

1 ARCHIS A. PARASHARAMI (SBN 321661)  
 2 aparasharami@mayerbrown.com  
 3 ANDREW J. PINCUS (*pro hac vice* to be filed)  
 4 apincus@mayerbrown.com  
 5 DANIEL E. JONES (*pro hac vice* to be filed)  
 6 djones@mayerbrown.com  
 7 MAYER BROWN LLP  
 1999 K Street, N.W.  
 Washington, D.C. 20006-1101  
 Telephone: (202) 263-3000  
 Facsimile: (202) 263-3300

8 Attorneys for *Amicus Curiae*  
 9 THE CHAMBER OF COMMERCE OF THE  
 UNITED STATES OF AMERICA

10 **UNITED STATES DISTRICT COURT**  
 11 **CENTRAL DISTRICT OF CALIFORNIA**

12 POSTMATES INC.,  
 13 Plaintiff,  
 14 v.  
 15 10,356 INDIVIDUALS,  
 16 Defendants.

17 \_\_\_\_\_  
 18 GREENWOOD, et al.,  
 19 Cross-Petitioners,  
 20 v.  
 21 POSTMATES INC.,  
 22 Cross-Respondent.  
 23 \_\_\_\_\_

Case No. 2:20-cv-02783-PSG

**NOTICE OF MOTION AND  
 MOTION FOR LEAVE TO FILE  
 PROPOSED BRIEF OF AMICUS  
 CURIAE THE CHAMBER OF  
 COMMERCE OF THE UNITED  
 STATES OF AMERICA IN  
 SUPPORT OF POSTMATES’  
 MOTION FOR JUDGMENT ON  
 THE PLEADINGS**

Date: November 17, 2020  
 Time: 1:30 P.M.  
 Judge: Hon. Philip S. Gutierrez

1 **TO THE COURT, ALL PARTIES AND THEIR ATTORNEYS OF RECORD:**

2 PLEASE TAKE NOTICE that on November 17, 2020 at 1:30 p.m., the  
3 Chamber of Commerce of the United States of America will and hereby does move  
4 this Court for leave to file an amicus brief in support of the motion for judgment on  
5 the pleadings filed by Postmates Inc. Postmates consents to this Motion. Defendants  
6 state that they oppose this Motion.

7 The Chamber of Commerce of the United States of America is the world’s  
8 largest business federation. The Chamber represents approximately 300,000 direct  
9 members and indirectly represents the interests of more than three million companies  
10 and professional organizations of every size, in every industry sector, and from every  
11 region of the country. One of the Chamber’s functions is to represent the interests of  
12 its members in matters before the courts, Congress, and the Executive Branch. To  
13 that end, the Chamber regularly files *amicus curiae* briefs in cases that raise issues of  
14 concern to the nation’s business community, including cases involving the  
15 interpretation of the Federal Arbitration Act (the “Act”), 9 U.S.C. §§ 1-16. The  
16 Chamber also regularly files *amicus curiae* briefs at the district court level in cases  
17 involving the constitutionality of state laws and regulations.<sup>1</sup> Indeed, during his time  
18 at the Chamber, Warren D. Postman, the counsel for Defendants who conveyed their  
19 opposition to this motion, appeared on *amicus curiae* briefs filed at the district court  
20 level as well. *See, e.g., Associated Builders & Contractors of Ark. v. Perez*, No. 16-  
21 cv-169, Dkt. No. 70-1 (E.D. Ark. Aug. 19, 2016) (supporting plaintiffs’ summary  
22 judgment motion challenging legality of agency rule); *Labnet, Inc. v. U.S. Dep’t of*  
23

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24 <sup>1</sup> *See, e.g., United States v. California*, No. 18-cv-02660, Dkt. No. 24 (E.D. Cal.  
25 Aug. 19, 2020); *Recht v. Justice*, No. 20-cv-90, Dkt. No. 24 (N.D. W. Va. June 2,  
26 2020); *Nat’l Pork Producers Council & Am. Farm Bureau Fed. v. Ross*, No. 19-cv-  
27 2324, Dkt. No. 27 (S.D. Cal. Mar. 6, 2020) (supporting party at motion-for-judgment-  
28 on-the-pleadings stage); *Olson v. Becerra*, No. 19-cv-10956, Dkt. No. 44 (C.D. Cal.  
Feb. 6, 2020); *Portland Pipe Line Corp. v. City of South Portland*, No. 15-cv-54, Dkt.  
No. 136 (D. Me. Jan. 9, 2017).

