

California Civil Rights Law Group
Attn: Organ, Lawrence A.
332 San Anselmo Ave.
San Anselmo, CA 94960 _____

SHEPPARD, MULLIN, RICHTER &
HAMPTON LLP
Attn: Pritikin, Nancy E.
379 Lytton Avenue
Palo Alto, CA 94301-1479

Superior Court of California, County of Alameda
Rene C. Davidson Alameda County Courthouse

Vaughn <p style="text-align: right;">Plaintiff/Petitioner(s)</p> VS. Tesla, Inc. <p style="text-align: right;">Defendant/Respondent(s) (Abbreviated Title)</p>	No. <u>RG17882082</u> Order Petition to Compel Arbitration (Motion) Denied
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The Petition to Compel Arbitration (Motion) filed for Tesla, Inc. was set for hearing on 05/04/2018 at 11:00 AM in Department 21 before the Honorable Robert McGuiness. The Tentative Ruling was published and was contested.

The matter was argued and submitted, and good cause appearing therefore,

IT IS HEREBY ORDERED THAT:

The tentative ruling is affirmed as follows: The Motion of defendant Tesla to compel arbitration is **DENIED**.

FACTS

On approximately 4/23/17, Plaintiff started work at Tesla. (Vaughn, Dec, para 2.) The relationship between Plaintiff and Tesla following 4/23/17 is unclear. A Tesla email dated 11/3/17 describes it as under a "contract" (Vaughn, Dec, Exh A) and Plaintiff in his opposition brief asserts without evidence that he "was placed at Tesla through a staffing agency" (Oppo at 7:26).

On an undetermined date, Plaintiff applied for permanent position at Tesla. (Vaughn, Dec, para 5.)

On 10/18/17 Tesla sent an offer letter to Vaughn. (Vaughn, Dec, para 5; Abad Dec, para 2.) The offer letter contained the terms and conditions of the proposed employment, an arbitration agreement, an expiration date of 11/6/17, and a proposed start date of 11/22/17. (Abad Dec, Exh C.)

Plaintiff did not sign the offer letter. (Vaughn, Dec, para 5; Abad Dec, para 3.) On 10/31/17 Plaintiff had his last day of work at Tesla. (Vaughn, Dec, para 2.) On 11/3/17, Tesla sent Plaintiff an email stating that it had decided "not to proceed." (Vaughn, Exh A.)

CONTRACT FORMATION - EXPRESS

"Generally speaking, one must be a party to an arbitration agreement to be bound by it or invoke it." (JSM Tuscany, LLC v. Superior Court (2011) 193 Cal.App.4th 1222, 1237.) "To establish a valid agreement to arbitrate disputes, [t]he petitioner bears the burden of proving the existence of a valid arbitration agreement by [a] preponderance of the evidence, and a party opposing the petition bears the burden of proving by a preponderance of the evidence any fact necessary to its defense." (Esparza v. Sand & Sea, Inc. (2016) 2 Cal.App.5th 781, 787.)

Tesla has not demonstrated that Plaintiff entered into an agreement to arbitrate. Tesla made an offer, Plaintiff did not accept the offer, and Tesla withdrew the offer.

CONTRACT FORMATION - EQUITABLE ESTOPPEL

Tesla argues that Plaintiff is bound by the letter offer under principles of equitable estoppel. (Opening brief at 13-15.) "Under [the doctrine of equitable estoppel], a nonsignatory defendant may invoke an arbitration clause to compel a signatory plaintiff to arbitrate its claims when the causes of action against the nonsignatory are 'intimately founded in and intertwined' with the underlying contract obligations." ... "By relying on contract terms in a claim against a nonsignatory defendant, even if not exclusively, a plaintiff may be equitably estopped from repudiating the arbitration clause contained in that agreement." (JSM Tuscany, LLC v. Superior Court (2011) 193 Cal.App.4th 1222,1237.)

The court will not enforce the arbitration agreement in the letter offer. "Because equitable estoppel applies only if the plaintiffs' claims against the nonsignatory are dependent upon, or inextricably bound up with, the obligations imposed by the contract plaintiff has signed with the signatory defendant, we examine the facts alleged in the complaints." (JSM Tuscany, LLC v. Superior Court (2011) 193 Cal.App.4th 1222,1239.) The complaint asserts three statutory claims: (1) race based discrimination, (2) race based harassment, and (3) failure to prevent discrimination and harassment. All three claims are based on the FEHA and all can be resolved without reference to the terms of the offer letter.

Tesla argues that the claims arise from the employment relationship and therefore arise from contract. Tesla is correct that Plaintiff alleges an employment relationship with Tesla from approximately 4/23/17 through 10/31/17, but that does not mean that Plaintiff alleges an employment relationship based on the offer letter. The offer letter was apparently intended to supersede some other contractual relationship.

The court expresses no opinion on the existence, terms, or effect of whatever contractual relationship governed the relationship between Tesla and Plaintiff Tesla from approximately 4/23/17 through 10/31/17.

CONCLUSION

The Motion of defendant Tesla to compel arbitration is DENIED.

Dated: 06/01/2018

A handwritten signature in black ink, appearing to read "Robert McGuiness", is positioned above a horizontal line. To the right of the signature, the word "facsimile" is printed in a small font.

Judge Robert McGuiness