State High Court Rulings a Mixed Bag for Business

Recent opinions from the California Supreme Court were a mix of good and bad news for California businesses.

The victories came in a case dealing with attorney fees in a disability access lawsuit, and another on liability for an injury on an amusement park ride.

In the third case, however, the California Supreme Court held that a labor union had statutory rights to picket in front of the only entrance to a Ralph’s grocery store.

Disability Access

In Jankey v. Lee, Les Jankey, a wheelchair user, sued Song Koo Lee, owner/operator of a small market in San Francisco. Jankey alleged that he and other similarly situated disabled persons were denied access to full and equal enjoyment of the goods and services offered at the store because a four-inch step at the market’s entry was an architectural barrier that prevented him from wheeling into the store.

Lee does not own the building but has operated the market since 1985. Jankey asserted claims under the federal Americans with Disabilities Act (ADA), the Unruh Civil Rights Act, the Disabled Persons Act, and Health and Safety Code Section 19955 et seq. Among other relief, Jankey sought an injunction compelling Lee to make the market readily accessible to individuals with disabilities.

Finding that Lee had established that removal of the barrier was not “readily achievable,” the trial court ruled in his favor on all four disability claims. Lee then sought attorney’s fees under California Civil Code Section 55, which provides attorney’s fees to a prevailing party in an action to enjoin disability access violations.

Jankey argued that Section 55 was preempted by the ADA and that an award for attorney’s fees could be made only upon a finding that the complaint was “frivolous, unreasonable, or groundless.”

The trial court concluded attorney’s fees for a prevailing defendant under Section 55 were mandatory and awarded Lee $118,458. The court of appeal affirmed.

The California Supreme Court granted review to consider whether: 1) the trial court erred in determining that Section 55

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Help CalChamber Identify Overlapping/Duplicative Regulations

The targets of regulations often know best how government requirements work in the real world. The California Chamber of Commerce would appreciate your help in identifying overlapping and duplicative state regulations affecting your business. Please email your comments to regs@calchamber.com.

Governor Releases 2013–14 State Budget

Governor Edmund G. Brown Jr. this week released a 2013–14 budget that he said is balanced with a billion-dollar reserve.

The budget includes no new general tax increases, but makes some reforms to the state’s enterprise zone tax incentives.

Spending increases about $4.5 billion, mostly for K-12 and higher education. The budget forecasts a steadily improving economy, but still high unemployment and low growth in the medium term.

The budget does not restore past cuts, with the exception of some K-12 and higher education.

Budget risks identified by the Governor included the federal deficit, the uncertainty of the economic recovery and the unpredictability of health care costs.

During his news conference, the Governor characterized the budget as offering “sustainable balance.” Several times, he repeated that “Fiscal discipline is not the enemy of democratic governance, but rather its fundamental predicate. In fact, it is through fiscal discipline that this budget can invest in education, expand health care and provide a safety net for the most vulnerable.”

A more detailed story is available at www.calchamber.com.

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Employment and Housing Act both interactive process to determine reasons for discrimination laws? The federal Americans with Disabilities Act (ADA), and California’s Fair Employment and Housing Act both require employers to engage in an interactive process to determine reasonable accommodations for employees with disabilities.

Resource Website
The Job Accommodation Network (JAN), a free online resource provided by the U.S. Department of Labor, is an excellent jumping off point for employers to learn and prepare for that interactive process. JAN (www.askjan.org) provides free, expert and confidential guidance on workplace accommodations and disability employment issues.

Information on hundreds of types of medical conditions are available in a searchable database, which provides information about each condition, ADA information, accommodation ideas, and resources for additional information.

Tips
For example, a search on the term “migraine headaches” leads to information about the causes, prevention and treatment of migraines, followed by specific accommodation ideas employers should consider as possible reasonable accommodations. Some examples of accommodations that may reduce onset of migraine headaches, according to JAN, include changing out lighting triggers such as fluorescent bulbs, and implementing a fragrance-free policy for the workplace to eliminate fragrance triggers. In addition, JAN suggests providing flexible unpaid leave for employees who experience migraines.

