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Employment Agreement Shortening Statute of Limitation Is Invalid

In *Maria Pellegrino, et al. v. Robert Half International, Inc.*, the plaintiffs were former employees who sued for unpaid overtime, violation of meal and rest period rules, failure to pay commissions, and failure to provide accurate pay stubs. Each of the employees had signed an employment agreement providing that no claims against the company shall be valid if asserted more than six months after the employee's termination. The employment agreement also provided that each employee expressly waived any statute of limitation to the contrary. The company asserted that the employees' claims were time barred because they filed their lawsuit more than six months after termination. The employees argued that the contractual provision truncating the time frame in which to sue was invalid.

In certain situations, California law allows parties to agree to shorten the time period in which to sue. Whether a shortened time period is permitted depends upon the types of claims and rights involved as well as the reasonableness of the time period. The rights at issue in this lawsuit were all supported by strong public policy. The statutes regarding overtime, meal and rest periods, timely payment of commissions and pay stubs were designed to protect employees and the general public. Laws that are designed to benefit the public, as opposed to laws that merely benefit an individual, cannot be set aside in a private agreement between employer and employee. In addition, the six month time period in the employment agreement was substantially shorter than the time frame in which the employees would ordinarily be able to sue under the applicable statutes of limitation.

Enforcing the shortened limitation period provision would result in barring legitimate, unwaivable statutory claims by employees who failed to discover the employer's error within six months of termination. The court, therefore, concluded that the contractual provision shortening the time to sue unlawfully restricted the employees' ability to vindicate their statutory rights. The court refused to enforce the contractual provision shortening the limitations period to six months after termination because it was contrary to public policy.