1 *Labor*, No. 16-cv-844, Dkt. No. 36 (D. Minn. Apr. 27, 2016) (same for motion for  
2 preliminary injunction).

3 Many of the Chamber’s members and affiliates regularly rely on arbitration  
4 agreements in their contractual relationships. Based on the policy reflected in the Act,  
5 the Chamber’s members and affiliates have structured millions of contractual  
6 relationships around the use of arbitration to resolve disputes.

7 The Chamber’s members and the broader business community have a strong  
8 interest in a judicial declaration that California’s Senate Bill 707 is preempted by the  
9 Federal Arbitration Act and therefore unconstitutional under the Supremacy Clause  
10 of the Constitution. The Chamber is one of the plaintiffs in a case challenging on  
11 preemption grounds a sister piece of legislation passed during the same session,  
12 Assembly Bill 51—a case in which Chief Judge Mueller issued a preliminary  
13 injunction against California’s enforcement of that statute as applied to arbitration  
14 agreements governed by the Federal Arbitration Act. *See Chamber of Commerce v.*  
15 *Becerra*, 438 F. Supp. 3d 1078 (E.D. Cal. 2020), *appeal pending*, No. 20-15291 (9th  
16 Cir.).

17 SB 707 is enforced by private parties rather than the State, but it too  
18 impermissibly singles out arbitration agreements for disfavored treatment by  
19 subjecting their drafters to unique and one-sided sanctions if they do not pay  
20 arbitration fees in full within 30 days of the due date, regardless of the reason for non-  
21 payment or the amount not paid. And the consequent deterrent effect of those  
22 sanctions on the use and enforcement of arbitration agreements—an *explicitly stated*  
23 purpose of the California Legislature in passing SB 707—plainly stands as an obstacle  
24 to the pro-arbitration objectives of the Federal Arbitration Act and threatens to deprive  
25 businesses, workers, and consumers alike of the benefits of the national policy  
26 favoring arbitration. The Chamber therefore has a strong interest in participating in  
27 this case and expressing its perspective on why SB 707, like Assembly Bill 51, is  
28 preempted by the Federal Arbitration Act.

1           Accordingly, the Chamber respectfully requests that the Court grant this motion  
2 and accept the attached brief.

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DATED: October 13, 2020

Respectfully submitted,

By: /s/Archis A. Parasharami  
Archis A. Parasharami (SBN 321661)  
aparasharami@mayerbrown.com  
Andrew J. Pincus\*  
apincus@mayerbrown.com  
Daniel E. Jones\*  
djones@mayerbrown.com  
MAYER BROWN LLP  
1999 K Street, N.W.  
Washington, D.C., 20006-1101  
(202) 263-3000

Attorneys for *Amicus Curiae* the  
Chamber of Commerce of the United  
States of America

*\*Pro Hac Vice* to be filed

1 ARCHIS A. PARASHARAMI (SBN 321661)  
aparasharami@mayerbrown.com  
2 ANDREW J. PINCUS (*pro hac vice* to be filed)  
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15 10,356 INDIVIDUALS,  
16 Defendants.

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**BRIEF OF *AMICUS CURIAE* THE  
CHAMBER OF COMMERCE OF  
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AMERICA IN SUPPORT OF  
POSTMATES’ MOTION FOR  
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18 GREENWOOD, et al.,  
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1 **INTEREST OF THE *AMICUS CURIAE***

2 The Chamber of Commerce of the United States of America is the world’s  
3 largest business federation. The Chamber represents approximately 300,000 direct  
4 members and indirectly represents the interests of more than three million companies  
5 and professional organizations of every size, in every industry sector, and from every  
6 region of the country. One of the Chamber’s responsibilities is to represent the  
7 interests of its members in matters before the courts, Congress, and the Executive  
8 Branch. To that end, the Chamber regularly files *amicus curiae* briefs in cases that  
9 raise issues of concern to the nation’s business community, including cases involving  
10 the interpretation of the Federal Arbitration Act (the “Act”), 9 U.S.C. §§ 1-16.<sup>1</sup>

11 Many of the Chamber’s members and affiliates regularly rely on arbitration  
12 agreements in their contractual relationships. Based on the policy reflected in the Act,  
13 the Chamber’s members and affiliates have structured millions of contractual  
14 relationships around the use of arbitration to resolve disputes.

