

IN THE SUPREME COURT OF CANADA
(ON APPEAL FROM THE COURT OF APPEAL FOR ONTARIO)

BETWEEN:

**UBER TECHNOLOGIES INC., UBER CANADA, INC., UBER B.V. AND RASIER
OPERATIONS B.V.**

Appellants

– and –

DAVID HELLER

Respondent

-and-

**YOUNG CANADIAN ARBITRATION PRACTITIONERS, ARBITRATION PLACE,
DON VALLEY COMMUNITY LEGAL SERVICES, CANADIAN FEDERATION OF
INDEPENDENT BUSINESS, SAMUELSON-GLUSHKO CANADIAN INTERNET
POLICY AND PUBLIC INTEREST CLINIC, INCOME SECURITY ADVOCACY
CENTRE, PARKDALE COMMUNITY LEGAL SERVICES, ATTORNEY
GENERAL OF ONTARIO, UNITED FOOD AND COMMERCIAL WORKERS
CANADA, WORKERS' HEALTH AND SAFETY LEGAL CLINIC, MONTREAL
ECONOMIC INSTITUTE, CANADIAN AMERICAN BAR ASSOCIATION,
CHARTERED INSTITUTE OF ARBITRATORS (CANADA) INC., TORONTO
COMMERCIAL ARBITRATION SOCIETY, CANADIAN CHAMBER OF
COMMERCE, INTERNATIONAL CHAMBER OF COMMERCE, CONSUMERS
COUNCIL OF CANADA, COMMUNITY LEGAL ASSISTANCE SOCIETY, and
ADR CHAMBERS INC.**

Interveners

FACTUM OF THE INTERVENER,
THE CANADIAN AMERICAN BAR ASSOCIATION
(Pursuant to Rules 37 and 42 of the *Rules of the Supreme Court of Canada*)

CAZA SAIKALEY LLP
350-220 Laurier Ave.
Ottawa, ON K1P 5Z9

Alyssa Tomkins
atomkins@plaideurs.ca

James Plotkin

jplotkin@plaidours.ca

Tel: 613-565-2292

Fax: 613-565-2087

Lawyers for the Intervener,
The Canadian American Bar Association

Ivo Entchev (Member of the New York Bar)

Of Counsel for the Intervener,
The Canadian American Bar Association

ORIGINAL TO: ROGER BILODEAU, Q.C.
Registrar of the Supreme Court of Canada
Supreme Court of Canada
301 Wellington Street
Ottawa, ON K1A 0J1

COPIES TO:

TORYS LLP
79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2
Fax: 416-865-7380

Linda Plumpton
Tel: 416-865-8193
lplumpton@torys.com

Lisa Talbot
Tel: 416-865-8222
ltalbot@torys.com

Sarah Witmore
Tel: 416-865-7315
swhitmore@torys.com

Davida Shiff
Tel: 416-865-8190
dshiff@torys.com

**GOWLING WLG
(CANADA) LLP**
160 Elgin St., Suite 2600
Ottawa, ON K1P 1C3
Fax: 613-788-3587

Jefferey W. Beedell
Tel: 613-786-0171
Jeff.beedell@gowlingwlg.com

Counsel for the Appellants, Uber Technologies Inc., Uber
Canada Inc., Uber B.V. and Rasier Operations B.V.

WRIGHT HENRY LLP

200 Wellington St. W., Suite 602
Toronto, ON M5V 3C7
Fax: 416-306-8281

Michael D. Wright

Tel: 416-306-8270
mwright@wrighthenrey.ca

Danielle Stampley

Tel: 416-306-8272
dstampley@wrighthenry.ca

SAMFIRU TUMARKIN LLP

350 Bay St., 10th Floor
Toronto, ON M5H 2S6
Fax: 416-361-0993

Lior Samfiru

Tel: 416-861-9065
lior@stlawyers.ca

Stephen Gillman

Tel: 416-861-9065
stephen@stlawyers.ca

Counsel for the Respondent, David Heller

MICHAEL J. SOBKIN

311 Somerset St. W.
Ottawa, ON K2P 0J8
Fax: 613-288-2896
Tel: 613-282-1712

mosobkin@sympatico.ca

Agent of Counsel for the
Respondent, David Heller

AND TO:

