

New Ruling May Have 'Huge Impact' On Calif. Bias Litigation

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Walter Stella was quoted in *Law360* discussing a recent California Supreme Court decision in which third-party service providers hired by employers may be liable for discrimination law violations. This unanimous decision states that the definition of an "employer" in California's Fair Employment and Housing Act covers business-entity agents with at least five employees who help employers make employment decisions. As a result of the decision, any business entity that provides employment-related services to a company, such as job candidate screening, human resources tools, or background checks, is "potentially on the hook," said Walter. "And that's just not the way we've been accustomed to looking at this from a legal perspective. So this could have a huge consequence, a huge impact, and really kind of change the nature of litigation in California when it comes to discrimination-type lawsuits," he said. Artificial intelligence vendors that sell employment tools to companies, such as screening resumes or assisting in the employee evaluation process, will most likely fall under the ruling. "These vendors — whether they're AI vendors, HR vendors, background check companies, whatever these vendors provide as a service — have basically taken on ... the employees of their clients as their own employees for purposes of discrimination," he said.

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