

management matters

Supreme Court Addresses Arbitration Agreements and Refines the Standard for Determining Whether an Individual Has a Manual-Task Limitation

By Jonathan A. Wexler

In two recent cases, the United States Supreme Court issued rulings under the Americans with Disabilities Act (ADA), and with respect to arbitration pacts by which employees agree to arbitrate, rather than litigate, employment-related disputes.

In the ADA decision, the Supreme Court held that in determining whether an individual is limited in the major life activity of performing manual tasks, a court must examine his or her ability to perform tasks that are central to everyday life, and may not limit the inquiry to tasks performed at a particular job. This ruling makes the standard for qualifying as a disabled individual under the Act—and thus for being able to invoke its protection—more demanding. In the arbitration decision, the Court ruled that private arbitration agreements do not prevent the Equal Employment Opportunity Commission from bringing suit on behalf of an employee who is a party to an arbitration agreement, or from seeking back pay and other damages for that employee.

Toyota Motor Manufacturing v. Williams

Ella Williams worked on an assembly line at Toyota's Georgetown, Ky., manufacturing plant, and used pneumatic tools at her job. Her use of those tools eventually caused pain in her arms, wrists and hands. She was diagnosed with carpal tunnel syndrome and tendonitis in both arms, and was advised to avoid lifting in excess of 20 pounds at any time and 10 pounds with frequency, engaging in repetitive motion, performing overhead work, and using pneumatic tools. Toyota assigned Williams various modified-duty jobs, but she missed work nevertheless, and brought discrimination and workers' compensation claims against the company. Those claims were settled, and Williams was placed in a quality control inspection job that she was physically able to do. Three years later, Toyota added functions to her job that began to cause pain in her neck and shoulders. The parties could not come to an arrangement that was suitable to Williams, who began to miss work frequently, and was discharged as a result.

Williams filed a charge of disability discrimination with the Equal Employment Opportunity Commission against Toyota, and thereafter commenced suit under the ADA in federal court for the Eastern District of Kentucky

on the basis of Toyota's termination of her employment and alleged discriminatory failure to accommodate her disability. The District Court granted summary judgment in favor of Toyota, finding that while Williams had a physical impairment, it was not one that substantially limited any major life activity, as required for ADA coverage. The Court of Appeals for the Sixth Circuit reversed the District Court's ruling and held that Williams was substantially limited in the major life activity of performing manual tasks, in view of her inability to perform many of the duties required by her job at Toyota. It was that holding that the United States Supreme Court reviewed.

The Supreme Court began by reviewing the ADA's statutory scheme. The Act requires that employers provide reasonable accommodation to the known physical or mental limitations of an otherwise qualified disabled individual, which is defined as a person with a disability who is able, with or without a reasonable accommodation, to perform the essential functions of a job. The ADA defines a "disability" as "a physical or mental impairment that substantially limits one or more of the major life activities of such individual," "a record of such an impairment," or "being regarded as having such an impairment." Walking, seeing, hearing and performing manual tasks are examples of major life activities. The Supreme Court framed the issue in the case as "what a plaintiff must show to establish a substantial limitation in the major life activity of performing manual tasks," and determined that to do so, an individual must demonstrate that she has a long-term or permanent impairment that prevents or severely restricts her from doing activities "that are of central importance to most people's daily lives." The Court noted that an individualized assessment of an impairment's effect was necessary in each case, especially in the case of a condition with symptoms that vary widely from person to person.

The Supreme Court stated that the Sixth Circuit committed error by focusing only on Williams' inability to perform manual tasks associated with her job at Toyota. The Supreme Court held that the proper inquiry was whether Williams was able to perform "the variety of tasks central to most people's daily lives." The Court went on to observe that the specific manual tasks associated with any particular job are not necessarily

important to people's daily lives. In Williams' case, those tasks included extended, repetitive use of hands and arms at or above shoulder level. Because such work is not, according to the Supreme Court, an important part of most people's daily lives, the Court of Appeals should not have concluded from it that Williams was substantially limited in performing manual tasks.

The Supreme Court also criticized the Sixth Circuit for ignoring relevant evidence of Williams' ability to perform such manual tasks as brushing her teeth, bathing, gardening, making breakfast, doing laundry, and picking up around the house, as well as certain tasks at Toyota. The fact that Williams curtailed such activities as dancing, sweeping and long-distance driving did not amount to a substantial limitation on manual tasks, in the Supreme Court's view. Accordingly, the Supreme Court unanimously reversed the Sixth Circuit's grant of summary judgment in Williams' favor.

In responding to requests for accommodation under the ADA, employers should consider an employee's ability to perform tasks both on and off the job, and should not limit the inquiry to a work-specific one.

EEOC v. Waffle House, Inc.

The job application that Eric Baker signed when he joined Waffle House contained a mandatory arbitration agreement that required him to submit all employment disputes to binding arbitration. After being discharged by Waffle House when he suffered a seizure at work, Baker filed a charge of discrimination with the Equal Employment Opportunity Commission under the ADA (neither an arbitration agreement nor a settlement agreement can lawfully preclude the filing of an EEOC charge), but never commenced arbitration against his former employer. Unable to conciliate Baker's claim, the EEOC brought suit against Waffle House, and requested back pay, reinstatement, and compensatory and punitive damages. Relying on the Federal Arbitration Act that provides for the enforcement of arbitration agreements (see "Management Matters" in the May 2001 issue of *The Trusted Professional*), Waffle House asked the District Court to stay or dismiss the EEOC's lawsuit. The District Court rejected that application. On appeal, the Court of Appeals for the Fourth Circuit held that while the EEOC

was not precluded by the arbitration agreement from bringing the suit, it was precluded from seeking "victim-specific relief" (i.e., back pay and damages on behalf of Baker).

The Supreme Court reversed the decision of the Fourth Circuit. The Court began with the proposition that the statutory enforcement schemes of the ADA and Title VII of the Civil Rights Act authorize the EEOC to seek judicial relief in the form of back pay and punitive and compensatory damages (as well as injunctive relief). The Court further ruled that the existence of an arbitration agreement did not limit either the EEOC's authority to sue on behalf of individuals or the relief that the EEOC could recover. The Supreme Court rejected the suggestion that the EEOC was merely representing the individual and was thus subject to the same restrictions as the individual with respect to pursuing a lawsuit. To the contrary, the Court held, the EEOC and not the individual was in charge of the litigation process once the EEOC commenced suit.

Of significance to the Court's decision was the fact that the EEOC was not a party to the arbitration agreement between Waffle House and Baker, and could thus not be bound by its provisions. The Court also rejected the argument that the public policy favoring arbitration, as expressed in the Federal Arbitration Act, requires or allows a court to restrict the EEOC's authority to seek relief under the federal anti-discrimination statutes.

While the Waffle House decision appears to make arbitration agreements somewhat less desirable, the practical impact of the case will likely be minimal, in view of the relative infrequency of EEOC lawsuits, which comprised less than 2 percent of discrimination actions in 2000. Employers may want, however, to rework arbitration agreements to limit employees' ability to invoke arbitration in the event that the EEOC proceeds with a lawsuit (in order to avoid having to defend in two forums), and to provide for an offset of damages should the EEOC sue after the employee has received a favorable arbitration award. ■

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