Young Canadian Arbitration Practitioners

**Eric Morgan
John Siwec**

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place, Suite 6200, P.O.
Box 50
Toronto, Ontario
M5X 1B8
Telephone: (416) 862-5871
FAX: (416) 862-6666
E-mail: emorgan@osler.com

Counsel for the intervener, Young Canadian
Arbitration Practitioners

Geoffrey Langen

Osler, Hoskin & Harcourt LLP
Suite 1900
340 Albert Street
Ottawa, Ontario
K1R 7Y6
Telephone: (613) 787-1009
FAX: (613) 235-2867
E-mail: glangen@osler.com

Agent for the intervener, Young Canadian
Arbitration Practitioners

Arbitration Place

**Robert J.C. Deane
Craig Chiasson
Hugh Meighen**

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street, P.O. Box 48600
Vancouver, British Columbia
V7X 1T2
Telephone: (604) 640-4250
FAX: (604) 622-5876
E-mail: rdeane@blg.com

Counsel for the intervener, Arbitration Place

Karen Perron

Borden Ladner Gervais LLP
1300-100 Queen Street
Ottawa, Ontario
K1P 1J9
Telephone: (613) 369-4795
FAX: (613) 230-8842
E-mail: kperron@blg.com

Agent for the intervener, Arbitration Place

Don Valley Community Legal Services

**Andrew Monkhouse
Alexandra Monkhouse**

Monkhouse Law
220 Bay Street
Suite 900
Toronto, Ontario
M5J 2W4
Telephone: (416) 907-9249
FAX: (888) 501-7235
E-mail: andrew@monkouselaw.com

Counsel for the intervener, Don Valley
Community Legal Services

Moira Dillon

Supreme Law Group
900 - 275 Slater Street
Ottawa, Ontario
K1P 5H9
Telephone: (613) 691-1224
FAX: (613) 691-1338
E-mail: mdillon@supremelawgroup.ca

Agent for the intervener, Don Valley
Community Legal Services

Canadian Federation of Independent Business

Anthony Daimsis

Canadian Federation of Independent
Business (CFIB)
National Affairs and Partnerships
1202 - 99 Metcalfe Street
Ottawa, Ontario
K1P 6L7
Telephone: (613) 562-5800 Ext: 3211
FAX: (613) 562-5124
E-mail: adaimsis@uottawa.ca

Counsel for the intervener, Canadian
Federation of Independent Business

David Fewer

Université d'Ottawa
Common Law Section
57 Louis Pasteur St.
Ottawa, Ontario
K1N 6N5
Telephone: (613) 562-5800 Ext: 2558
FAX: (613) 562-5417
E-mail: david.fewer@uottawa.ca

Agent for the intervener, Canadian
Federation of Independent Business

Samuelson-Glushko Canadian Internet Policy and Public Interest Clinic

Marina Pavlovic
Cynthia Khoo

Samuelson-Glushko Canadian Internet
Policy & Public Interest Clinic
University of Ottawa, Faculty of Law
57 Louis Pasteur Street
Ottawa, Ontario
K1N 6N5
Telephone: (613) 562-5800 Ext: 2675
FAX: (613) 562-5417
E-mail: marina.pavlovic@uottawa.ca

Counsel for the intervener, Samuelson-
Glushko Canadian Internet Policy and
Public Interest Clinic

David Fewer

Université d'Ottawa
Common Law Section
57 Louis Pasteur St.
Ottawa, Ontario
K1N 6N5
Telephone: (613) 562-5800 Ext: 2558
FAX: (613) 562-5417
E-mail: david.fewer@uottawa.ca

Agent for the intervener, Samuelson-
Glushko Canadian Internet Policy and
Public Interest Clinic

Income Security Advocacy Centre

Nabila Qureshi
Karin Baqi

Income Security Advocacy Centre
1500 - 55 University Ave.
Toronto, Ontario
M5J 2H7
Telephone: (416) 597-5820 Ext: 5156
FAX: (416) 597-5821
E-mail: qureshn@lao.on.ca

Counsel for the intervener, Income Security
Advocacy Centre

Colleen Bauman

Goldblatt Partners LLP
500-30 Metcalfe St.
Ottawa, Ontario
K1P 5L4
Telephone: (613) 482-2463
FAX: (613) 235-3041
E-mail: cbauman@goldblattpartners.com

