Gig Companies Claim Crucial Misclassification Win In New York

Insights
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I wrote an article about a recent case decided by the New York Court of Appeals – New York's highest court – where the court ruled that non-staff instructors who taught yoga classes at the employer's studio were properly classified as independent contractors, and not employees. The case is a boon to New York employers who appropriately use independent contractors, as it provides them with ammunition in dealing with a New York State Department of Labor that is ever increasingly aggressive in challenging employers' independent contractor classifications.

Because many businesses in the gig economy rely on the use of independent contractors, this decision should count as good news for those operating in New York. However, it is still important for companies to thoroughly review their relationships with those individuals they classify as independent contractors, including reviewing any independent contractor agreements. The employer in this case did not rely on any new law or legal analysis – it simply had the facts on its side.

Although you can read the full article on our website, here's the quick summary. The Court of Appeals reaffirmed that the test for determining whether an individual is an employee, and not an independent contractor, is whether "the employer exercised control over the results produced and the means used to achieve the results." The Court of Appeals found a number of factors relevant in determining that the employer did not exercise sufficient control over the means used by its non-staff instructors to achieve their end goal of providing yoga classes, including that the non-staff instructors set their own schedule, the employer placed no restrictions on the non-staff instructors' ability to teach classes at other yoga studios, and the non-staff instructors were free to inform their students of the classes at other yoga studios. Significantly, the Court of Appeals also reasoned that the "requirement that the work be done properly is a condition just as readily required of an independent contractor as of an employee and not conclusive as to either."

The Court of Appeals' decision has both legal and practical implications. Check out the full article for more details.

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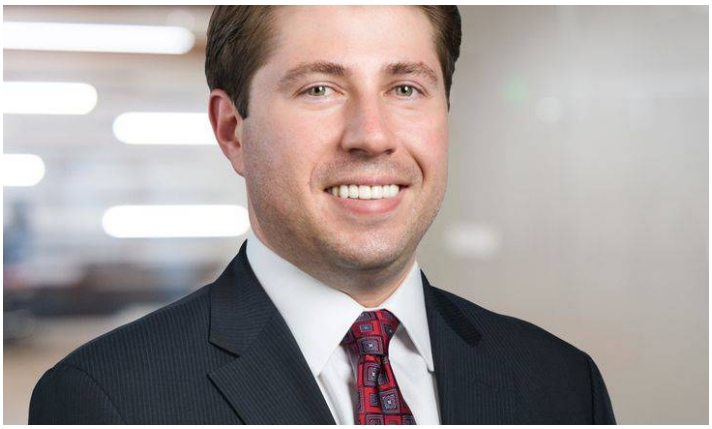

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