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## **OVERTIME LAW APPLIES TO OUT OF STATE WORKERS**

by  
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On Thursday June 30, 2011, the California Supreme Court issued its ruling at the request of the United States Court of Appeals for the 9<sup>th</sup> Circuit about the applicability of California labor law to nonresident employees who work both here and in other states for a California based employer. The Supreme Court unanimously ruled that out-of-state workers employed in California are entitled to receive overtime wages regardless of their residence.

The ruling responded to litigation against Oracle Corp. over failure to pay overtime to trainers from nearby states. Justice Werdegar noted that failure to apply California law to these workers would threaten the states job market by encouraging employers to hire temporary workers from other states for lower wages. In making its decision, the Court rejected the argument made by defense counsel that overtime laws of the state in which the employee resides should apply.

Oracle is a California based company and the ruling did not indicate if companies based in other states would have to comply with California's overtime law when their employees come to California to work. However, the decision opens the door to questions about the extent of coverage of other California wage and hour laws.

The defense team for Oracle argued that an adverse ruling would thwart companies from coming to California to conduct business and place a burden on interstate commerce. Lawyers for the plaintiffs in the case maintained that the labor laws of California should apply to all businesses who conduct business activity in this state. The Supreme Court agreed with the Plaintiff. If you come to California to do business, you should expect that the labor laws of California will apply. It makes basic common sense.

The case is *Sullivan v. Oracle Corp.*, 9<sup>th</sup> Cir. No. 06-56649. A Link to the Court's June 30, 2011, Opinion can be found at: <http://www.courtinfo.ca.gov/opinions/documents/S170577.PDF>