15 The Chamber has a strong interest in explaining why California’s Senate Bill  
16 707 is preempted by the Federal Arbitration Act and therefore unconstitutional under  
17 the Supremacy Clause of the Constitution. The Chamber is one of the plaintiffs in a  
18 case challenging on preemption grounds a sister piece of legislation passed during the  
19 same session, Assembly Bill 51—a case in which Chief Judge Mueller issued a  
20 preliminary injunction against California’s enforcement of that statute as applied to  
21 arbitration agreements governed by the Federal Arbitration Act. *See Chamber of*  
22 *Commerce v. Becerra*, 438 F. Supp. 3d 1078 (E.D. Cal. 2020), *appeal pending*, No.  
23 20-15291 (9th Cir.). SB 707 is enforced by private parties rather than the State, but  
24 it too impermissibly singles out arbitration agreements for disfavored treatment by  
25 subjecting their drafters to unique and one-sided sanctions if they do not pay

26 \_\_\_\_\_  
27 <sup>1</sup> No counsel for a party authored this brief in whole or in part, and no person  
28 other than the Chamber, its members, or its counsel contributed money that was  
intended to fund the preparation or submission of this brief.

1 arbitration fees in full within 30 days of the due date, regardless of the reason for non-  
2 payment or the amount not paid. And the consequent deterrent effect of those  
3 sanctions on the use and enforcement of arbitration agreements—an *explicitly stated*  
4 purpose of the California Legislature in passing SB 707—plainly stands as an obstacle  
5 to the pro-arbitration objectives of the Federal Arbitration Act and threatens to deprive  
6 businesses, workers, and consumers alike of the benefits of the national policy  
7 favoring arbitration. The Chamber therefore has a strong interest in participating in  
8 this case and in an order concluding that SB 707, like Assembly Bill 51, is preempted  
9 by the Federal Arbitration Act.

10 **INTRODUCTION AND SUMMARY OF ARGUMENT**

11 Congress enacted the Federal Arbitration Act to “promote arbitration.” *AT&T*  
12 *Mobility LLC v. Concepcion*, 563 U.S. 333, 345 (2011). The Act’s “liberal federal  
13 policy favoring arbitration agreements” applies “notwithstanding any state  
14 substantive or procedural policies to the contrary.” *Id.* at 346 (quoting *Moses H.*  
15 *Cone Mem’l Hosp. v. Mercury Constr. Corp.*, 460 U.S. 1, 24 (1983)).

16 Nonetheless, California has repeatedly sought to restrict arbitration as a matter  
17 of state public policy, particularly in the employment and consumer contexts, and the  
18 Supreme Court has held that the Federal Arbitration Act preempted several of those  
19 efforts.<sup>2</sup> SB 707, which applies to consumer and workplace arbitration agreements,  
20 represents more of the same. It violates the Federal Arbitration Act for two  
21 independent reasons.

22  
23 <sup>2</sup> See, e.g., *Lamps Plus, Inc. v. Varela*, 139 S. Ct. 1407, 1417-18 (2019) (use of  
24 California “public policy” rule interpreting ambiguities against the drafter to impose  
25 class procedures on the parties where the contract did not expressly authorize class  
26 arbitration); *Concepcion*, 563 U.S. at 352 (California judicial rule declaring class-  
27 action waivers unconscionable); *Preston v. Ferrer*, 552 U.S. 346, 353 (2008)  
28 (California Labor Code provision requiring an agency to hear certain disputes before  
arbitration); *Perry v. Thomas*, 482 U.S. 483, 491 (1987) (California Labor Code  
provision requiring judicial forum for wage collection actions).

