



Uber Strikes \$20M Deal In Driver Misclassification Suit

By [Danielle Nichole Smith](#)

Law360 (March 12, 2019, 8:00 PM EDT) -- [Uber Technologies Inc.](#) has agreed to pay \$20 million to nearly 14,000 drivers who aren't bound by a company arbitration agreement as part of a settlement in a lawsuit claiming the ride-hailing company misclassified those drivers as independent contractors.

The drivers on Monday asked a California federal judge to preliminarily approve the agreement, which requires Uber to change some of its policies in California and Massachusetts in addition to paying \$20 million. However, the proposed settlement, which covers roughly 11,000 California drivers and 2,600 Massachusetts drivers, doesn't require the company to start classifying them as employees.

Shannon Liss-Riordan of [Lichten & Liss-Riordan PC](#), an attorney for the drivers, said in a statement Tuesday the issue of driver classification isn't over, noting that her firm is also pursuing litigation against others in the gig economy and elsewhere.

"We continue to have cases pending against [Amazon](#), [GrubHub](#), [Lyft](#), DoorDash, Postmates, Handy and many others that are exploiting their workers through this business model," Liss-Riordan said. "Because of arbitration clauses, we are fighting many battles to overcome arbitration, and at the same time, we are also pursuing mass arbitrations against many of these companies."

The proposed settlement stems from two cases that were brought against Uber in California and Massachusetts in 2013 and 2014, respectively. In 2015, a California federal court certified a class of 240,000 Golden State drivers, the motion said, and an up to \$100 million settlement — which would have also covered the Massachusetts case — was presented to the court the following spring.

But the court rejected the earlier agreement, taking issue with the resolution of the Private Attorneys General Act claims in the case, according to the motion. The California class was subsequently upended when the Ninth Circuit [ruled in September](#) that Uber's arbitration agreements with class waivers were valid and

enforceable, reversing the lower court's finding to the contrary.

The drivers on Monday said the recovery under the new settlement is expected to be better than what the drivers would have received under the earlier settlement, although they noted that the new agreement covers fewer drivers.

According to the motion, the average recovery after fees and other costs are deducted is estimated to be \$2,206, nearly six times higher than what it likely would have been under the earlier agreement. Drivers in the highest mileage category, who were expected to receive roughly \$3,164 in the earlier settlement, are now expected to receive double that amount, the motion said.

The \$20 million settlement amount will also include \$5 million for attorneys' fees, \$146,000 for administration costs and \$40,000 for class representative enhancements. The settlement is nonreversionary, meaning no unclaimed funds will be returned to Uber.

Additionally, under the agreement, Uber will no longer use a low ride acceptance rate as a reason to deactivate drivers' accounts in California and Massachusetts. In those states the company will also provide advance warning for deactivation, institute a voluntary formal appeals process and provide quality courses for deactivated drivers except in certain circumstances, including fraud or sexual misconduct.

The drivers said the risks of continuing the litigation and the significant relief it would provide warrant preliminary approval. They also asked the court to certify a class of all drivers in California and Massachusetts since Aug. 16, 2009, who used the Uber app and weren't covered by an arbitration agreement. Some of those drivers opted out the agreement and Uber simply didn't have a record of others agreeing to arbitration, according to the motion.

A representative for Uber said in a statement Tuesday that the company has changed a lot since 2013.

"We have made the driver experience even better through improvements like in-app tipping, a redesigned driver app, an innovative injury protection insurance option and new rewards programs like Uber Pro," the representative said. "We're pleased to reach a settlement on this matter and we'll continue working hard to improve the quality,

security and dignity of independent work."

The drivers are represented by Shannon Liss-Riordan and Adelaide Pagano of Lichten & Liss-Riordan PC.

Uber is represented by Theodore J. Boutrous Jr., Theane Evangelis, Dhananjay S. Manthripragada, Joshua S. Lipshutz, Peter C. Squeri and Shailey Jain of [Gibson Dunn & Crutcher LLP](#).

The case is O'Connor et al. v. Uber Technologies Inc. et al., case number [3:13-cv-03826](#), in the U.S. District Court for the Northern District of California.

--Editing by Stephen Berg.