The United States Supreme Court decided several important cases affecting employers during its October 2011 Term. Below is a summary of the Court’s major labor and employment law decisions in chronological order. We intentionally have omitted the healthcare cases.

Hosanna-Tabor Evangelical Lutheran Church and School v. EEOC (January 11, 2012)

In this case, the Court for the first time recognized that the Establishment and Free Exercise Clauses of the First Amendment bar employees who qualify as “ministers” from bringing employment discrimination claims against their church employer. Cheryl Perich, who developed narcolepsy during her employment with the church’s school, took a disability leave. When Perich notified the church that she was ready to report to work again, the church responded that her position was no longer available because the church had already hired a “lay” teacher to fill the position. Perich demanded that the church reinstate her and threatened legal action. The church subsequently terminated her employment.

Perich filed a charge with the Equal Employment Opportunity Commission (“EEOC”), claiming discrimination in violation of The Americans With Disabilities Act (“ADA”). The EEOC sued on behalf of Perich and the district court dismissed the case. The Sixth Circuit Court of Appeals reversed, but the Supreme Court reversed the Sixth Circuit.

The Supreme Court recognized a “ministerial exception” to anti-discrimination laws such as the ADA. The Court reasoned that a church should not be forced to accept or retain an unwanted minister as a minister personifies the church’s beliefs and the Constitution protects “a religious group’s right to shape its own faith and mission through appointments.” Even though Perich performed many secular duties, the Court held that she fell within the ministerial exception because the church and Perich represented that she was a “commissioned minister,” involved in an investiture, required to have religious training, and her duties involved significant religious teaching activities and carrying out of the church’s mission.

Coleman v. Maryland Court of Appeals (March 20, 2012)

The Supreme Court addressed whether the U.S. Constitution’s Eleventh Amendment prohibited a state employee, Daniel Coleman, from suing a state (and its agencies) for failure to provide Family and Medical Leave Act (“FMLA”) leave to take care of his own serious health condition, rather than that of his family member. Applying the doctrine of state sovereign immunity, the Court held that the employer, the Maryland Court of Appeals, did not violate the FMLA by denying Coleman FMLA leave.

The Supreme Court had previously ruled in Nevada Dept. of Human Resources v. Hibbs, that the Eleventh Amendment does not bar state employees from bringing claims under the FMLA, related to leave for baby-bonding and family care. The Court reasoned Congress abrogated the state’s Eleventh Amendment immunity based on a finding that state employers’ violations of family care laws have a disproportionately adverse effect on women.

The “self-care” provision, on the other hand, is not “congruent and proportional to any identified constitutional violations.” Therefore, the “self-care” provision is barred by state sovereign immunity. The Coleman ruling is not applicable to private-sector employers. All private employers bound by the FMLA are subject to its provisions when providing employees leave.

Elgin v. Department of the Treasury (June 11, 2012)

Elgin v. Department of the Treasury is applicable to federal government employees covered by the Civil Service Reform Act (“CSRA”) and not to private employees. In this
case, Michael Elgin failed to register for the draft, rendering him ineligible for federal employment. Elgin filed a claim with the Merit Systems Protection Board (“MSPB”), which he was required to do under the CSRA. However, the Administrative Law Judge determined that the MSPB did not have jurisdiction over Elgin’s claims because his claim was based on a constitutional issue. Elgin subsequently filed in district court, which denied Elgin’s claims on the merits. Elgin then appealed to the First Circuit Court of Appeals, which determined that it and the district court lacked jurisdiction.

The Supreme Court affirmed, holding that the MSPB should have retained jurisdiction because it can decide constitutional law issues.

Christopher v. SmithKline Beecham Corp. (June 18, 2012)

Michael Christopher, a pharmaceutical sales representative, sued SmithKline Beecham Corporation for failure to pay him overtime in violation of the Fair Labor Standards Act (“FLSA”). The trial court ruled in favor of the company because Christopher qualified as an “outside salesperson,” exempt from overtime laws. Both the Ninth Circuit Court of Appeals and the United States Supreme Court affirmed. Finding that the outside sales exemption applies to pharmaceutical sales representatives, the Court did not defer to the Department of Labor’s (“DOL”) interpretation. The DOL believed a pharmaceutical sales representative could not fall within the outside sales exemption because there is no actual transfer of title when a representative merely persuades a physician to write prescriptions for their product. The Court rejected the DOL’s interpretation and found that the representatives bear all of the exterior indicia of outside salesmen, including a rate of pay exceeding $70,000 and work that is difficult to standardize to a particular time frame.

For a more in-depth analysis of this case, please refer to our July 10, 2012 column, “U.S. Supreme Court Decides Pharmaceutical Sales Representatives Are Exempt.”

Knox v. SEIU, Local 1000 (June 21, 2012)

Public sector employees are not required to join unions. In lieu of union dues, non-members must pay the union a fee for services directly related to collective bargaining activities.

Public sector unions already must give these employees a notice accounting for their expenditures, providing employees the opportunity to forego non-bargaining expenses. The Supreme Court held that the unions must provide additional notice when they seek to impose a mid-year dues increase or special assessment.

Arizona v. United States (June 25, 2012)

In 2010, Arizona passed a state statute prohibiting illegal aliens from applying for or obtaining employment in Arizona. The United States sued the State of Arizona to stop enforcement of the statute, which the trial court and the Ninth Circuit agreed to do pending the United States Supreme Court’s decision on the constitutionality of the state statute as to whether Arizona’s statute was preempted by the federal Immigration Reform and Control Act of 1986 (“IRCA”).

The Court found that three of the four provisions were preempted by IRCA. Specifically, the sections making it a crime to be in Arizona without legal papers, imposing criminal penalties on an employee who applies for or obtains employment in Arizona, or allowing police officers to have greater arrest authority in performing immigration officer’s functions, were preempted. The Court found that a provision requiring police to arrest and hold illegal aliens who they believe have committed a crime until they check the individual’s immigration status with federal officials was not preempted by IRCA, subject to interpretation by state courts.