1           *First*, by singling out arbitration agreements by name and imposing mandatory  
2 and one-sided penalties on the drafters of arbitration agreements that do not apply  
3 outside of the arbitration context, SB 707 violates Section 2 of the Federal Arbitration  
4 Act, which requires courts and state legislatures to “place arbitration agreements ‘on  
5 equal footing with all other contracts.’” *Kindred Nursing Centers Ltd. P’ship v.*  
6 *Clark*, 137 S. Ct. 1421, 1424 (2017). SB 707 treats *any* non-payment of arbitral fees  
7 by the drafting party (no matter the amount), regardless of the reasons for non-  
8 payment, as a “material breach of the arbitration agreement” that “waives [that  
9 party’s] right to compel arbitration.” Cal. Civ. Proc. Code § 1281.97(a). If the non-  
10 drafting party elects to proceed in court notwithstanding his or her agreement to  
11 arbitrate, SB 707 *mandates* a “sanction against the drafting party” in the form of an  
12 order “to pay the reasonable expenses” of the non-drafting party, “including  
13 attorney’s fees and costs.” *Id.* § 1281.99(a). And SB 707 further authorizes the court  
14 to impose a panoply of non-monetary and potentially case-dispositive sanctions as  
15 well, including orders “prohibiting the drafting party from conducting discovery in  
16 court”; “striking out the pleadings or parts of the pleadings of the drafting party”;  
17 “rendering a judgment by default against the drafting party”; or “treating the drafting  
18 party as in contempt of court.” *Id.* § 1281.99(b). If the non-drafting party elects  
19 arbitration instead, SB 707 mandates that the arbitrator order fee shifting and  
20 authorizes the arbitrator to impose numerous other sanctions as well. *Id.*  
21 §§ 1281.97(b)(2), 1281.98(d).

22           The differential treatment is clear. SB 707 not only creates a unique rule of  
23 contract law that applies solely to arbitration agreements, but also treats such  
24 agreements as a specific type of contract from which non-drafting parties need  
25 heightened protection in the event of non-performance (however slight or justified).  
26 That singling out of arbitration is the very unequal treatment that the Federal  
27 Arbitration Act forbids.

28



1           *Second*, a state-law rule that “stands as an obstacle to the accomplishment and  
2 execution of the full purposes and objectives of Congress,” as expressed in the Federal  
3 Arbitration Act, is preempted and invalid. *Concepcion*, 563 U.S. at 352 (quoting  
4 *Hines*, 312 U.S. at 67).

5           The Act preempts SB 707 for these two reasons—each of which is  
6 independently sufficient to declare the state statute unconstitutional under the  
7 Supremacy Clause.

8           **A.     SB 707 Violates Section 2 Of The Federal Arbitration Act.**

9           Under Section 2’s “equal footing” principle, the Act preempts state-law rules  
10 that “single out” arbitration agreements for disfavored treatment. *Kindred*, 137 S. Ct.  
11 at 1428. Moreover, as Justice Kagan explained for the *Kindred* Court, Section 2 not  
12 only prohibits States from discriminating against arbitration on its face, but also  
13 prohibits States from achieving the same result “covertly,” by “disfavoring contracts  
14 that (oh so coincidentally) have the defining features of arbitration agreements.” *Id.*  
15 at 1426. The Supreme Court recently reiterated that Section 2’s “savings clause does  
16 not save defenses that target arbitration either by name or by more subtle methods.”  
17 *Epic Sys. Corp. v. Lewis*, 138 S. Ct. 1612, 1622 (2018).

18           Here, the preemption analysis is even clearer than in *Kindred* or *Epic*. There is  
19 nothing “covert[]” or “subtle” about SB 707: It targets arbitration agreements by  
20 name. It therefore more closely resembles the Montana statute that the Supreme Court  
21 held preempted in *Doctor’s Associates, Inc. v. Casarotto*, 517 U.S. 681 (1996), which  
22 required contracts containing an arbitration clause to include a notice of the clause in  
23 underlined capital letters on the first page of the contract. *Id.* at 683. As Justice  
24 Ginsburg explained for the Court, that state statute “directly conflicts with § 2 of the  
25 FAA” because it imposes “a special notice requirement not applicable to contracts  
26 generally,” and instead governs “specifically and solely contracts ‘subject to  
27 arbitration.’” *Id.* at 687.

28

1 As Postmates’ motion points out (at 12-14), Section 2’s savings clause does not  
2 save SB 707 because SB 707 does not reflect generally applicable contract doctrine,  
3 but instead represents a stark departure from ordinary California contract principles.

4 *First*, California ordinarily treats “the question of whether a breach of an  
5 obligation is a material breach . . . [as] a question of fact.” *Brown v. Grimes*, 192 Cal.  
6 App. 4th 265, 277 (2011) (collecting cases). That reflects the common-sense point  
7 that the materiality of a breach is a case-specific determination, focusing on “the  
8 specific obligations undertaken by” the parties and the nature and “timing of a  
9 breach.” *Whitney Inv. Co. v. Westview Dev. Co.*, 273 Cal. App. 2d 594, 601-02  
10 (1969). SB 707, by contrast, treats *any* failure by the drafting party to pay arbitration  
11 fees in full as a material breach, as a matter of law—regardless of the underlying  
12 factual circumstances or whether the amount not paid is nominal or substantial.