JAN also provides helpful examples of disability situations and solutions. For example, “An employee who works in a cubicle setting was experiencing migraine headaches that were triggered by the noise level; she was located in a high traffic area by the copier machine. The employer accommodated this employee by moving her to an area with less traffic and providing an environmental sound machine.”

Consultants Available
In addition to the extensive amount of material available on the website, expert consultants are available by phone or live chat to provide free confidential technical assistance about reasonable accommodations. JAN consultants do not provide legal advice, but rather work with employers to find practical solutions to disability issues in the workplace, providing callers with various accommodation solution ideas for each specific situation.

To speak with a workplace accommodation expert, call JAN toll-free, 9 a.m. to 6 p.m. ET, at (800) 526-7234 or (877) 781-9403 (TTY).

To live chat with a JAN consultant via the Web, use the Live Help link on AskJAN.org.

To submit a question online and receive an individualized email response to questions about possible reasonable accommodations go to http://askjan.org/JANonDemand.htm.

The Labor Law Helpline is a service to California Chamber of Commerce preferred and executive members. For expert explanations of labor laws and Cal/OSHA regulations, not legal counsel for specific situations, call (800) 348-2262 or submit your question at www.hrcalifornia.com.

State Disability Regulations Change
Several changes to disability regulations under the state Fair Employment and Housing Commission (FEHC) went into effect on December 30, 2012. Please see the Alert article on Page 3 for more information.
New Disability, Workers’ Comp Rules
Changes to Fair Employment/Housing Disability Regulation Take Effect

Several changes to the disability regulations under the Fair Employment and Housing Commission (FEHC) went into effect on December 30, 2012.

The changes to the disability regulations include:
- An expansion of the definitions of “mental” and “physical” disability;
- Clarification of what evidence might be used to show that a particular function is “essential” to a job;
- A description of the interactive process and obligations of both the employer and the employee or job applicant; and
- A description of what constitutes a reasonable accommodation and specific examples, including a discussion of when a leave of absence might be an appropriate accommodation.

The text of the regulations is identical to the version adopted by the FEHC on December 18, 2012. A copy of the approved disability regulations is available at www.dfeh.ca.gov/FairEmploymentAndHousingCouncil.htm. These amendments to the disability regulations are separate from the recently approved amended pregnancy disability leave regulations, which also took effect on December 30, 2012.

HRCalifornia Updates
HRCalifornia has been updated with an expanded discussion of these regulations. California Chamber of Commerce customers also can get an expanded discussion of the disability regulations and the pregnancy disability leave regulations and their impact on state law in the 2013 California Labor Law Digest.

February Seminar
CalChamber employment law experts will hold a live half-day seminar in Sacramento on February 15 that will cover the amended regulations in detail, and their impact on employers and employees.

An on-demand webinar that discusses the amended regulations and their impact on employers also is available at www.calchamberstore.com.

Emergency Workers’ Comp Rules Implement Reform Legislation

Emergency regulations to implement cost-saving elements in the workers’ compensation reform bill enacted last year went into effect on January 1.

The California Chamber of Commerce supported the reform bill, SB 863 (De León; D-Los Angeles; Chapter 363, Statutes of 2012), which contained critical reforms for improving efficiency and reducing unnecessary costs in the California workers’ compensation system, which are necessary to offset the $1 billion benefit increase provided under the bill and dampen the trend of increasing costs to employers.

The reforms potentially lower system costs for employers by reducing delays and litigation in the system, addressing the lien epidemic, shortening the medical-legal process, implementing an independent medical review system and streamlining the permanent disability schedule.

