

CALIFORNIA COURT OF APPEAL, SECOND APPELLATE DISTRICT,
DIVISION EIGHT

Villalobos v. Maersk, Inc.

Villalobos · No. B333556 · Decided October 6, 2025

SUMMARY

The California Court of Appeal affirmed an order partially granting and partially denying defendants’ motion to compel arbitration in a wage-and-hour and PAGA action brought by a temporary staffing employee. The court held that incorporating AAA arbitration rules, without expressly stating that the arbitrator would decide arbitrability, did not provide clear and unmistakable evidence of delegation in the employment context. It also upheld rulings that certain minimum-wage-related waiting-time penalties and the PAGA claim were not arbitrable under California law.

CASE DETAILS

COURT	California Court of Appeal, Second Appellate District, Division Eight
WRITING FOR THE COURT	Rubin, J.; Stratton, P. J.; Viramontes, J.
JURISDICTION	California Court of Appeal, Second Appellate District, Division Eight
DECIDED	October 6, 2025
DOCKET	B333556
DISPOSITION	affirmed
PROCEDURAL POSTURE	Defendants appealed from an order of the Los Angeles County Superior Court that granted in part and denied in part their motion to compel arbitration, dismissed or struck putative class claims, denied dismissal of nonindividual PAGA claims, and stayed further proceedings.
STANDARD OF REVIEW	The opinion does not state a single express standard-of-review formula. The court reviewed the trial court’s arbitration ruling and delegation determination for legal error while applying the governing statutory and contractual principles.
PRECEDENTIAL VALUE	Published and certified for publication; precedential California Court of Appeal opinion.
PARTIES	Maersk, Inc., Maersk Warehousing & Distribution Services USA LLC, Simplified Labor Staffing Solutions Inc. v. Carlos Villalobos

TOPICS

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wage and hour

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether incorporation of the AAA arbitration rules, without an express delegation provision in the arbitration agreement or arbitration policy, clearly and unmistakably delegated arbitrability questions to the arbitrator.
2. Whether Villalobos's waiting-time-penalties claim under Labor Code section 203 was nonarbitrable under Labor Code section 229 to the extent it was based on allegedly unpaid minimum wages.
3. Whether any portion of Villalobos's PAGA claim was arbitrable when the Federal Arbitration Act did not apply.

HOLDINGS

1. In the context of a mandatory employment arbitration agreement between an employer and an hourly worker, incorporation of an arbitration provider's rules, without expressly specifying in the parties' agreement that those rules authorize the arbitrator to decide the existence, scope, or validity of the arbitration agreement, is not clear and unmistakable evidence that the parties delegated arbitrability to the arbitrator.
2. Labor Code section 229 shields a section 203 waiting-time-penalties claim from arbitration to the extent the claim is based on the employer's failure to pay minimum wages.
3. When the Federal Arbitration Act does not apply and California law governs, no part of a PAGA claim is arbitrable under a predispute arbitration agreement absent the state's consent; a representative PAGA claim cannot be split into an arbitrable individual claim and a nonarbitrable representative claim.

KEY QUOTATIONS

“Absent unusual circumstances, an employer who intends to delegate issues of arbitrability to the arbitrator must express that intent in the arbitration agreement itself.” (2)

“We hold as a matter of law that, in the circumstances of this case, the three-step process necessary for one of the contract parties to discover that he or she has delegated the power to decide arbitrability issues to the arbitrator, contrary to the usual rule that a court is to decide those issues, does not constitute a clear and unmistakable delegation of that power to the arbitrator.” (24)

“In sum, we find no error in the trial court’s conclusion that no part of plaintiff’s PAGA claim is arbitrable.” (37)

FACTUAL BACKGROUND

Carlos Villalobos worked for temporary staffing company Simplified Labor Staffing Solutions and was placed at a Maersk warehouse, first as a materials handler and later as a forklift operator. He alleged wage-and-hour violations, unfair competition, and PAGA violations. In 2020, he signed an employee arbitration agreement incorporating the AAA's applicable procedural rules and a separate mutual arbitration policy stating that the AAA Employment Arbitration Rules would govern, but neither document expressly stated that the arbitrator would decide the existence, scope, or validity of the arbitration agreement.

