“Don’t Mess with Texas” (Choice of Law Provisions)

Seyfarth Shaw reports on a contract case in which a California court found that an arbitration agreement between Texas-based Neiman Marcus and a California-based employee was unconscionable because the agreement designated Texas law as the law to apply.

“Many companies doing business in California have implemented arbitration agreements for resolving disputes with their employees,” the article says. “Companies headquartered in states other than California often prefer to use the law of their own state as the law to govern their contracts. In the context of arbitration, a valid choice of law can tell the arbitrator what law to apply.”

The case is *Pinela v. Neiman Marcus Group, Inc.*

“This holding should cause non-California employers pause prior to implementing an arbitration agreement that chooses a law other than California’s for disputes involving California employees,” the article says.

Read the article.