Regulation Changes

Although the benefit increases kick in automatically, most of the cost-saving reforms require regulatory implementation. The Brown administration made notable progress against an extremely tight deadline in December. Regulatory changes now in effect include:
- changes to the Supplemental Job Displacement Voucher;
- new systems for resolving medical treatment and billing disputes;
- filing fees from service providers who file liens;
- new requirements for medical examiners;
- payment changes to surgery centers and hospitals that perform spinal implant procedures; and
- new requirements for interpreters and chiropractors.

Some of these changes will be followed by formal rulemaking in 2013.

More Information

More information on the new regulations is available at the website of the Division of Workers’ Compensation within the state Department of Industrial Relations at www.dir.ca.gov/dwc.

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fees are mandatory; and 2) the federal ADA pre-empts an award of mandatory fees.

The CalChamber joined 10 other industry and trade organizations in a friend-of-the-court brief supporting Lee, arguing that businesses owners and operators who prevail in a disability access lawsuit deserve to recover their attorney’s fees if the lawsuit includes a claim under Civil Code Section 55. The brief was prepared by Lizbeth West of Weintraub Tobin.

The Supreme Court agreed in its December 17, 2012 ruling, concluding that an award of attorney’s fees under Section 55 to any prevailing party was mandatory. Furthermore, the court concluded that the award of mandatory fees under Section 55 was not pre-empted by the federal ADA.

Amusement Park Ride

The second win occurred in Nalwa v. Cedar Fair, published December 27, 2012. Smriti Nalwa fractured her wrist while being bumped on a bumper car ride at Great America amusement park. She sued the park owner for negligence in not configuring or operating the bumper car ride so as to prevent her injury.

The trial court granted summary judgment for the defendant on the basis of the primary assumption of risk doctrine, under which participants in and operators of certain activities have no duty of ordinary care to protect other participants from risks inherent in the activity.

The court of appeal reversed, holding that the public policy of promoting safety at amusement parks, as demonstrated by the extensive state regulations governing amusement rides, precluded applying the primary assumption of risk doctrine and that the doctrine was applicable only to activities considered “sports.”

The CalChamber submitted a friend-of-the-court brief arguing that the primary assumption of risk doctrine can apply to activities other than “sports” and that commercial enterprises subject to safety-related regulations may invoke the doctrine. CalChamber’s brief was prepared by Mary-Christine Sungaila and Jessica Yates of the law firm of Snell & Wilmer.

The Supreme Court agreed with the CalChamber brief. The court found that “the primary assumption of risk doctrine is not limited to activities classified as sports, but applies as well to other recreational activities ‘involving an inherent risk of injury to voluntary participants . . . where the risk cannot be eliminated without altering the fundamental nature of the activity.’”

The court noted that the doctrine was not applicable to any activity with an inherent risk but does apply to injuries from physical recreation, whether in sports or nonsports activities. Thus, the doctrine applied to bumper car collisions. The court also agreed that the existence of safety regulations governing amusement park rides did not exempt them from the primary assumption of risk doctrine.

Union Picketing on Private Property

In a 6-1 vote, the state Supreme Court ruled that “the state’s interest in promoting collective bargaining to resolve labor disputes” allows labor unions the right to picket on a privately owned entrance to a shopping center supermarket.

The ruling in Ralphs Grocery Company v. United Food and Commercial Workers Union Local 8 (2012 WL 6699628) was issued December 27, 2012.

The court’s willingness to protect one type of speech (labor) over another (non-labor) is one of many concerns with the decision.

In July 2007, union members began picketing a Sacramento store. Between four and eight picketers walked back and forth in front of the entrance walkway, carrying picket signs, handing out flyers and talking to customers.

Ralphs asked the Sacramento Police Department to stop the picketing, but the police declined to do so without a court order. Ralphs attempted to obtain a court order (an injunction) to stop the picketing. Ralphs argued that the entrance was privately owned and that the company could regulate speech activities at the entrance. The case ultimately was elevated to the state high court.

The Supreme Court first examined whether the California Constitution’s free speech provisions protected the picketers. On this point, the court agreed with Ralphs, ruling that the privately owned entrance area was not a public forum: “For this reason, a union’s picketing activities in such a location do not have state constitutional protection.”