Agent for the intervener, Income Security
Advocacy Centre

Parkdale Community Legal Services

John No

Parkdale Community Legal Services
1229 Queen Street West
Toronto, Ontario
M6K 1L2
Telephone: (416) 531-2411 Ext: 227
FAX: (416) 531-0885
E-mail: noj@lao.on.ca

Counsel for the intervener, Parkdale
Community Legal Services

Colleen Bauman

Goldblatt Partners LLP
500-30 Metcalfe St.
Ottawa, Ontario
K1P 5L4
Telephone: (613) 482-2463
FAX: (613) 235-3041
E-mail: cbauman@goldblattpartners.com

Agent for the intervener, Parkdale
Community Legal Services

Attorney General of Ontario

Christopher P. Thompson

Attorney General of Ontario
720 Bay Street
8th Floor
Toronto, Ontario
M7A 2S9
Telephone: (416) 605-3857
FAX: (416) 326-4181
E-mail:
Christopher.P.Thompson@ontario.ca

Counsel for the intervener, Attorney General
of Ontario

Maxine Vincelette

Juristes Power
130 rue Albert
bureau 1103
Ottawa, Ontario
K1P 5G4
Telephone: (613) 702-5573
FAX: (613) 702-5573
E-mail: mvincelette@juristespower.ca

Agent for the intervener, Attorney General
of Ontario

United Food and Commercial Workers Canada

Steven Barrett

Goldblatt Partners LLP
20 Dundas Street West
Suite 1039
Toronto, Ontario
M5G 2C2
Telephone: (416) 977-6070
FAX: (416) 591-7333
E-mail: sbarrett@goldblattpartners.com

Counsel for the intervener, United Food and
Commercial Workers Canada

Colleen Bauman

Goldblatt Partners LLP
500-30 Metcalfe St.
Ottawa, Ontario
K1P 5L4
Telephone: (613) 482-2463
FAX: (613) 235-3041
E-mail: cbauman@goldblattpartners.com

Agent for the intervener, United Food and
Commercial Workers Canada

Workers' Health and Safety Legal Clinic

Kevin Simms

John Bartolomeo

Workers' Health and Safety Legal Clinic
2000 - 180 Dundas Street West, Box 4
Toronto, Ontario
M5G 1Z8
Telephone: (416) 971-8832 Ext: 203
FAX: (416) 971-8834
E-mail: simmsk@lao.on.ca

Counsel for the intervener, Workers' Health
and Safety Legal Clinic

Marie-France Major

Supreme Advocacy LLP
100- 340 Gilmour Street
Ottawa, Ontario
K2P 0R3
Telephone: (613) 695-8855 Ext: 102
FAX: (613) 695-8580
E-mail: mfmajor@supremeadvocacy.ca

Agent for the intervener, Workers' Health
and Safety Legal Clinic

Montreal Economic Institute

**Robert Carson
Lauren Harper**

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place, Suite 6200
Toronto, Ontario
M5X 1B8
Telephone: (416) 862-4235
FAX: (416) 862-6666
E-mail: rcarson@osler.com

Counsel for the intervener, Montreal
Economic Institute

Geoffrey Langen

Osler, Hoskin & Harcourt LLP
Suite 1900
340 Albert Street
Ottawa, Ontario
K1R 7Y6
Telephone: (613) 787-1009
FAX: (613) 235-2867
E-mail: glangen@osler.com

Agent for the intervener, Montreal
Economic Institute

Chartered Institute of Arbitrators (Canada) Inc. and Toronto Commercial Arbitration Society

**Joseph C. McArthur
Rahat Godil
Laura Cundari
Justin Manoryk
Andrew Kavanagh**

Blake, Cassels & Graydon LLP
595 Burrard Street, P.O. Box 49314
Suite 2600, Three Bentall Centre
Vancouver, British Columbia
V7X 1L3
Telephone: (604) 631-3300
FAX: (604) 631-3309
E-mail: joe.mcarthur@blakes.com

Counsel for the intervener, Chartered
Institute of Arbitrators (Canada) Inc. and
Toronto Commercial Arbitration Society

