

California Protects Employees' Rights to Have Their Claims Heard in the State, Under California Law

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In recent years, some employers doing business in the Golden State have required their employees to sign arbitration and employment agreements that require the employee to sue or arbitrate in – or under the law of – another state. After January 1, 2017, this practice will be illegal unless the employee was represented by legal counsel who assisted in negotiating the out-of-state venue, forum or choice of law terms.

On September 25, 2016, California Gov. Jerry Brown signed [S.B. 1241](#), which regulates where and under what law a California employee may sue or arbitrate. In particular, for claims arising in California for employees who primarily reside and work in the state, employers are prohibited from requiring adjudication of claims in venues or forums outside of California – including both litigation and arbitration – or from depriving employees of the substantive protections of California law. Any contract provision to the contrary is voidable by the employee, who may seek injunctive relief and other available remedies (including attorney's fees) in California and under California law.

The bill will be codified as Section 925 of the California Labor Code and the new law will apply to any contract entered into, modified, or extended on and after January 1, 2017.

Employers should immediately review any employment and arbitration agreements, handbooks, and other employment-related documents to determine whether they should be revised in light of this important new law.

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