

Employment Law Alert: Texas Supreme Court Upholds Arbitration Clause in Employment Agreement

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June 25, 2007

In *In re RLS Legal Solutions, LLC*, the Texas Supreme Court held if an employer exerted economic duress over an employee in obtaining her signature to an employment agreement, this conduct did not preclude enforcement of the arbitration provision contained in the agreement. An arbitration provision contained in an employment agreement will be enforced unless an employee produces evidence that the economic duress related exclusively to the arbitration provision. *In re RLS Legal Solutions, LLC*, No. 05-0290, 2007 WL 1162795 (Tex. April 20, 2007) (per curiam).

Plaintiff was employed as a sales representative for RLS Legal Solutions for five years. During the latter years of her employment, RLS presented a new employment agreement containing numerous provisions, including one pertaining to arbitration. Plaintiff testified RLS informed her if she did not sign the employment agreement, she would not be paid. Plaintiff subsequently signed the employment agreement and specifically informed RLS she did so under duress. Plaintiff, however, did not provide evidence that the duress specifically related to the arbitration agreement.

The Texas Supreme Court quoted its prior holding in *In re First Merit Bank, N.A.*, 52 S.W.3d 749, 756 (Tex. 2001), stating "duress and other such defenses must 'specifically relate to the Arbitration Addendum itself, not the contract as a whole, if they are to defeat arbitration.'" Plaintiff's only evidence of duress was contained in her affidavit and testimony. Plaintiff testified that she was unhappy with most of the provisions contained in the employment agreement, not just the arbitration provision. Because of this, the court held, "unless the arbitration provision was singled out from the other provisions, the claim of duress goes to the agreement generally and must be decided in arbitration."