LEGAL UPDATES

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# Supreme Court Expands Scope of FAA Transportation Worker Exemption

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The Supreme Court's unanimous decision in *Flowers Foods, Inc. v. Brock*, No. 24-935, decided on May 28, 2026, expands the reach of the Federal Arbitration Act's (FAA) Section 1 transportation-worker exemption, holding that a worker who performs only intrastate deliveries as part of a larger interstate supply chain can be "engaged in interstate commerce" and therefore exempt from compelled arbitration, even if that worker never crosses state lines and never interacts with vehicles that do.

### The Case and Question Before the Court

The Federal Arbitration Act requires courts to enforce private arbitration agreements. However, Section 1 of the Act provides that "nothing" in the law shall be used to compel arbitration in disputes involving the "contracts of employment" of any class of workers "engaged in interstate commerce." Flowers Foods (Flowers) petitioned for certiorari on a single question: whether someone can qualify as a worker "engaged in interstate commerce" under Section 1 if he never crosses state lines and never interacts with vehicles that do. The Supreme Court agreed to take up that question and, in a unanimous decision, answered it against Flowers, marking the fourth consecutive rejection of efforts to limit Section 1's reach.

### The Circuit Split

Prior to this decision, federal courts of appeals applied divergent standards to intrastate delivery workers. The Tenth Circuit, First, and Ninth Circuits applied a "constituent part" or "final leg" framework, asking whether a worker's intrastate route formed a necessary piece of the broader interstate journey of the goods he handled. In this case, the Tenth Circuit held that while Brock did not cross state lines himself or interact directly with those who did, those facts were "not dispositive"; what mattered was that his "intrastate route

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formed a constituent part of the interstate journey" of Flowers' goods from out-of-state bakeries to their intended retail destinations. By contrast, the Fifth and Eleventh Circuits required workers to demonstrate a more direct interstate nexus before qualifying for the exemption. Workers must either personally cross state lines or handle goods while in active interstate transit. That split is now resolved in favor of the broader standard.

**Case Facts and the Tenth Circuit's Holding**

Flowers Foods, Inc., is one of the nation's largest producers of packaged baked goods, distributing its products across the country from bakeries in 19 states. To get its products to market, the company depends in part on franchisees who buy the rights to distribute Flowers' products in particular geographic territories. Angelo Brock (Brock) is one such franchisee serving the Denver area; he picks up Flowers' products from a warehouse in Colorado and delivers them to local stores, all without leaving the state.

In 2022, Brock sued Flowers in federal district court alleging that the company underpaid him and other distributors in violation of various federal and state laws. Flowers moved to compel arbitration, arguing that Brock signed a distribution agreement promising to arbitrate any disagreement. The district court denied Flowers' motion, and the Tenth Circuit affirmed. The Tenth Circuit rested its decision on Section 1, reasoning that Brock belonged to a class of workers engaged in interstate commerce and that the court therefore lacked authority to compel the arbitration Flowers sought.

**The Supreme Court's Decision**

The Supreme Court's decision in *Brock* is the fourth consecutive rejection of efforts to narrow Section 1's exemption, following *New Prime Inc. v. Oliveira*, 586 U.S. 105 (2019), *Southwest Airlines Co. v. Saxon*, 596 U.S. 450 (2022), and *Bissonnette v. LePage Bakeries Park St., LLC*, 601 U. S. 246, 249 (2024). In a unanimous opinion, the Court rejected Flowers' sole theory that a qualifying worker must either cross state lines, or interact with a vehicle that does, as incorrect, holding that a worker who transports goods on an intrastate leg of an interstate journey can qualify for the exemption without satisfying either criterion. The Court illustrated this with a three-driver hypothetical: if three drivers successively carry a shipment across a state line, only the driver who physically crossed the border would qualify under Flowers' rule. The Court found this result untenable, since each driver played a direct, active, and necessary part in completing the interstate delivery.

The Court noted, but declined to resolve, several other facts Flowers raised: that Brock contracts through an independently operated company he owns (implicating a live circuit split on entity-to-entity contracts); that he purchases and takes title to goods before reselling them; and that some circuits focus on whether a product reaches its "intended destination" under an interstate contract. These are all facts that lower courts found relevant, but that Flowers did not ask the Court to address.

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Because Flowers chose to stake everything on its bright-line cross-or-tag rule rather than advancing alternative grounds, the Court held only that the statutory text cannot support that rule, leaving those other questions open for lower courts.

**What This Means to You**

The Court's decision confirms that a worker who transports goods on an intrastate leg of an interstate journey can qualify for Section 1's exemption without crossing state lines or interacting with vehicles that do, providing operational certainty for transportation and logistics companies that rely on arbitration programs with their drivers. Any distribution model in which goods originate outside the state and are completed by local drivers now falls squarely within the zone of heightened exemption risk.

However, because the ruling is narrow and multiple factual questions (independent contractor status, title passage, intended destination) remain unresolved, exemption challenges will be litigated worker by worker, making early legal assessment of workforce structure critical.

**Contact Us**

If you have questions about how this case may affect your business, please contact Julie Maurer, Daniel Thiel, Alyssa Goehring, or your Husch Blackwell attorney.

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