13 *Second*, California ordinarily treats contracting parties equally in the context of  
14 a material breach by the other party: “When a party’s failure to perform a contractual  
15 obligation constitutes a material breach of the contract, the other party may be  
16 discharged from its duty to perform under the contract.” *Brown*, 192 Cal. App. 4th at  
17 277 (citing 1 Witkin, Summary of Cal. Law, Contracts, §§ 813, 814 (10th ed. 2005)).  
18 SB 707, by contrast, applies only to breaches by the drafting party, and in fact  
19 obligates the drafting party to perform under the contract by paying arbitration fees  
20 regardless of whether the consumer or worker breached the contract first. It also  
21 applies if the business has a good-faith basis to dispute the arbitrability of the claims  
22 asserted against it, so that its non-payment of the arbitration fees associated with those  
23 claims would be justified until a court resolves the arbitrability issue.

24 *Third*, and relatedly, California ordinarily requires a plaintiff seeking to recover  
25 for a breach of contract to demonstrate that he or she has properly performed under  
26 the contract. *See* 1 Witkin, Summary of Cal. Law, Contracts, § 873 (11th ed. 2020)  
27 (citing, *inter alia*, *Pry Corp. of Am. v. Leach*, 177 Cal. App. 2d 632, 639 (1960)). Yet  
28 SB 707 allows even a consumer or worker who has breached an arbitration agreement

1 to demand the drafting party’s continued performance in the form of paying  
2 arbitration fees—and authorizes sanctions on a business that declines to perform in  
3 light of non-performance on the worker’s or consumer’s part. For example, a  
4 consumer who breaches the arbitration agreement by filing a single arbitration claim  
5 that purports to be on behalf of hundreds of customers—conduct that is often  
6 expressly barred under the governing arbitration provision—could obtain  
7 enforcement of the arbitration agreement, notwithstanding such an express  
8 prohibition, if the targeted defendant fails to pay the full arbitration fees for the  
9 improper group arbitration.

10       Moreover, the problems posed by SB 707’s departure from ordinary contract  
11 principles are real, not hypothetical. In this case, for example, Postmates has objected  
12 to the assessment and payment of filing fees for hundreds of claimants who Postmates  
13 asserts never agreed to arbitrate or who opted out of arbitration. If those objections  
14 turn out to have merit, then the claimants have no basis to initiate an arbitration and  
15 force Postmates to incur the associated fees. And the question of whether those  
16 claimants agreed to arbitration with Postmates is a question of contract formation that  
17 is reserved for courts to decide in the first instance. *See, e.g., Granite Rock Co. v.*  
18 *Int’l Bhd. of Teamsters*, 561 U.S. 287, 296 (2010) (“It is . . . well settled that where  
19 the dispute at issue concerns contract formation, the dispute is generally for courts to  
20 decide.”); *MZM Constr. Co. v. N.J. Building Laborers Statewide Benefit Funds*, --- F.  
21 3d ----, 2020 WL 5509703, at \*6-7 (3d Cir. Sept. 14, 2020) (holding that the court  
22 must “decide[] whether an arbitration agreement exists when the formation or  
23 existence of the [underlying] contract is disputed”). Only in the arbitration context is  
24 Postmates forced to perform in advance in order to preserve its right to a court  
25 determination of that contract issue—as the general contract principles discussed  
26 above demonstrate.

27       More generally, a business may have a good-faith basis to challenge either  
28 “whether the parties are bound by a given arbitration agreement” or “whether an



1 arbitration clause in a concededly binding contract applies to a particular type of  
2 controversy,” both which by default are “for a court to decide.” *Howsam v. Dean*  
3 *Witter Reynolds, Inc.*, 537 U.S. 79, 84 (2002). But SB 707 does not permit the  
4 business to take the position that such challenges must be resolved by the courts  
5 before paying arbitration fees. In addition, a consumer or worker—perhaps at the  
6 encouragement of counsel seeking to maximize the imposition of arbitral fees—may  
7 fail to comply with an arbitration agreement’s standard pre-arbitration notice and  
8 dispute resolution procedures designed to encourage the informal and amicable  
9 resolution of claims without the need for an adversarial proceeding. Or a consumer  
10 or worker may initiate an improper class or representative arbitration—the types of  
11 arbitrations that courts have repeatedly enjoined when they are prohibited by an  
12 arbitration agreement.<sup>3</sup>

13 Yet in all of these scenarios, SB 707 obligates the business to pay the arbitration  
14 fees in full, on pain of weighty sanctions, and with no guarantee of recouping the fees  
15 that it pays for even illegitimate claims.