PROCEDURAL HISTORY

Villalobos filed a class action asserting wage-and-hour and unfair-competition claims against Maersk and later filed a representative PAGA action. The actions were consolidated. The trial court concluded that the Federal Arbitration Act did not apply because Villalobos was a worker engaged in interstate commerce, found no clear and unmistakable delegation of arbitrability to the arbitrator, compelled arbitration of some claims, denied arbitration of the minimum-wage claim, the related waiting-time-penalties claim, and the PAGA action, and otherwise granted related procedural relief. Defendants timely appealed, and the Court of Appeal affirmed the order in its entirety.

DISPOSITION

affirmed

CASES CITED

- *Dennison v. Rosland Capital LLC*, 47 Cal.App.5th 204, 209 (2020)
- *First Options of Chicago, Inc. v. Kaplan*, 514 U.S. 938, 943-945 (1995)
- *New Prime Inc. v. Oliveira*, 586 U.S. 105, 111 (2019)
- *Sandquist v. Lebo Automotive, Inc.*, 1 Cal.5th 233, 243-244, 251-253 (2016)
- *McCarroll v. Los Angeles County Dist. Council of Carpenters*, 49 Cal.2d 45, 65-66 (1957)
- *AT&T Technologies, Inc. v. Communications Workers of America*, 475 U.S. 643, 648-649 (1986)
- *United Steelworkers of America v. Warrior & Gulf Navigation Co.*, 363 U.S. 574, 583 n.7 (1960)
- *Gilbert Street Developers, LLC v. La Quinta Homes, LLC*, 174 Cal.App.4th 1185, 1190-1192 (2009)
- *Aanderud v. Superior Court*, 13 Cal.App.5th 880, 891-892 (2017)
- *Dream Theater, Inc. v. Dream Theater*, 124 Cal.App.4th 547, 549-550, 553, 557 (2004)
- *Rodriguez v. American Technologies, Inc.*, 136 Cal.App.4th 1110, 1116, 1123 (2006)
- *Greenspan v. LADT, LLC*, 185 Cal.App.4th 1413, 1441-1443 (2010)
- *Brinkley v. Monterey Financial Services, Inc.*, 242 Cal.App.4th 314, 353-354 (2015)
- *Ajamian v. CantorCO2e, L.P.*, 203 Cal.App.4th 771, 775, 790-791 (2012)
- *Beco v. Fast Auto Loans, Inc.*, 86 Cal.App.5th 292, 305-306 (2022)
- *Gostev v. Skillz Platform, Inc.*, 88 Cal.App.5th 1035, 1052 (2023)
- *Mondragon v. Sunrun Inc.*, 101 Cal.App.5th 592, 599, 605-610 (2024)
- *Lane v. Francis Capital Management LLC*, 224 Cal.App.4th 676, 684, 687-688 (2014)

- Kirby v. Immoos Fire Protection, Inc., 53 Cal.4th 1244, 1256-1257 (2012)
- Naranjo v. Spectrum Security Services, Inc., 13 Cal.5th 93, 107, 117 (2022)
- Iskanian v. CLS Transportation Los Angeles, LLC, 59 Cal.4th 348, 360, 383-384, 387, 391 (2014)
- Viking River Cruises, Inc. v. Moriana, 596 U.S. 639, 642, 662 (2022)
- Adolph v. Uber Technologies, Inc., 14 Cal.5th 1104, 1114, 1117-1119, 1124-1125 (2023)
- Correia v. NB Baker Electric, Inc., 32 Cal.App.5th 602, 621-625 (2019)
- Perry v. Thomas, 482 U.S. 483, 492 (1987)
- Valdez v. Terminix International Co. Limited Partnership, 681 Fed.Appx. 592, 594 (9th Cir. 2017)
- Sakkab v. Luxottica Retail North America, Inc., 803 F.3d 425, 438 (9th Cir. 2015)
- Leeper v. Shipt, Inc., 107 Cal.App.5th 1001, 1005, 1010 (2024), review granted Apr. 16, 2025, S289305
- Rodriguez v. Lawrence Equipment, Inc., 106 Cal.App.5th 645, 656, 658 (2024)
- Rocha v. U-Haul Co. of California, 88 Cal.App.5th 65, 76 (2023)
- Santa Clara County Local Transportation Authority v. Guardino, 11 Cal.4th 220, 243 (1995)
- Maxwell v. Atria Management Co., LLC, 105 Cal.App.5th 230, 247 (2024)
- Garrido v. Air Liquide Industrial U.S. LP, 241 Cal.App.4th 833, 837-838, 841, 845 (2015)
- Gentry v. Superior Court, 42 Cal.4th 443 (2007)

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