen) was whether a distinct federal scheme existed, or was likely to arise, for a given class of state- or foreign-boundary-crossing transportation workers. Properly read, § 1 does not cover mere ‘goods handlers’ who never even transport goods. It governs only seamen, railroad employees, and others

like them—whose primary job is to transport goods across state or foreign borders.

II. THERE IS NO PRINCIPLED WAY TO APPLY FAA § 1 TO THOSE WHO DO NOT TRANSPORT GOODS ACROSS BORDERS.

What the statutory text and context establish, logic confirms. There is no principled way to stretch § 1 beyond seamen, railroad employees, and other workers who transport goods across borders.

“Judicial action must be governed by *standard*, by *rule*, and [it] must be principled, rational, and based upon reasoned distinctions found in the Constitution or laws.” *Rucho v. Common Cause*, 139 S. Ct. 2484, 2507 (2019). Yet by what “standard” or “rule” is a judge to decide which workers not literally engaged in cross-border shipping fall within the § 1 exemption? Is it enough to merely work for a *business* whose products are part of the flow of commerce? *Rittmann v. Amazon.com*, 971 F.3d 904, 917 (9th Cir. 2020). Is it enough to work *closely* with shippers while not transporting goods oneself? *Palcko v. Airborne Express, Inc.*, 372 F.3d 588, 593 (3d Cir. 2004); *cf. Tenney*, 207 F.2d at 452. Is it enough to *sometimes* transport goods across state lines? *Hill*, 398 F.3d at 1288-90. How close is close enough? How often is often enough? And above all: Why? No “principled, rational” basis can be “found in the * * * law[]” for any of these tests. *Rucho*, 139 S. Ct. at 2507. Each is unmoored from the statute itself.

The apotheosis of this approach appears in *Lenz v. Yellow Transportation, Inc.*, 431 F.3d 348

(8th Cir. 2005)—a case on which the respondent relied below. *Lenz* puts forth eight “non-exclusive” factors for “determining whether an employee is so closely related to interstate commerce that he or she fits within the § 1 exemption,” *id.* at 352. These factors include whether “the employee handles goods that travel interstate” and whether a “nexus * * * exists between the employee’s job duties and the vehicle the employee uses in carrying out his duties.” *Id.* Only one and a half of the *Lenz* factors are rooted in § 1. The full-credit factor is whether an employee “is within a class of employees for which special arbitration already existed when Congress enacted the FAA.” *Id.* The half-credit factor is “whether a strike by the employee would disrupt interstate commerce,” *id.*—full credit being achieved if one adds: “in a fashion that would likely spur Congress to pass a unique statutory mechanism for that employee and his peers.”

“When an appellate judge says that the * * * issue must be decided * * * by a balancing of all the factors involved, he begins to resemble a finder of fact more than a determiner of law.” Antonin Scalia, *The Rule of Law as a Law of Rules*, 56 U. Chi. L. Rev. 1175, 1182 (1989). Because “each judge” will “use[] his favorite factors in every case,” there will “be no common ground.” *United States v. Pinto*, 875 F.2d 143, 145 (7th Cir. 1989). Judges inevitably will apply disparate policies and reach inconsistent results. A basic aspect of justice is the like treatment of like cases. “And the trouble with the discretion-conferring approach to judicial law making is that it does not satisfy this sense of justice very well.” Scalia, *supra*, at 1178. Although “we will have * * * balancing modes of analysis with us forever,” those

modes should “be avoided where possible.” *Id.* at 1187. By introducing a balancing test where none is needed, *Lenz* invites confusion where there can, and should, be clarity.

The Court is not free to choose among a panoply of policy goals because § 1 contains no such *dueling* policies. There is only, on the one hand, a law that “seeks broadly to overcome judicial hostility to arbitration agreements,” *Circuit City*, 532 U.S. at 118, and, on the other, a narrow exemption for “the workers over whom the commerce power [i]s most apparent”; an exemption that can be explained only as a carveout for discrete sectors with “established or developing statutory dispute resolution schemes covering specific workers,” *id.* at 120-21. Expanding § 1 beyond those “specific workers”—beyond seamen, railroad workers, and other border-hopping transporters—“would not answer to any concern expressed to or by Congress in the debates leading up to the passage of the [FAA].” *Pryner v. Tractor Supply Co.*, 109 F.3d 354, 358 (7th Cir. 1997).

This Court should not engage in a flight of logical fancy to extend § 1; rather, it should deploy some common sense to constrain it. *Yates v. United States*, 574 U.S. 528 (2015), offers an exemplary model. “To prevent federal authorities from confirming that he had harvested undersized fish” in federal waters, Yates “ordered a crew member to toss the suspect catch into the sea.” *Id.* at 531. Yates was convicted of knowingly destroying a “tangible object” in violation of 18 U.S.C. § 1519. “A fish,” a plurality of the Court wrote, “is no doubt an object that is tangible” *Id.* at 532. Case closed? No, the plurality said, because § 1519 “was enacted as part of the

Sarbanes-Oxley Act of 2002, 116 Stat. 745, legislation designed to protect investors and restore trust in financial markets following the collapse of Enron Corporation.” *Id.* To count the tangible object “fish” as a “tangible object” under § 1519 “would cut § 1519 loose from its financial-fraud mooring.” *Id.* “Mindful that in Sarbanes-Oxley, Congress trained its attention on corporate and accounting deception and cover-ups,” the plurality construed “tangible object” to include only items that can be “used to record or preserve information.” *Id.*

Mindful that in § 1 Congress fixed its attention on discrete classes of transportation workers with their own distinct federal remedial schemes, this Court should construe “any other class of workers engaged in foreign or interstate commerce” to include only those who regularly transport goods across state or national borders.

* * *

In sum, not even a worker who occasionally crosses state lines falls within § 1, properly understood. *Hill*, 398 F.3d at 1288-90. Surely the respondent, a non-unionized, Chicago-based Ramp Agent Supervisor who remains grounded at all times, likewise falls well outside the exemption. Like most other workers, she must honor her arbitration agreement under the FAA.

CONCLUSION

This Court should reverse.

Respectfully submitted,

CORY L. ANDREWS

Counsel of Record

JOHN M. MASSLON II

WASHINGTON LEGAL

FOUNDATION

2009 Mass. Ave., NW

Washington, DC 20036

(202) 588-0302

candrews@wlf.org

January 28, 2022