

## *Franchise Model No Silver Bullet For Ride-Hailing Giants, Law360, ft. Katherine Catlos*

*Katherine S. Catlos, partner, Chief Diversity & Inclusion Officer, CIPP/US, CIPM, was quoted in Law360's article on the potential franchise model for Lyft and Uber written by Vin Gurrieri, published August 21, 2020.*

*Although a state appeals court recently spared Uber and Lyft from having to make good on threats to freeze operations in California, the companies may end up adopting a new business model to avoid violating the Golden State's new worker classification law. But experts say that'll only tee up a different set of legal fights.*

*After an appeals court on Thursday conditionally stayed a trial court's injunction that would have forced the two companies to reclassify drivers as employees by midnight Friday, they each put on hold plans to suspend services in the state.*

*The injunction, if allowed to stand, would force Uber and Lyft to comply with Assembly Bill 5, a 2019 law aimed at extending employment benefits and legal protections to workers in the so-called gig economy. The ride-hailing giants are challenging the injunction and also supporting a ballot measure called Proposition 22 in November that would exempt them from the law while providing some benefits to their workers.*

*Another legal standard that could come into play if Uber or Lyft are hit with claims as franchisors is a 2018 ruling called Vazquez v. Jan-Pro Franchising International Inc., according to Katherine Catlos, a partner in Kaufman Dolowich & Voluck LLP's San Francisco office. In that ruling, the Ninth Circuit held that a landmark California Supreme Court decision called Dynamex applied to the franchisor-franchisee relationship.*

*Adding to the legal mix, Catlos noted that the existence of arbitration agreements could also muddy the waters even more when disputes involving drivers arise within the context of franchise relationships.*

*"The ground is shifting, but I think the question is whether or not California wants gig companies that provide digital platforms to bear the responsibility of all the labor laws that protect employees," Catlos said.*