

CALIFORNIA COURT OF APPEAL, FIRST APPELLATE DISTRICT, DIVISION
THREE

Doss v. Tesla, Inc.

Doss v. Tesla, Inc. · No. A173210 · Decided June 11, 2026

SUMMARY

The California Court of Appeal considered whether Tesla yard hostlers who moved trailers containing out-of-state auto parts within a factory were transportation workers exempt from the Federal Arbitration Act under 9 U.S.C. § 1. The court concluded that the yard hostlers were engaged in interstate commerce because their work was a necessary step in unloading and receiving goods transported interstate. It also held that California Labor Code section 229 did not invalidate arbitration of certain overtime, meal and rest break, and wage statement claims, and remanded for consideration of unconscionability issues.

CASE DETAILS

COURT	California Court of Appeal, First Appellate District, Division Three
WRITING FOR THE COURT	Fujisaki, Acting Presiding Justice; Rodríguez, Justice; Stewart, Justice
JURISDICTION	California Court of Appeal, First Appellate District, Division Three
DECIDED	June 11, 2026
DOCKET	A173210
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Tesla appealed the denial of its motion to compel arbitration in a putative wage-and-hour class action.
STANDARD OF REVIEW	Questions concerning applicability of the FAA exemption are reviewed de novo. The trial court's ruling on the validity of a class waiver under Gentry and its decision whether to sever unconscionable provisions are reviewed for abuse of discretion, subject to review for legal error.
PRECEDENTIAL VALUE	Published in part; parts C and D of the Discussion are unpublished and not certified for publication.
PARTIES	Tesla, Inc. v. Kenneth Doss

TOPICS

employment arbitration

wage and hour

unconscionability

statutory interpretation

appellate procedure

PRACTICE AREAS

employment law

arbitration

wage and hour

contract law

QUESTIONS PRESENTED

1. Whether Tesla's yard hostlers are a class of transportation workers engaged in interstate commerce and therefore exempt from the FAA under 9 U.S.C. section 1.
2. Whether California Labor Code section 229 makes the arbitration agreement ineffective for Doss's wage-related causes of action.
3. Whether the class waiver was invalid under the Gentry factors.
4. Whether the trial court properly refused to sever the class waiver and related restriction on class arbitration.
5. Whether the arbitration agreement required further consideration of Doss's unconscionability challenges before deciding whether to enforce it.

HOLDINGS

1. Tesla's yard hostlers are transportation workers engaged in interstate commerce within the meaning of 9 U.S.C. section 1, even though they work entirely within Tesla's factory grounds and do not themselves cross state lines.
2. Section 229 applies to Doss's claims for failure to pay minimum or regular wages, failure to pay wages upon termination, and the derivative UCL claim, but does not apply to the overtime, meal-period, rest-period, wage-statement, or business-expense claims identified by the court.
3. The trial court did not abuse its discretion in finding the class waiver invalid under Gentry because Doss made a sufficient factual showing concerning the modest potential individual recovery, absent class members' lack of information, and real-world obstacles to individual enforcement.
4. The trial court erred as a matter of law in refusing to sever the class waiver merely because the arbitration agreement contained that waiver and related class-arbitration restrictions, but the appellate court remanded for the trial court to determine whether other challenged provisions render the agreement permeated by unconscionability.

KEY QUOTATIONS

“If, as the United States Supreme Court has held, the unloading of a vehicle carrying goods in interstate transit constitutes activity within the flow of interstate commerce for purposes of section 1 (Saxon, at pp. 458–459), the necessary preparatory work of Tesla’s yard hostlers to facilitate that unloading likewise fits the bill.”
(at 11)

“That the still-loaded trailers came to a temporary stop on one part of the factory grounds did not cause such a break in the interstate movement as to separate the work of Tesla’s yard hostlers from the interstate transaction as a whole.” (at 15)

“Gentry further noted that “severance is particularly appropriate in the case of class arbitration waivers” as distinguished from “limitations on remedies or other limitations that are invalid on their face.”” (at 27)

FACTUAL BACKGROUND

Doss worked for Tesla from 2017 to 2021, first as a materials handler and later as a yard hostler at Tesla's Fremont manufacturing facility. Yard hostlers drove tractor trucks within the factory grounds to move and position 53-foot trailers containing auto parts shipped from outside California, facilitating unloading and receipt of those parts for vehicle production. Doss alleged unpaid wages, overtime, meal and rest-period violations, wage-statement violations, waiting-time violations, unreimbursed business expenses, and related UCL violations.

