CALIFORNIA COURT OF APPEAL, SECOND APPELLATE DISTRICT, DIVISION FOUR

Ramirez v. Charter Communications, Inc.

B309408 · No. B309408 · Decided February 24, 2025

SUMMARY

On remand from the California Supreme Court, the California Court of Appeal reconsidered whether unconscionable provisions in an employment arbitration agreement should be severed. The court held that severance was not warranted because the agreement's lack of mutuality, shortened filing periods, and potentially unlawful attorney-fee provision reflected a systematic effort to secure an employer-favorable forum, and deleting the provisions would effectively rewrite the agreement. The court affirmed the trial court's denial of Charter's motion to compel arbitration and awarded Ramirez her costs on appeal.

CASE DETAILS

COURT	California Court of Appeal, Second Appellate District, Division Four
WRITING FOR THE COURT	Currey, P. J.; Collins, J.; Mori, J.
JURISDICTION	California Court of Appeal, Second Appellate District, Division Four
DECIDED	February 24, 2025
DOCKET	B309408
DISPOSITION	affirmed
PROCEDURAL POSTURE	On remand from the California Supreme Court to reconsider whether unconscionable provisions in an employment arbitration agreement should be severed and the remainder enforced.
STANDARD OF REVIEW	The severance and enforceability issues under Civil Code section 1670.5 are legal questions governed by the court's statutory discretion; the opinion also treats the agreement's unconscionability determinations under the framework established by the California Supreme Court.
PRECEDENTIAL VALUE	Published and certified for publication
PARTIES	Charter Communications, Inc. v. Angelica Ramirez

TOPICS

employment arbitration · unconscionability · arbitration · appellate procedure · employment law

PRACTICE AREAS

employment law · arbitration · contracts · civil procedure · civil rights

QUESTIONS PRESENTED

1. Whether the unconscionable provisions in Charter's employment arbitration agreement should be severed and the remainder of the agreement enforced.
2. Whether severance would further the interests of justice when the agreement contains multiple unconscionable provisions and reflects a systematic effort to impose arbitration on an employee on terms favoring the employer.
3. Whether deleting the agreement's excluded-claims provision would improperly rewrite the agreement by requiring arbitration of claims Ramirez did not agree to arbitrate.

HOLDINGS

1. Severance is not warranted where the agreement's multiple defects indicate a systematic effort by the stronger party to impose arbitration as a forum advantageous to it, and enforcing the remainder would not further the interests of justice.
2. Deleting the excluded-claims provision would effectively require arbitration of claims Ramirez did not agree to arbitrate and would therefore rewrite the agreement; severance cannot be used to impose unagreed terms.
3. The arbitration agreement is permeated by unconscionability and cannot be enforced; the trial court properly denied Charter's motion to compel arbitration.

KEY QUOTATIONS

> *"Accordingly, courts may liberally sever any unconscionable portion of a contract and enforce the rest when: the illegality is collateral to the contract's main purpose; it is possible to cure the illegality by means of severance; and enforcing the balance of the contract would be in the interests of justice."* (6-7)

> *"Accordingly, based on the totality of the circumstances, we conclude the Agreement is permeated by unconscionability and cannot be enforced."* (13)

FACTUAL BACKGROUND

Charter required job applicants and prospective employees to accept a Mutual Arbitration Agreement and Solution Channel Guidelines through an electronic onboarding process. Ramirez accepted the agreement when Charter hired her in July 2019 and was fired in May 2020. She sued alleging FEHA discrimination, harassment, and retaliation and wrongful discharge in violation of public policy. The agreement required arbitration of many employee-initiated claims, shortened applicable filing periods, and potentially required an employee resisting arbitration to pay Charter's attorney fees, while excluding claims more likely to be brought by Charter.

PROCEDURAL HISTORY

Ramirez sued Charter for FEHA discrimination, harassment, and retaliation, wrongful discharge in violation of public policy, and related claims. The Los Angeles County Superior Court found the arbitration agreement procedurally and substantively unconscionable, denied Charter's motion to compel arbitration, and refused to enforce the agreement. The Court of Appeal affirmed in Ramirez I. The California Supreme Court affirmed that three provisions were substantively unconscionable and remanded for reconsideration of severance. On remand, the Court of Appeal again affirmed the denial of the motion to compel arbitration.

DISPOSITION

affirmed

CASES CITED

- Ramirez v. Charter Communications, Inc., 75 Cal. App. 5th 365 (2022)
- Ramirez v. Charter Communications, Inc., 16 Cal. 5th 478 (2024)
- Patterson v. Superior Court, 70 Cal. App. 5th 473 (2021)
- Truck Insurance Exchange v. Kaiser Cement & Gypsum Corp., 16 Cal. 5th 67, 101 (2024)
- Mills v. Facility Solutions Group, Inc., 84 Cal. App. 5th 1035 (2022)
- Armendariz v. Foundation Health Psychcare Services, Inc., 24 Cal. 4th 83, 115 (2000)