

Uber and Lyft argue in California court over status of drivers

14 October 2020



Uber and Lyft have defended their ride-hailing business model against a California law seeking to make their drivers employees rather than independent contractors

Ride share services Uber and Lyft on Tuesday defended their business model before a California appeals court, fighting a law requiring them to reclassify their drivers as employees.

The hearing was part of a legal battle the two ride share platforms have with California authorities, who are seeking to enforce the law known as AB5, which regulates the status of independent workers.

The law, which entered into force in January, requires businesses in the "gig economy" to reclassify independent contractors as employees eligible for unemployment coverage, medical and other benefits—something Lyft and Uber have categorically refused to do.

The court, which ordered the two ride-hailing rivals back in May to obey the law, granted them a temporary reprieve in late August.

Uber and Lyft had threatened to pull out of California, which would have left tens of thousands

of [drivers](#) without work.

On Tuesday, Uber's attorney Theodore Boutros faced the court's three judges to argue that law AB5 would force the company "to completely change its business model."

He said the company "is not a hiring entity, it is not a transportation company (...) It's a multisided platform that allows riders and drivers to connect."

During his argument delivered via video-conference, Boutros also tried to establish a distinction between Uber and Lyft, saying the company he represents guaranteed more independence and freedom to its drivers and that its case should be therefore heard separately.

For his part, Lyft's lawyer Rohit Singla questioned the merits of the formal notice issued in May by the court of appeal.

"The entire purpose of a preliminary injunction is to take care of some emergency harm until the trial court resolves the disputed issue," Singla said, arguing that the harm in question had not been demonstrated.

Matthew Goldberg, attorney for the state of California and for the cities of San Francisco, Los Angeles and San Diego, countered that the drivers were indeed wronged because they could not claim to any social protections such as a minimum wage, reimbursement of professional expenses or family leave.

In parallel with their legal battle, Uber and Lyft are counting on a ballot measure to be held on November 3 at the same time as the general election to salvage their business model.

They have spent tens of millions of dollars organizing a campaign to support their "Proposition 22," a compromise that would guarantee flexibility

and certain advantages to their independent drivers.

The outcome of the ballot initiative could force the hand of the appeals court, whose decision is due in the coming months.

© 2020 AFP

APA citation: Uber and Lyft argue in California court over status of drivers (2020, October 14) retrieved 25 October 2021 from <https://techxplore.com/news/2020-10-uber-lyft-california-court-status.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.