State Protection for Unions

Despite the fact that the entrance was private property, the court went on to rule that the union had the right to picket there under a California statute known as the Moscone Act. Although other conduct may be limited on the private property, such as a protest or signature gathering, unions have special protections.

“Certain activities undertaken during a labor dispute are legal and cannot be enjoined,” the court stated. These activities include peaceful picketing on private property.

Unlawful Activity Subject to Injunction

Employers still can seek an injunction under the Labor Code if certain unlawful activity occurs. Conduct such as violence, impeding a customer’s ability to enter or exit store property, or disorderly conduct would not be protected. The Chief Justice and two other justices drafted a concurring opinion which sought to provide further guidance as to the types of labor activities that might be unprotected.

To clarify what unlawful activity is, the Chief Justice stated in the concurring opinion that “labor activity with an objective other than communicating labor’s grievances and persuading listeners exceeds the right to engage in peaceful picketing within the meaning of the Moscone Act.”

In a separate concurring and dissenting opinion, Justice Ming Chin also agreed with the Chief Justice’s cautionary comments about the scope of the Moscone Act.

Obtaining an injunction to stop unlawful activity is not an easy task, however.

Witness testimony in court is required and the testimony must show that unlawful acts have been threatened and will be committed unless restrained, and that substantial and irreparable injury will occur. An injunction can be issued only if it can be shown that public safety officers who are supposed to protect the property are unable or unwilling to provide adequate protection.

These are not easy hurdles to jump.

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2012 Major Victories

Fighting for Jobs, Creating Certainty in an Uncertain Economy
The California Chamber of Commerce is the voice of California business, expert at speaking for pro-job policies and advising employers on how state laws and regulations will affect the workplace. We track more than 3,000 legislative proposals every year, sounding the alarm when a bill will hurt employers and the economy, and working to win support for legislation that will help the jobs climate. Policymakers listen to CalChamber advocates, knowing that we speak for more than 13,000 member businesses employing a fourth of the state’s private workforce and reflecting the diversity of the California business community.

Further emphasizing our message are the thousands of individuals who use our Web-based grassroots center, www.calchambervotes.com, to make their views known to their elected representatives. Each year, website visitors use the grassroots center to send some 200,000 letters about state and federal issues affecting business operations.

Read on to learn how CalChamber advocacy in 2012 helped employers. See the Advocacy Return on Investment sheet for estimates of employer savings on some of these victories.

Stopping Most ‘Job Killer’ Bills
The skill of CalChamber policy advocates, joining forces with other business groups and pro-jobs legislators, prevented 28 of 32 “job killer” bills from becoming law. Below is a sampling of “job killers” that won’t become law. More information at www.calchamber.com/jobkillers.

• Defeated costly workplace mandates, such as a bill driving up the cost of commodities to consumers by removing the overtime exemption allowed for agricultural employers (AB 1313); an automatic minimum wage increase (AB 1439); expanded leave requirements (AB 2039); and a targeted burden on companies with call centers (AB 2217). Also secured amendments to remove the threat of frivolous litigation for inquiring into an applicant’s most recent employment background (AB 1450). Advocated veto of bill increasing the cost of food by creating unprecedented and excessive consequences for perceived and actual violations of heat illness prevention regulations (AB 2346).

• Kept lid on inflated liability costs by securing amendments to legislation that would have discouraged settlement agreements (AB 2149); halting anti-arbitration legislation (SB 491); and defeating a bill that would have inflated litigation and insurance costs (SB 1528).

• Blocked barriers to economic recovery, such as a proposal creating inappropriate wage liens (AB 2517); and a plan to repeal the net operating loss (NOL) carry back deduction (AB 2408).

• Halted expensive, unnecessary regulatory burdens through a vote rejecting a ban on the use of polystyrene foam food containers (SB 568); and stalling legislation increasing the cost of timber production.

