Court Reports

Dilts v. Penske Logistics, LLC, 769 F.3d 637 (9th Cir. Sept. 8, 2014) (holding that California's meal and rest break laws are not related to prices, routes, or services as contemplated by the Federal Aviation Administration Authorization Act of 1994, are not preempted by federal law, and apply to Penske Logistics, LLC as employers within the state of California.)

Initially, plaintiffs filed their compliant in state court; however, defendants removed the case to federal court. Plaintiffs appeal from a judgment dismissing their claim on the grounds the Federal Aviation Administration Authorization Act of 1994 (the Act) preempts California's meal and rest break laws from application in motor transportation pursuant to. Specifically, the district court held that California's meal and rest break laws impose strict operating constraints on the defendants' business operation, subsequently affecting its prices, routes, and services as contemplated in the Act.

Plaintiffs, a certified class of motor vehicle drivers employed by defendant Penske Logistics, LLC and Penske Truck Leasing Co., allege that defendants have routinely violated California's meal and rest break laws by not adequately accounting for, and scheduling, legally mandated breaks from their transportation work hours.

Plaintiffs represent a class of 349 delivery drivers employed by defendants. Plaintiffs work on transportation routes within California only. California meal and rest break laws require a 30-minute meal break for every five hours worked, plus a second 30-minute meal break for an employee who works more than 10 hours. Plaintiffs allege that defendants do not ensure that its employees take these breaks, and that defendants operate a work schedule that discourages employees from taking breaks required by California law.

The Court turns to Congressional intent to decide if the Act preempts California's meal and rest break laws, and subsequently the "related to" test. The Court begins by noting that even though there is a presumption that Congress does not intend to supplant state law, the preemptive aspect of the Act is clear. The Court finds Congress intended the Act to preempt some state regulations of motor carriers. The Court looks to the statutory language of the Act for the best evidence of Congress' preemptive intent. Specifically, it looks to language prohibiting states

from enacting or enforcing a law related to price, route, or service of any motor carrier that transports property.

Using the language of the Act, the Court distinguishes state laws that significantly relate to a motor carrier's price, route, or service, from state laws that only tenuously or remotely relate to a motor carrier's price, route, or service. The former is preempted, and the latter is not. The Court analyzes the legal history of the Act to conclude Congress did not intend to preempt state laws generally applicable to transportation, safety, welfare, or business that do not otherwise regulate prices, routes, or services. Further, the Court notes it has upheld state wage laws from being preempted by the Act because laws regulating wage, health, and safety are too remotely related to prices, routes, or services to be preempted by the Act.

Turning to California's meal and rest break laws, the Court finds those laws are not the kind that Congress intended to preempt. The meal and rest break laws are too tenuously related to prices, routes, or services to have any significant impact; they do not require defendants to offer specific prices, routes, or services. The Court compares the meal and rest break laws to other laws within the state's police power such as wage and safety laws.

Accordingly, the Court finds for the plaintiffs and holds the Federal Aviation Administration Authorization Act of 1994 does not preempt California's meal and rest break laws. Because the Court does not consider the case on its merits, it remands the case back to the district court for further proceedings.

A concurring opinion finds that defendants did not meet the burden of proof associated with a preemption argument, but that it might be possible for a party to do so. If a defendant can prove that California's meal and rest break laws significantly relate to prices, routes, or services, it may be possible they are preempted by the Act.

Ethan Wilson

UPS Supply Chain Solutions, Inc. v. Megatrux Transp., Inc., 750 F.3d 1282 (11th Cir. 2014) (holding that Megatrux was liable for the full loss of freight; UPS sufficiently established evidence of the loss; and the Carmack Amendment did not preempt UPS's claims for attorney's fees under the indemnification clause of the MTSA.)

Seagate Technology, LLC ("Seagate") contracted with plaintiff, UPS Supply Chain Solutions, Inc. ("UPS"), as its exclusive logistics provider for shipping, warehousing, and brokerage services. The parties signed a