5 SCOTUS Cases for Employers to Track as 2024/2025 Term Begins

Insights
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The Supreme Court will begin a new term on October 7, and we're watching several cases that will likely have a big impact on the workplace. The Justices will grapple with wage and hour issues, coverage under the Americans with Disabilities Act (ADA), liability for a failed cannabis test, and more. We expect more employment and labor cases to be added to the docket, but for now, you should keep an eye on these five issues.

1. What evidence does an employer need to show to prove it correctly classified employees as exempt from minimum wage and overtime pay?

Employers have the burden to prove they properly classified employees as exempt – and this case focuses on how much proof the employer needs to offer. In *E.M.D. Sales Inc. v. Carrera*, the Supreme Court will address a disagreement among federal appeals courts in such cases. Employers will want to track this case, as the decision will impact your litigation strategy when employees claim they were misclassified and owed wages and overtime premiums. You can tune in to oral arguments on November 5. In the meantime, here are the key points you should note about the case and five steps you can take now to avoid misclassifying employees under wage and hour laws.

2. Can a retiree sue for discrimination under the ADA over post-employment fringe benefits?

The 11th U.S. Circuit Court of Appeals says no. In *Stanley v. City of Sanford, Fla.*, a former city firefighter with Parkinson's disease took disability retirement after about two decades of service for the city. When her employment began, the city offered free health insurance until age 65 for certain employees who retired because of a qualifying disability. She did not know the city changed the plan a few years later to provide only 24 months of free health insurance. She sued the city after she retired, claiming the reduction in benefits violated the ADA because it discriminated against her as a retiree with a disability. The 11th Circuit, however, said she could not bring her claim because she was no longer an employee. The ADA protects against discrimination in fringe benefits – which are terms, conditions, or privileges of employment – but the law only gives employees and job applicants the right to sue, not retirees, the appeals court said. SCOTUS will have the final say about whether that position is correct.

3. Is a cannabis company liable for an employee's failed drug test?

A commercial truck driver who was required to pass periodic drug screens was fired when he tested positive for THC, the psychoactive component in cannabis. The driver, however, claimed that he used an elixir for severe pain that was marketed as containing only CBD, which is a non-psychoactive component in cannabis that is generally legal. In a novel claim, the driver sued the CBD maker, asserting fraud under the Racketeer Influenced and Corrupt Organizations Act (RICO). While RICO is typically invoked to target organized crime, it also allows plaintiffs to bring certain civil cases for fraud and potentially collect triple the damages. The 2nd U.S. Circuit Court of Appeals allowed the driver to proceed with his claim, but other appeals courts have tossed similar lawsuits seeking monetary damages under RICO for personal injuries. The CBD maker wants the Supreme Court to dismiss the RICO claim, asserting it is merely a "garden-variety products-liability" lawsuit. Businesses in the cannabis industry will want to pay close attention to this case, and employers in general may be curious about how a SCOTUS ruling in *Medical Marijuana, Inc. v. Horn* will impact evolving case law on cannabis. Oral arguments are set for October 15.

4. Do workers need to exhaust state administrative remedies before bringing a claim under a federal civil rights law?

In *Williams v. Washington*, Alabama residents who applied for unemployment benefits during the COVID-19 pandemic challenged the way the state handled their claims. The plaintiffs sought to bring claims under a federal civil rights law, 42 U.S.C. Section 1983, which allows people to sue state government officials for violating their civil rights under federal law. They allege that the state's policies, practices, and procedures related to unemployment compensation applications violated the Social Security Act of 1935 and constitutional due process rights. But the Alabama Supreme Court said that state law requires the plaintiffs to first bring their claims to the state's Department of Labor and exhaust all administrative remedies available. According to the Alabama court, SCOTUS precedent saying otherwise applies only to federal courts. The Justices will hear oral arguments in this case on October 7.

5. How is "prevailing party" interpreted under certain civil rights laws for deciding whether to award attorney's fees?

Although *Lackey v. Stinnie* is not a workplace case, the outcome could impact employment litigation, particularly in race and ethnicity discrimination claims under 42 U.S.C. Section 1981. In this case, the plaintiffs had their driver's licenses suspended under a Virginia law for failure to pay court fees and fines — and they claimed the law violated their due process rights. While the case was ongoing, they obtained a preliminary injunction from a court reinstating their licenses, since the court said they were likely to succeed on the merits of their claim. However, while the case was still pending, Virginia repealed the relevant law, and the case was dismissed as moot.

The plaintiffs claimed they were "prevailing parties" in the case and entitled to recover attorney's fees – but Virginia officials argued that they were not truly prevailing parties. The Supreme Court has been asked to decide whether obtaining a preliminary injunction based on **the likelihood of**

success is enough to be a prevailing party and recover attorney's fees. SCOTUS will also consider if the prevailing party "must obtain an enduring change in the parties' legal relationship" from a court or if a non-judicial event that moots the case is enough (in this case, the state repealed the relevant law). SCOTUS will hear oral arguments on October 8.

Conclusion

We will be tracking these cases – along with any additional workplace law issues taken up by the Supreme Court this term – and providing you with alerts when the decisions are delivered. Make sure you're subscribed to Fisher Phillips' Insight Systems so you don't miss out.

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