• Stopped proposals leading to fuel price increases, including two that increased energy costs by allocating funds from an illegal tax to various programs that are not needed to cost-effectively implement the market-based trading mechanism under AB 32, the state’s landmark climate change law.

Shepherding Job Creator Proposals into Law
Put nine job creator bills in the pipeline to become law, thereby helping position California for economic recovery. The job creator bills signed included legislation:

• Creating a predictable and easy-to-track implementation schedule for new regulations (SB 1099).

• Helping improve alignment of the state’s workforce needs and education resources (SB 1402).

• Streamlining projects converting from solar thermal to photovoltaic technology (AB 1073).

• Requiring proposed new residential building standards to include the cost of compliance, potential benefits of the proposed standard and the underlying model used to achieve those estimates (AB 1612).

• Making a start toward California Environmental Quality Act (CEQA) reform by exempting roadway projects and bike lanes in existing roadways from the CEQA process (AB 890, AB 2245).
• Creating a level playing field for California businesses dealing with Internet-based services (SB 1161).
• Protecting jobs in the film industry by extending the film tax credit for two years (AB 2026, SB 1197).
More information on these bills is available at www.calchamber.com/jobcreators.

Helping Control Workers’ Compensation Costs
Supported workers’ compensation system reform that offsets necessary increases in permanent disability benefits and potentially lowers system costs for employers by reducing delays and litigation in the system, addressing the lien epidemic, shortening the medical-legal process, implementing an independent medical review system and streamlining the permanent disability schedule (SB 863).

Delaying Private Pension Mandate
Secured amendments to ensure that a proposal to mandate pensions for private employers in California cannot take effect until its full ramifications are studied and the resulting plan is introduced in a new bill and approved the Legislature. The original plan would have permitted an appointed board with no accountability to unilaterally implement the program (SB 923, SB 1234).

Improving Education by Helping Students Succeed
Supported bills signed into law that provide support services to students on the front end of their educational experience, as well as strengthen and focus California career technical education programs (SB 1456, SB 1070).

Preventing Frivolous Lawsuits
• Backed legislation signed into law that limits frivolous litigation connected with the Americans with Disabilities Act, including prohibiting prelitigation “demands for money” by attorneys (SB 1186).
• Secured amendments to legislation before it was signed into law to remove a provision creating a private right of action allowing citizens to sue as “trustees for fish and wildlife” for violations of the Fish and Game Code (SB 1148).

Supporting Clarification of Timekeeping Rule
Following a CalChamber request for review, the 4th District Court of Appeal agreed that California employers may round employee timecard entries to the nearest tenth of an hour (Silva v. See’s Candy).

Protecting Free Political Speech
Defeated a proposal to substantially minimize the voice of California job creators in the election process (AB 1148).

Preserving Employer Right to Conduct Workplace Investigations
Supported legislation signed into law that preserves existing employer rights to conduct workplace investigations with regard to personal social media (AB 1844).

Limiting Exposure to Litigation/Penalties for Wage Statements
Negotiated amendments to bills that would otherwise have exposed employers to new wage-and-hour litigation or greater likelihood of penalties for good faith administrative errors on wage statements (AB 1744, SB 1255).

Preventing Loss of U.S. Jobs to Foreign Competitors
Backed federal legislation signed into law to reauthorize the Export-Import Bank of the United States (Ex-Im), which helps export financing for small and large firms, with small businesses accounting for more than 87% of transactions.

Helping U.S. Companies Stay Competitive in Russia
Supported federal law extending permanent normal trade relations with Russia, thereby enabling U.S. and California companies to compete in the growing and profitable Russian marketplace by gaining the benefits of market-opening reforms that were part of Russia joining the World Trade Organization.

Stopping Onerous Wage-and-Hour Mandates
Supported veto of proposed requirement for individuals and families who hire “domestic work employees” to comply with onerous wage-and-hour mandates that even sophisticated businesses struggle to satisfy (AB 889).