16 In short, because California law would not impose the harsh and one-sided  
17 sanctions of SB 707 outside of the arbitration context, SB 707 plainly applies state  
18 contract doctrine “in a fashion that disfavors arbitration,” and is preempted.  
19 *Concepcion*, 563 U.S. at 341; *see also Kindred*, 137 S. Ct. at 1428.

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23 <sup>3</sup> For example, one law firm filed copycat arbitrations on behalf of over 1,000  
24 claimants seeking to block or impose conditions on a merger. Every court to consider  
25 the issue held that the arbitrations were improper class or representative arbitrations  
26 that violated the arbitration agreement. *See, e.g., AT&T Mobility LLC v. Princi*, 2011  
27 WL 6012945, at \*1 (D. Mass. Dec. 2, 2011); *AT&T Mobility LLC v. Bernardi*, 2011  
28 WL 5079549, at \*13 (N.D. Cal. Oct. 26, 2011); *AT&T Mobility LLC v. Smith*, 2011  
WL 5924460, at \*8 (E.D. Pa. Oct. 7, 2011); *AT&T Mobility LLC v. Gonnello*, 2011  
WL 4716617, at \*4 (S.D.N.Y. Oct. 7, 2011); *AT&T Mobility LLC v. Bushman*, 2011  
WL 5924666, at \*2 (S.D. Fla. Sept. 23, 2011).

1           **B. SB 707 Interferes With The Purposes And Objectives Of The**  
2           **Federal Arbitration Act.**

3           Much of the preceding discussion also explains why SB 707 is preempted for  
4 the additional reason that it “stands as an obstacle to the accomplishment and  
5 execution of the full purposes and objectives of Congress” expressed in the Federal  
6 Arbitration Act. *Concepcion*, 563 U.S. at 352 (quoting *Hines*, 312 U.S. at 67).

7           Congress enacted the Act in 1925 to “reverse the longstanding judicial hostility  
8 to arbitration agreements.” *EEOC v. Waffle House, Inc.*, 534 U.S. 279, 289 (2002)  
9 (quotation marks omitted); see *Allied-Bruce*, 513 U.S. at 272 (the Act “seeks broadly  
10 to overcome judicial hostility to arbitration agreements”). The Supreme Court’s  
11 “cases place it beyond dispute that the FAA was designed to promote arbitration,”  
12 *Concepcion*, 563 U.S. at 345-46, and that the Act “establishes ‘a liberal federal policy  
13 favoring arbitration agreements,’” *Epic*, 138 S. Ct. at 1621 (quoting *Moses H. Cone*,  
14 460 U.S. at 24).

15           By imposing unique and weighty penalties on the drafters of arbitration  
16 agreements, SB 707 forcefully impedes the Act’s purpose “to promote arbitration.”  
17 *Concepcion*, 563 U.S. at 345. The First Circuit has held, for example, that “[a] policy  
18 designed to prevent one party from enforcing an arbitration contract or provision by  
19 visiting a penalty on that party is, without much question, contrary to the policies of  
20 the FAA.” *Securities Indus. Ass’n v. Connolly*, 883 F.2d 1114, 1122-24 (1st Cir.  
21 1989) (holding that the Act preempted Massachusetts state-law allowing state  
22 officials to revoke the licenses of broker-dealers who required customers to sign pre-  
23 dispute arbitration agreements). And the Fourth Circuit has expressly endorsed  
24 *Connolly*, agreeing that the Act bars state-law rules that “discourage” arbitration, not  
25 just those that “prohibit” it outright. *Saturn Distrib. Corp. v. Williams*, 905 F.2d 719,  
26 722-24 (4th Cir. 1990).

