Handbook Contract Disclaimers & Mandatory Arbitration Policies

A New Jersey court recently used the so-called contract "disclaimer" language in an employer's handbook to preclude the employer from enforcing a mandatory arbitration program contained in that same handbook, reports **Kevin C. Donovan** in a **Wilson Elser client alert**.

He writes that employers who wish to enforce alternate dispute resolution procedures without falling into the same trap should consider the ruling. But, he wrote, the decision appears contrary to federal policy, enforced by a series of U.S. Supreme Court decisions that strongly favor enforcement of arbitration agreements.

In New Jersey, as in most states, employment is presumed to be "at will," meaning that either the employer or the employee can freely terminate the employment relationship without a reason (cause) to do so. Under certain circumstances, however, express promises contained in an employer handbook can result in contractually binding terms and conditions of employment.

"While [the ruling] is a New Jersey decision, rulings in other states have also limited an employer's ability to enforce an arbitration agreement in employee handbooks under some circumstances," Donovan wrote.

Read the article.