D. Lynne Watt

Gowling WLG (Canada) LLP
160 Elgin Street
Suite 2600
Ottawa, Ontario
K1P 1C3
Telephone: (613) 786-8695
FAX: (613) 788-3509
E-mail: lynne.watt@gowlingwlg.com

Agent for the intervener, Chartered Institute
of Arbitrators (Canada) Inc. and Toronto
Commercial Arbitration Society

Canadian Chamber of Commerce

**Matthew Milne-Smith
Chantelle Cseh**

Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
37th Floor
Toronto, Ontario
M5V 3J7
Telephone: (416) 863-0900
FAX: (416) 863-0871
E-mail: mmilne-smith@dwpv.com

Counsel for the intervener, Canadian
Chamber of Commerce

Matthew Estabrooks

Gowling WLG (Canada) LLP
2600 - 160 Elgin Street
P.O. Box 466, Stn. A
Ottawa, Ontario
K1P 1C3
Telephone: (613) 786-0211
FAX: (613) 788-3573
E-mail:
matthew.estabrooks@gowlingwlg.com

Agent for the intervener, Canadian Chamber
of Commerce

International Chamber of Commerce

**Pierre Bienvenu
Andres C. Garin
Alison FitzGerald**

Norton Rose Fulbright Canada LLP
1, Place Ville Marie
Bureau 2500
Montréal, Quebec
H3B 1R1
Telephone: (514) 847-4747
FAX: (514) 286-5474
E-mail:
pierre.bienvenu@nortonrosefulbright.com

Counsel for the intervener, International
Chamber of Commerce

Matthew J. Halpin

Norton Rose Fulbright Canada LLP
45 O'Connor Street
Suite 1500
Ottawa, Ontario
K1P 1A4
Telephone: (613) 780-8654
FAX: (613) 230-5459
E-mail:
matthew.halpin@nortonrosefulbright.com

Agent for the intervener, International
Chamber of Commerce

Consumers Council of Canada

**Mohsen Seddigh
David Hamson**

Sotos LLP
180 Dundas Street West
Suite 1200
Toronto, Ontario
M5G 1Z8
Telephone: (416) 572-7320
FAX: (416) 977-0717
E-mail: mseddigh@sotosllp.com

Counsel for the intervener, Consumers
Council of Canada

Community Legal Assistance Society

**Greg J. Allen
Wes
McMillan**

Allen/McMillan Litigation Counsel
1550-1185 West Georgia Street
Vancouver, British Columbia
V6E 4E6
Telephone: (604) 282-3982
FAX: (604) 628-3832
E-mail: greg@amlc.ca

Counsel for the intervener, Community
Legal Assistance Society

Gib van Ert

Gib Van Ert Law
148 Third Avenue
Ottawa, Ontario
K1S 2K1
Telephone: (613) 408-4297
FAX: (613) 651-0304
E-mail: gib@gibvanertlaw.com

Agent for the intervener, Community Legal
Assistance Society

ADR Chambers Inc.

**Andrew D. Little
Ranjan K. Agarwal
Charlotte Harman**

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario
M4X 1A4
Telephone: (416) 863-1200
FAX: (416) 863-1716
E-mail: littlea@bennettjones.com

Counsel for the intervener, ADR Chambers
Inc.

Mark Jewett

Bennett Jones LLP
World Exchange Plaza
1900-45 O'Connor Street
Ottawa, Ontario
K1P 1A4
Telephone: (613) 683-2328
FAX: (613) 683-2323
E-mail: jewettm@bennettjones.com

Agent for the intervener, ADR Chambers
Inc.

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PART I - OVERVIEW OF POSITION

