



Ohio Limits Joint Employment Status For Franchisors

Insights

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Ohio recently amended its definition of “employer” in order to limit the joint employer status of franchisors. Effective March 20, 2019, franchisors will not be considered joint employers with their franchisees unless one of the following conditions is met:

- the franchisor agrees *in writing* to assume the role of a joint employer; or
- a court determines that the franchisor exercises control over the franchisee or the franchisee’s employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor’s trademark, brand, or both.

This newly-amended definition is limited to Ohio law, specifically the Minimum Fair Wage Standards Law, the Bimonthly Pay Law, the Workers’ Compensation Law, the Unemployment Compensation Law, and the Income Tax Law.

How Does The New Definition Impact Franchisors In Ohio?

In the most general sense, franchisors can now be relatively confident that they will not be held liable for claims for unpaid wages, workers’ compensation, or unemployment compensation under Ohio law.

However, the efficacy of the newly amended definition will likely be limited to the realms of workers’ compensation and unemployment compensation. That is because it has no impact whatsoever on claims under federal law. Thus, for example, a franchisee’s employee could still pursue a claim for unpaid wages under the federal Fair Labor Standards Act against both the franchisor and franchisee.

The uncertainty for franchisors will continue on the issue of joint employment until federal agencies and courts resolve their debate over the definition as it applies to federal law. For more information on the current status of that battle, read about the [latest court decision](#) and the [latest regulatory action](#) on our website. We will continue to monitor the issue and provide updates regarding the impact of the Ohio law and developments related to federal law, so you should ensure you are subscribed to [Fisher Phillips’ alert system](#) to gather the most up-to-date information.

If you have questions, please contact your Fisher Phillips attorney or any attorney in our [Columbus](#) or [Cleveland](#) offices.

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