

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Silva v. Schmidt Baking Distribution, LLC

No. 24-2103-cv (2d Cir. Dec. 22, 2025) · No. 24-2103-cv · Decided December 22, 2025

SUMMARY

The United States Court of Appeals for the Second Circuit held that distribution agreements between a bakery distributor and single-employee corporations formed by delivery drivers were "contracts of employment" under § 1 of the Federal Arbitration Act. The court concluded that requiring the drivers to adopt a corporate form did not remove them from the transportation-worker exemption, given that they personally performed the same delivery work and were required to guarantee performance. The court vacated the district court's order compelling arbitration and remanded for further proceedings.

CASE DETAILS

COURT	United States Court of Appeals for the Second Circuit
WRITING FOR THE COURT	Maria Araújo Kahn; Chin; Nardini; Kahn
JURISDICTION	United States Court of Appeals for the Second Circuit
DECIDED	December 22, 2025
DOCKET	24-2103-cv
DISPOSITION	vacated
PROCEDURAL POSTURE	Interlocutory appeal under 28 U.S.C. § 1292(b) from an order of the United States District Court for the District of Connecticut compelling arbitration and staying the action.
STANDARD OF REVIEW	The court reviews de novo a district court order granting a motion to compel arbitration. In deciding such motions, courts apply a standard similar to summary judgment, considering relevant admissible evidence and drawing reasonable inferences in favor of the nonmoving party.
PRECEDENTIAL VALUE	Published precedential opinion
PARTIES	Nathaniel Silva, Phil Rothkugel, all others similarly situated v. Schmidt Baking Distribution, LLC, Schmidt Baking Company, Inc.

TOPICS

- employment arbitration
- wage and hour
- statutory interpretation
- interlocutory appeal
- appellate procedure

PRACTICE AREAS

employment law

employment arbitration

wage and hour

contracts

appellate procedure

QUESTIONS PRESENTED

1. Whether the interlocutory appeal was properly accepted under 28 U.S.C. § 1292(b).
2. Whether distributor agreements signed by individual transportation workers on behalf of corporations they were required to form are contracts of employment within the transportation-worker exception in § 1 of the Federal Arbitration Act.
3. Whether the § 1 exception may be avoided merely because the formal contracting parties are business entities rather than the individual workers.

HOLDINGS

1. The interlocutory appeal was properly accepted because the district court's order involved a controlling question of law with substantial grounds for difference of opinion and resolution of the question could materially advance the litigation.
2. The distributor agreements are contracts of employment within the meaning of § 1 of the FAA because they are contracts under which individual transportation workers perform work in interstate commerce, notwithstanding their independent-contractor language and corporate form.
3. An agreement does not fall outside the § 1 exception merely because it is signed by business entities; courts must examine the substance of the relationship and the work performed.

KEY QUOTATIONS

“As such, we hold that the distributor agreements are “contracts of employment” within the meaning of § 1.”
(2)

“We decline to allow employers to circumvent Congress’s exception of transportation workers from the FAA’s reach by requiring those workers to take the corporate form.” (20)

FACTUAL BACKGROUND

Silva and Rothkugel worked as commercial truck drivers delivering baked goods for Schmidt through a staffing agency and were initially classified as W-2 employees of that agency. Schmidt required them to form single-employee corporations and sign distributor agreements with Schmidt as a condition of continuing the same delivery work. The agreements included mandatory individual arbitration provisions, personal guarantees for performance, and language characterizing the relationship as independent contracting. The drivers' work remained substantially unchanged after incorporation, consisting of transporting baked goods from Schmidt's warehouse to retail outlets, unloading the goods, and stocking store shelves.

PROCEDURAL HISTORY

Silva and Rothkugel filed a putative class action in Connecticut Superior Court alleging violations of Connecticut wage and overtime laws. Schmidt removed the action to the District of Connecticut and moved to

compel arbitration under distributor agreements. The district court granted the motion, rejecting the argument that the agreements were contracts of employment exempt from the Federal Arbitration Act. The district court certified an interlocutory appeal under § 1292(b), and the Second Circuit granted leave to appeal, vacated the district court's judgment, and remanded.

DISPOSITION

vacated

REMAND INSTRUCTIONS

The district court must conduct further proceedings consistent with the Second Circuit's conclusion that the distributor agreements are contracts of employment exempt from the FAA under § 1.

CASES CITED

- New Prime Inc. v. Oliveira, 586 U.S. 105 (2019)
- Silva v. Schmidt Baking Distr., LLC, 732 F. Supp. 3d 194, 201-03 (D. Conn. 2024)
- Local Union 97, Int'l Bhd. of Elec. Workers, AFL-CIO v. Niagara Mohawk Power Corp., 67 F.4th 107, 112 (2d Cir. 2023)
- Edmundson v. Klarna, Inc., 85 F.4th 695, 702 (2d Cir. 2023)
- Bensadoun v. Jobe-Riat, 316 F.3d 171, 175 (2d Cir. 2003)
- Nicosia v. Amazon.com, Inc., 834 F.3d 220, 229 (2d Cir. 2016)
- Koehler v. Bank of Bermuda Ltd., 101 F.3d 863, 866-67 (2d Cir. 1996)
- Klinghoffer v. S.N.C. Achille Lauro Ed Altri-Gestione Motonave Achille Lauro in Amministrazione Straordinaria, 921 F.2d 21, 24-25 (2d Cir. 1990)
- Allianz Ins. Co. v. Lerner, 416 F.3d 109, 114 (2d Cir. 2005)
- Moses H. Cone Memorial Hospital v. Mercury Construction Corp., 460 U.S. 1, 24 (1983)
- Circuit City Stores, Inc. v. Adams, 532 U.S. 105, 110, 114-15, 118, 121 (2001)
- United States v. Sisson, 399 U.S. 267, 298 (1970)
- Oliveira v. New Prime, Inc., 857 F.3d 7, 22-23 (1st Cir. 2017)
- Oliveira v. New Prime, Inc., 141 F. Supp. 3d 125, 128 (D. Mass. 2015)
- Adler v. Gruma Corp., 135 F.4th 55, 69 (3d Cir. 2025)
- Fli-Lo Falcon, LLC v. Amazon.com, Inc., 97 F.4th 1190, 1196-97, 1202 (9th Cir. 2024)
- Amos v. Amazon Logistics, Inc., 74 F.4th 591, 593, 596-97 (4th Cir. 2023)
- Tillman Transportation, LLC v. MI Business Inc., 95 F.4th 1057 (6th Cir. 2024)