1. The institution of international arbitration is the most important procedural mechanism available to parties wishing to resolve international commercial disputes in a neutral, transnational forum.
2. As a bar association that engages with the effects of Canadian law beyond Canada's borders, the Canadian American Bar Association ("CABA") takes no position on the merits of this appeal. The CABA's purpose is rather to provide this Court with an international and cross-border perspective on the role of the court in a challenge to an arbitration agreement's validity under the *International Commercial Arbitration Act, 2017*, schedule II of which adopts the UNCITRAL Model Law on International Commercial Arbitration, with 2006 amendments ("**Model Law**").¹
3. Consistent with its institutional interest and the distinct legal perspective of its members, the CABA's submissions will proceed on the assumption that the dispute is both "international" and "commercial" such that the Model Law finds application. These submissions are nevertheless applicable in principle even if the *Arbitration Act, 1991*² is held to apply.
4. The CABA submits that, in accordance with the *prima facie* approach to the competence-competence principle previously endorsed by this Court, challenges to an arbitration agreement's validity should be decided by the arbitral tribunal, unless arbitration is clearly proscribed by statute or on some other basis. Whether employment arbitration ought to be prohibited, permitted or appropriately regulated in some or all cases is a complex and policy-driven matter best left for the legislature. The CABA illustrates this point by drawing the Court's attention to the myriad approaches taken in other leading jurisdictions.

¹ S.O. 2017, c. 2, Sched. 5.

² S.O. 1991, c. 17.

PART II - QUESTIONS IN ISSUE

5. The CABA's submissions center on the first two issues raised by the Appellants in their factum, namely:
 - (a) The role of the competence-competence doctrine in challenges to an arbitration agreement's validity; and
 - (b) The role of the legislature in determining whether employment disputes are arbitrable under Ontario law.

PART III - STATEMENT OF ARGUMENT

- A. **Absent express statutory language, validity challenges ought to be decided by the arbitral tribunal**
6. Challenges to an arbitration agreement's validity are generally matters to be decided by the arbitral tribunal in the first instance. The CABA submits that when a party to a contract containing an arbitration agreement challenges its validity, the court should, by virtue of the competence-competence principle, only declare the agreement invalid in the face of clear legislative language proscribing arbitration.
7. Parties to commercial international arbitration agreements and the legal community seek certainty and predictability including as to who (the court or the arbitrator) will decide threshold arbitrability and validity questions. This is especially important in the cross-border and international business context. Parties whose commercial dealings span borders tend to order their legal relations, at least in significant part, in accordance with their appreciation of which laws and legal systems afford predictable treatment to litigants residing in different jurisdictions.
8. In arbitration, that predictability is generally optimized through judicial deference to the decision-making authority of the arbitral tribunal, which is designed to operate as a largely

“autonomous, self-contained, self-sufficient process”.³ Both of Ontario’s arbitration statutes recognize this in the provisions addressing validity challenges. Both state that a court “may” rule on validity. Whether a court does so in a given case depends on the judicial application of competence-competence—a doctrine rooted in deference to the arbitral tribunal’s authority to decide its own jurisdiction.

9. In *Dell*, this Court taught that Canadian law, consistent with many international jurisdictions, is guided by a *prima facie* (rather than searching) form of judicial scrutiny of a tribunal’s jurisdiction.⁴ A court should depart from systematic referral to arbitration “only if the challenge is based on a question of law, or on questions of mixed fact and law that require only superficial consideration of the documentary evidence in the record, and is not merely a delaying tactic.”⁵
10. The Court in *Dell* “domesticated” the *prima facie* approach by using the question of law/fact/mixed framework applied generally in Canadian law.⁶ While this is adequate for challenges to a commercial arbitrator’s jurisdiction (i.e. when the question is generally one of contractual interpretation), it becomes inapposite when a validity challenge is, as here, based on an alleged statutory or regulatory exclusion that demands a more comprehensive and robust analysis. This is because statutory interpretation is always a question of law⁷, which means the court in these situations will systematically decide validity challenges rather than referring them to the arbitral tribunal. Such an outcome is not in keeping with the *prima facie* standard or the pro-arbitration stance this and other Canadian courts have consistently espoused.⁸

³ *TELUS Communications Inc. v. Wellman*, 2019 SCC 19, para. 56 (*Wellman*), citing *Inforica Inc. v. CGI Information Systems and Management Consultants Inc.*, 2009 ONCA 642, para. 14 (*Inforica*).

⁴ *Dell Computer Corp. v. Union des consommateurs*, 2007 SCC 34, paras. 77 and 84 (*Dell*).

⁵ *Seidel v. TELUS Communications Inc.*, 2011 SCC 15, paras. 66 (Majority) and 114 (Dissent) (*Seidel*), referencing *Dell*, paras. 84-86.

