

CALIFORNIA COURT OF APPEAL, FIRST APPELLATE DISTRICT, DIVISION
THREE

Gurganus v. IGS Solutions LLC

Gurganus · No. A170738 · Decided October 17, 2025

SUMMARY

The California Court of Appeal affirmed the denial of IGS Solutions LLC’s motion to compel arbitration of Sarah Gurganus’s employment claims. The court held that the arbitration agreement, read together with a contemporaneously executed confidentiality agreement, was procedurally and substantively unconscionable because it lacked mutuality, contained overly broad carve-outs favoring the employer, and imposed an objectionable confidentiality restriction. The court also upheld the refusal to sever the offending provisions and concluded that any error in denying a statement of decision was harmless.

CASE DETAILS

COURT	California Court of Appeal, First Appellate District, Division Three
WRITING FOR THE COURT	Presiding Justice Tucher; Justice Petrou; Justice Fujisaki
JURISDICTION	California Court of Appeal, First Appellate District, Division Three
DECIDED	October 17, 2025
DOCKET	A170738
DISPOSITION	affirmed
PROCEDURAL POSTURE	IGS Solutions LLC appealed the denial of its motion to compel arbitration and to dismiss or stay Gurganus's employment lawsuit.
STANDARD OF REVIEW	The court reviewed disputed factual findings for substantial evidence, the determination of unconscionability de novo, and the refusal to sever unconscionable provisions for abuse of discretion. Any error concerning the statement of decision was reviewed for harmlessness.
PRECEDENTIAL VALUE	Published California Court of Appeal opinion; certified for publication.
PARTIES	IGS Solutions LLC v. Sarah Gurganus

TOPICS

- employment arbitration
- unconscionability
- injunctions
- appellate procedure
- harmless error

PRACTICE AREAS

employment law

employment contracts

civil procedure

appellate procedure

remedies

QUESTIONS PRESENTED

1. Whether the arbitration agreement, considered together with the confidentiality and nondisclosure agreement, was procedurally and substantively unconscionable.
2. Whether the trial court abused its discretion by refusing to sever the unconscionable provisions and enforce the remainder of the arbitration agreement.
3. Whether the trial court erred in denying IGS's request for a statement of decision.
4. Whether the arbitration agreement and confidentiality agreement should be read together when evaluating unconscionability.

HOLDINGS

1. Agreements executed on the same day as part of the same transaction and governing the same employment-related dispute-resolution relationship must be read together when assessing unconscionability.
2. The arbitration agreement was procedurally and substantively unconscionable and therefore unenforceable.
3. The trial court did not abuse its discretion by refusing to sever the unconscionable provisions and enforce the remainder of the arbitration agreement.
4. Any error in denying IGS's request for a statement of decision was harmless because the trial court's tentative and oral rulings adequately permitted appellate review.

KEY QUOTATIONS

“Lack of mutuality exists when an arbitration agreement directs a wide range of claims that would typically be brought by an employee into arbitration, but specifically excludes from arbitration claims that would typically be brought by an employer, including claims related to intellectual property rights and those for equitable relief related to unfair competition or the disclosure of trade secrets or confidential information.” (10)

“In the absence of a cognizable justification, . . . we ‘must assume’ the Agreement’s lack of mutuality is unconscionable.” (12)

“Even assuming, arguendo, IGS made a proper request for a statement of decision and that the trial court erred by denying that request, we would find any error harmless as the trial court’s tentative and oral rulings were sufficient to permit adequate appellate review.” (16)

FACTUAL BACKGROUND

IGS employed Sarah Gurganus from September 2021 through April 2023. Approximately five months after she began working, Gurganus electronically signed an arbitration agreement, a voluntary dispute resolution policy,

and a confidentiality and nondisclosure agreement. The arbitration agreement required employment-related claims to be arbitrated but excluded certain claims involving confidential information, while the confidentiality agreement allowed IGS to bring disputes in court and seek injunctive relief without posting a bond or proving actual damages. After Gurganus filed employment-related claims, IGS sought to compel arbitration.

PROCEDURAL HISTORY

Gurganus sued IGS alleging disability discrimination, retaliation, failure to engage in the interactive process, failure to accommodate, California Family Rights Act violations, wrongful termination, and unlawful business practices. IGS moved to compel arbitration based on an arbitration agreement signed during Gurganus's employment. The Solano County Superior Court found the arbitration agreement procedurally and substantively unconscionable, declined to sever the offending provisions, denied the motion to compel arbitration and IGS's request for a statement of decision, and IGS appealed.

DISPOSITION

affirmed

CASES CITED

- Haydon v. Elegance at Dublin (2023) 97 Cal.App.5th 1280, 1287-1292
- Alberto v. Cambrian Homecare (2023) 91 Cal.App.5th 482, 490-492
- Ramirez v. Charter Communications, Inc. (2024) 16 Cal.5th 478, 492-500, 505-506
- OTO, L.L.C. v. Kho (2019) 8 Cal.5th 111, 126-127
- Allen v. City of Sacramento (2015) 234 Cal.App.4th 41, 52
- People v. Carrasco (2014) 59 Cal.4th 924, 990
- Armendariz v. Foundation Health Psychcare Services, Inc. (2000) 24 Cal.4th 83, 117, 121-124
- Baltazar v. Forever 21, Inc. (2016) 62 Cal.4th 1237, 1241, 1247
- Carbajal v. CWPSC, Inc. (2016) 245 Cal.App.4th 227, 250
- Lange v. Monster Energy Co. (2020) 46 Cal.App.5th 436, 451
- Ramos v. Superior Court (2018) 28 Cal.App.5th 1042, 1066
- Woodside Homes of Cal., Inc. v. Superior Court (2003) 107 Cal.App.4th 723
- Sanchez v. Carmax Auto Superstores California, LLC (2014) 224 Cal.App.4th 398
- Poublon v. C.H. Robinson Co. (9th Cir. 2017) 846 F.3d 1251
- Carlson v. Home Team Pest Defense, Inc. (2015) 239 Cal.App.4th 619, 639
- Metis Development LLC v. Bohacek (2011) 200 Cal.App.4th 679, 688-689
- F.P. v. Monier (2017) 3 Cal.5th 1099, 1116
- Sandquist v. Lebo Automotive, Inc. (2016) 1 Cal.5th 233, 248