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Supreme Court to Decide Scope of FAA Exemption for Last-Mile Delivery Drivers

The reach of the Federal Arbitration Act's ("FAA") "transportation worker" exemption is now before the U.S. Supreme Court, following its recent grant of certiorari in *Flowers Foods, Inc. v. Brock*. The case seeks clarity on whether local delivery drivers who transport goods solely within one state—but whose goods have previously moved in interstate commerce—are exempt from mandatory arbitration under the FAA. The issue is critical for employers nationwide, as conflicting appellate decisions have produced a patchwork of legal standards governing the enforceability of arbitration agreements for last-mile delivery workers.

The FAA generally requires courts to enforce arbitration agreements, with a narrow exception for "contracts of employment of seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce." In recent years, federal courts have split over whether this exemption applies to last-mile delivery drivers who deliver goods locally as the final step in an interstate supply chain. The Tenth Circuit, along with the First and Ninth Circuits, has held that such workers are exempt if their deliveries complete the journey of goods moving in interstate commerce—even if the workers themselves never cross state lines or handle interstate vehicles. In contrast, the Fifth and Eleventh Circuits require a direct connection to interstate transportation, such as physically crossing state lines or loading/unloading interstate vehicles.

In the case now before the Supreme Court, *Flowers Foods*, a major national bakery, sought to enforce an arbitration agreement with an independent distributor in Colorado. The distributor delivered *Flowers Foods*' products from a Colorado warehouse to local stores, never crossing state lines or

handling vehicles that did. The Tenth Circuit ruled that the distributor was exempt from the FAA's arbitration requirement, focusing on the interstate journey of the goods rather than the driver's specific activities. The appellate court held that even though Brock's deliveries were strictly intrastate, his role constituted the "final leg" of a continuous interstate journey for goods produced out of state. The court emphasized that the distribution arrangement gave Flowers Foods significant control over the delivery process and the relationship with end customers, making Brock's work integral to the interstate movement of goods.

Flowers Foods petitioned the Supreme Court, arguing that the FAA's exemption should be narrowly construed to cover only those workers directly engaged in interstate transportation, not anyone who handles goods that have traveled in interstate commerce. The company asserts that the Tenth Circuit's approach could sweep in a vast range of local workers, undermining the FAA's goal of uniform, predictable enforcement of arbitration agreements.

The Supreme Court's decision is expected to resolve this long-standing legal conflict and will directly impact businesses that use arbitration agreements with delivery drivers, warehouse workers, and others in the supply chain.

What this means to you

If the Court adopts a broad interpretation of the exemption, the decision could significantly expand the range of workers who are not subject to mandatory arbitration. Many local delivery drivers, warehouse employees, and logistics personnel could find themselves exempted, which would have a substantial impact on employers' risk management and dispute resolution strategies across a wide array of industries.

Contact us

If you have questions about how this case may affect your business or wish to discuss your legal strategy, please contact Julie Maurer.

This legal update is for educational and informational purposes only and does not constitute legal advice. For guidance tailored to your specific situation, you should consult an attorney.