27           There can be no serious dispute that SB 707 embodies the improper attempt by  
28 the California Legislature to discourage businesses from forming and enforcing

1 arbitration agreements with their customers and workers. Indeed, there is no need to  
2 speculate about that point, because the California Legislature admitted as much. The  
3 Assembly Committee on the Judiciary stated that the statute’s “unforgiving” sanctions  
4 are “justified” to make “drafting parties reconsider their liberal use of binding  
5 arbitration agreements in contracts.” Dkt. No. 78-2, at 16. The Committee made  
6 plain its dislike of arbitration by characterizing it as a “controversial form of dispute  
7 resolution” (*id.*)—which is “far out of step” with Congress’s endorsement of  
8 arbitration agreements. *Gilmer v. Interstate/Johnson Lane Corp.*, 500 U.S. 20, 30  
9 (1991) (quotation marks omitted). And the bill’s sponsor stated that the purpose of  
10 SB 707 is to “reform” the use of arbitration, which he characterizes as something  
11 “forc[ed] . . . on consumers and workers” and that “overwhelmingly favors employers  
12 over employees.” Dkt. Nos. 78-4, at 24, 78-5, at 27, 78-6, at 29. Courts in this Circuit  
13 routinely look to California legislative history of this kind as confirmatory evidence  
14 of the effect of the statutory text. *See, e.g., Gonzales v. CarMax Auto Superstores,*  
15 *LLC*, 840 F.3d 644, 652 & n.8 (9th Cir. 2016); *In re Findley*, 593 F.3d 1048, 1053  
16 (9th Cir. 2010); *Chamber of Commerce*, 438 F. Supp. 3d at 1097.

17       Moreover, as explained above (at 6-8), SB 707 penalizes any business that fails  
18 to pay arbitration fees in full, regardless of whether the business has a good-faith basis  
19 to challenge the arbitrability of the claims or to challenge whether the consumer or  
20 worker has complied with his or her own obligations under the contract. The statute  
21 therefore increases the costs to businesses of enforcing arbitration agreements and  
22 invites misuse of the arbitration process by enterprising plaintiffs’ lawyers who know  
23 that businesses will be on the hook for fees even if the claimant is not actually a  
24 customer, is not asserting an arbitrable claim, or has failed to comply with any  
25 necessary prerequisites to initiating an arbitration.

26       As Judge Mueller determined in the context of Assembly Bill 51, this “deterrent  
27 effect on [the] use of arbitration agreements” means that the California statute  
28

1 “interferes with the FAA and for this reason as well as preempted.” *Chamber of*  
2 *Commerce*, 438 F. Supp. 3d at 1100. The same is true of SB 707 here.

3 **CONCLUSION**

4 Postmates’ Motion for Judgment on the Pleadings should be granted.

5  
6 DATED: October 13, 2020

Respectfully submitted,

7  
8 By: /s/ Archis A. Parasharami  
9 Archis A. Parasharami (SBN 321661)  
10 aparasharami@mayerbrown.com  
11 Andrew J. Pincus\*  
12 apincus@mayerbrown.com  
13 Daniel E. Jones\*  
14 djones@mayerbrown.com  
15 MAYER BROWN LLP  
16 1999 K Street, N.W.  
17 Washington, D.C., 20006-1101  
18 (202) 263-3000

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Attorneys for *Amicus Curiae* the  
Chamber of Commerce of the United  
States of America

\**Pro Hac Vice* to be filed

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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

POSTMATES INC.,  
Plaintiff,  
v.  
10,356 INDIVIDUALS,  
Defendants.

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GREENWOOD, et al.,  
Cross-Petitioners,  
v.  
POSTMATES INC.,  
Cross-Respondent.

Case No. 2:20-cv-02783-PSG

**[PROPOSED] ORDER GRANTING  
MOTION FOR LEAVE TO FILE  
PROPOSED BRIEF OF *AMICUS  
CURIAE* THE CHAMBER OF  
COMMERCE OF THE UNITED  
STATES OF AMERICA IN  
SUPPORT OF POSTMATES’  
MOTION FOR JUDGMENT ON  
THE PLEADINGS**

Date: November 17, 2020

Time: 1:30 P.M.

Judge: Hon. Philip S. Gutierrez

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**[PROPOSED] ORDER**

The Court, having read and considered the Motion for Leave to File Proposed Brief of *Amicus Curiae* the Chamber of Commerce of the United States of America in Support of Postmates’ Motion for Judgment on the Pleadings, hereby GRANTS the motion. The proposed brief accompanying the motion will be accepted for filing.

**IT IS SO ORDERED.**

DATED: \_\_\_\_\_

\_\_\_\_\_

Hon. Philip S. Gutierrez  
United States District Judge