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GRUBHUB

## Labor Lawsuit Against GrubHub May Be A Stumbling Block for the Gig Economy

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A trial starting on Sept. 5 in San Francisco could have major implications for how "gig economy" companies like Uber and delivery service Postmates classify and pay their workers.

Raef Lawson filed suit in federal district court against restaurant delivery service GrubHub [in 2015](#), partly claiming that it didn't adequately reimburse him for expenses. But the case fundamentally hinges on a much bigger question: Whether Lawson was improperly classified as a contractor rather than an employee.

GrubHub's lawyers have argued that he was clearly a contractor because he was also logged into competing delivery services Postmates and Caviar while driving for GrubHub, according to tech news site [Ars Technica](#). But Lawson's lawyer, Shannon Liss-Riordan, who has brought similar suits on behalf of workers for Instacart, Uber, Lyft, and other gig companies, disagrees, saying that drivers have scheduling and other obligations that mean they should be treated [as employees](#).

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Labor law professor [Michael LeRoy](#) told Ars that *Lawson v. Grubhub* is "a milestone" that could provide clarity on the broad issue of contract labor on digital platforms. If the court finds that Lawson should have been classified as an employee, it could lead to more Uber drivers or TaskRabbit contractors getting the same treatment. That would increase costs by [as much as 30%](#) to cover overtime, unemployment insurance, and other outlays required for employees.

Decisions pressuring gig companies to classify workers as employees have begun to pile up. In June, a New York state labor court concluded that three Uber drivers should be [considered employees](#) for the purposes of unemployment benefits. A judge in Brazil, one of Uber's biggest markets, made a [similar decision](#) in April, as did a [Swiss agency](#), though that ruling only concerned a single driver.

But barring a last-minute settlement, *Lawson v. Grubhub* could become the first such case to lead to a federal court decision in California, a huge market where many gig economy companies are based. Previous decisions on the question in the state, whose regulations are often influential nationwide, have been limited or [non-binding](#).