Court: California FedEx drivers were misclassified as contractors

Worker misclassification is a major employment issue in the U.S. Workers who are classified as independent contractors are not eligible for workers' compensation, health insurance and other benefits. It's a cost savings for the business "" and a detriment for the worker. That imbalance of benefits is one reason a recent appellate court ruling regarding FedEx's classification of workers is significant.

FedEx is well known for classifying its delivery drivers as independent contractors rather than employees. According to an article in Courthouse News, 2,300 drivers in California and 363 in Oregon challenged that classification, claiming that that FedEx forced them to buy company-approved uniforms, equipment and even trucks as if they were independent contractors. At the same time, they claimed, FedEx controlled their appearance, including stipulating the socks they wore and that they be clean shaven.

In late August, the Ninth Circuit Court of Appeals ruled that these drivers are employees, not independent contractors. According to Courthouse News, the decision reverses a finding from a multidistrict litigation court. A court found for FedEx in most of the multidistrict litigation cases.

The Ninth Circuit Court of Appeals reversed that decision for the 2,300 California drivers and 363 Oregon drivers, finding that the operating agreement between FedEx and the drivers granted the company "a broad right to control the manner in which its drivers' perform their work." On those grounds, FedEx workers are employees.

According to Courthouse News, FedEx said it no longer uses the

same operating agreements. It also said it will file a petition for review of the ruling.

A contributor to Forbes predicted that the court ruling could affect "dozens of other FedEx cases." He also said the court ruling could have an impact on transportation and delivery businesses throughout the United States.

To read the ruling, see http://cdn.ca9.uscourts.gov/datastore/opinions/2014/08/27/12-17458.pdf.