PROCEDURAL HISTORY

Kenneth Doss filed a putative class action in Alameda County Superior Court alleging Labor Code and Unfair Competition Law wage-and-hour violations. Tesla moved to compel individual arbitration under an employment arbitration agreement. The trial court denied the motion, finding that Tesla's yard hostlers were exempt transportation workers under section 1 of the Federal Arbitration Act, that Labor Code section 229 applied to most claims, that the class waiver was invalid under Gentry, and that severance was inappropriate. The Court of Appeal affirmed the FAA-exemption determination, reversed the section 229 ruling in part and the severance analysis, and remanded for further unconscionability determinations.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand to the Alameda County Superior Court to determine in the first instance whether the arbitration agreement is subject to an unconscionability defense based on Doss's remaining challenges, and to conduct further proceedings consistent with the opinion. The court should reconsider severance in light of those determinations.

CASES CITED

- Pinnacle Museum Tower Assn. v. Pinnacle Market Development (US), LLC, 55 Cal.4th 223 (2012)
- Betancourt v. Transportation Brokerage Specialists, Inc., 62 Cal.App.5th 552 (2021)
- Circuit City Stores v. Adams, 532 U.S. 105 (2001)
- Southwest Airlines Co. v. Saxon, 596 U.S. 450 (2022)
- Bissonnette v. LePage Bakeries Park S., LLC, 601 U.S. 246 (2024)
- Ortiz v. Randstad Inhouse Services, LLC, 95 F.4th 1152 (9th Cir. 2024)
- Garrido v. Air Liquide Industrial U.S. LP, 241 Cal.App.4th 833 (2015)
- Lopez v. Cintas Corp., 47 F.4th 428 (5th Cir. 2022)
- Wallace v. Grubhub Holdings, Inc., 970 F.3d 798 (7th Cir. 2020)

- Rittmann v. Amazon.com, Inc., 971 F.3d 904 (9th Cir. 2020)
- Waithaka v. Amazon.com, Inc., 966 F.3d 10 (1st Cir. 2020)
- Nieto v. Fresno Beverage Co., Inc., 33 Cal.App.5th 274 (2019)
- Flowers Foods, Inc. v. Brock, 608 U.S. ___, 146 S.Ct. 1358 (2026)
- Immediato v. Postmates, Inc., 54 F.4th 67 (1st Cir. 2022)
- A.L.A. Schechter Poultry Corp. v. United States, 295 U.S. 495 (1935)
- United States v. Lopez, 514 U.S. 549 (1995)
- Sea-Land Service, Inc. v. County of Alameda, 12 Cal.3d 772 (1974)
- Perry v. Thomas, 482 U.S. 483 (1987)
- Iskanian v. CLS Transportation Los Angeles, LLC, 59 Cal.4th 348 (2014)
- Naranjo v. Spectrum Security Services, Inc., 13 Cal.5th 93 (2022)
- Kirby v. Immoos Fire Protection, Inc., 53 Cal.4th 1244 (2012)
- Villalobos v. Maersk, Inc., 114 Cal.App.5th 1170 (2025)
- Vasquez v. State of California, 45 Cal.4th 243 (2008)
- Ramirez v. Charter Communications, Inc., 16 Cal.5th 478 (2024)
- Muro v. Cornerstone Staffing Solutions, Inc., 20 Cal.App.5th 784 (2018)
- Truly Nolen of America v. Superior Court, 208 Cal.App.4th 487 (2012)
- Broad Beach Geologic Hazard Abatement Dist. v. 31506 Victoria Point LLC, 81 Cal.App.5th 1068 (2022)