Helping Consumers Fight the Common Cold
Stopped legislation to require individuals to get a prescription for pseudoephedrine (PSE) products now sold over the counter (SB 315).
U.S. companies wishing to compete in the growing and profitable Russian marketplace now have an opportunity to do so, thanks to the passage of the California Chamber of Commerce-supported legislation by Congress and its subsequent ratification by President Barack Obama on December 20, 2012.

H.R. 6156 establishes Permanent Normal Trade Relations (PNTR) with Russia and will enable U.S. companies to gain the benefits of the market-opening reforms that were part of Russia joining the World Trade Organization (WTO) in August.

Joining the WTO includes a commitment by Moscow to further open its market, safeguard intellectual property and investments, and strengthen the rule of law. The result could be more U.S. exports and more American jobs, as U.S. companies see huge potential in Russia, by far the largest economy in the world that had yet to join the WTO.

Establishing PNTR with Russia was crucial in order for U.S. manufacturers, service providers, agricultural producers and their employees to take advantage of the many market-opening and transparency commitments that form Russia’s accession package to the WTO. PNTR also gives the United States a powerful tool by enabling the United States to ensure that Russia abides by those commitments through internationally binding WTO dispute settlement.

**Trade Opportunities**

Russia is the world’s ninth largest national economy with 140 million increasingly prosperous consumers. Russia also has exhibited a growing demand for high quality goods and services. Russian WTO commitments that will greatly improve its business climate now that the legislation has been signed include Russia’s adherence to the rules of the international trading system regarding intellectual property rights, science- and risk-based regulation for animal and plant health, and liberalizations in key sectors such as services.

Of the top 15 U.S. trading partners, Russia was the market where American companies enjoyed the fastest export growth in 2011 (38%). Approval of Russia PNTR commitments that will directly into new export sales and jobs in the United States. The President’s Export Council estimates that U.S. exports to Russia—which, according to estimates, topped $11 billion in 2011—could double or triple following Russia’s membership in the WTO. Meanwhile, the United States gave up nothing—not a single tariff—in approving PNTR with Russia.

Russia is an important part of U.S. business’ global strategy to create and sustain jobs at home by enhancing long-term competitiveness abroad. Many U.S. companies have developed vibrant, profitable and rapidly growing business and trade with Russia, with clear strategic benefits to parent companies, exports from, and employment in, the United States. Without PNTR, U.S. companies and their employees would have been left behind competitors in this growing and profitable market.

**CalChamber Position**

The CalChamber, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business. New multilateral, sectoral and regional trade agreements ensure that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

For more information, see [www.calchamber.com/RussiaPNTR](http://www.calchamber.com/RussiaPNTR).

**Staff Contact:** Susanne Stirling

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**CalChamber-Sponsored Seminars/Trade Shows**


**Labor Law**

HR 101: Intro to HR Administration. CalChamber. January 23: San Jose. (800) 331-8877.


**Business Resources**


**International Trade**


2013 North America Road Show. inPeru. January 31, San Francisco. (511) 619-3333 ext. 2169.


CeBit 2013: Shareconomy. Deutsche Messe. March 5–9, Hannover, Germany.


Guidelines for New PDL and Disability Discrimination Rules

New pregnancy disability leave (PDL) and disability discrimination regulations took effect on December 30, 2012. Even if you’ve reviewed the significant changes, you probably have compliance questions.

CalChamber’s half-day seminar in Sacramento covers the amended regulations in detail, and their impact on employers and employees. How do you apply the new laws to your workplace situations? What’s now considered reasonable accommodation? How should you handle pregnancy leave requests?

Special guest presenter Jennifer Brown Shaw, founding partner of Shaw Valenza LLP and innovative trainer on employment law topics, joins CalChamber employment law experts Erika Frank and Susan Kemp for an interactive, enlightening discussion. Leave with tips and pointers you can use.

REGISTER at calchamber.com/feb15seminar or call (800) 331-8877 and mention priority code REG.