⁶ *Teal Cedar Products Ltd. v. British Columbia*, 2017 SCC 32, para. 43, citing *Canada (Director of Investigation and Research) v. Southam Inc.*, [1997] 1 S.C.R. 748, para. 35, 144 D.L.R. (4th) 1.

⁷ *Wellman*, para. 30.

⁸ See for example: *Seidel*, para. 23; *Rogers Wireless Inc. v. Muroff*, 2007 SCC 35 (*Rogers*); *GreCon Dimter inc. v. J. R. Normand inc.*, 2005 SCC 46, para. 38; *Desputeaux v. Éditions Chouette (1987) inc.*, 2003 SCC 17, paras. 38 and 40; *Inforica*, para. 14.

11. The CABA therefore submits that in order to honour the *prima facie* application of competence-competence in the context of validity challenges, the court should only decide the matter if the ground of invalidity advanced is clear on the face of the record on the motion. When the answer to the challenge is anything less than self-evident, the court should refer the matter to the arbitral tribunal.⁹
12. For example, if the validity challenge is based on a party's incapacity to enter into the agreement, that incapacity must be clear. This would be the case if one of the parties was a minor when she entered into the contract containing the arbitration agreement.
13. Similarly, if the alleged invalidity is based on a common law or civil law doctrine, like unconscionability, the elements of the doctrine (e.g. improvident transaction or unequal bargaining power) must be apparent. Indeed, the Court took this very approach in *Rogers* when it held that whether an arbitration clause contained in a consumer adhesion contract was abusive within the meaning of article 1437 of the *Civil Code of Quebec* is a question of mixed fact and law, and was therefore properly referred to the arbitral tribunal. Importantly, the Court eschewed a categorical approach and noted that an arbitration clause is not necessarily abusive simply because it appears in a consumer contract.¹⁰
14. Finally, if the alleged invalidity is based on a statute, the language ousting arbitration must be clear. Section 11.1 of the *Quebec Consumer Protection Act* and Section 7 of the *Ontario Consumer Protection Act* are prime examples.¹¹
15. An example of an insufficiently clear provision to oust arbitration is one that, as here, calls upon the adjudicator to search beyond its text for its overall legislative context, purpose and public policy objectives. The CABA respectfully submits that in light of the Court's endorsement of the *prima facie* approach in *Dell*, that exercise is not within the court's

⁹ This approach is echoed in other jurisdictions. In France, for example, courts have found that the principle of competence-competence prevents the national courts from deciding upon the validity of the arbitration clause except when the clause is "manifestly invalid." See, e.g., Cour de cassation 1e civ., May 12, 2010, Bull. Civ. I, No. 09-11872.

¹⁰ *Rogers*, para. 15.

¹¹ *Quebec Consumer Protection Act*, C.Q.L.R. c. P-40.1, s. 11.1; *Ontario Consumer Protection Act, 2002*, S.O. 2002, c. 30, Sch A, s.7.

proper role in applying competence-competence. Rather, it confuses the initial, cursory assessment of who should *decide* the validity challenge with who should *prevail* on that challenge.

16. The CABA submits that the proposed approach, which is an incremental extension of the framework already endorsed by this Court in *Dell*, promotes legal certainty and deference to the institution of commercial arbitration. It does so without requiring the Court to abdicate its vital superintending role in protecting parties from frivolous attempts to send matters to arbitration.

B. The multiplicity of international approaches to employment arbitration confirms that policy decisions regarding its availability are best left to the legislature

17. The CABA submits that the decision to categorically permit, restrict or ban employment/labour¹² arbitration is a polycentric policy decision seated soundly within the dominion of the legislature. This point is only accentuated when considering the disparate approaches that other jurisdictions have taken to employment arbitration, as the CABA illustrates below.
18. Some jurisdictions, like the United States, broadly permit and even promote employment arbitration. Most of the jurisdictions surveyed, like France, Switzerland and Germany, take a more nuanced approach, permitting arbitration for some but not all employment-related disputes. Indeed, many countries have an intricate approach to whether an employment dispute is arbitrable, and take into account various factors such as the type of employee or salary level and (notably from the CABA's perspective) whether a domestic or international contract is implicated.
19. None of these approaches are "wrong" in law; they are a product of considered views on the employee-employer relationship and how disputes arising therefrom ought to be resolved. The CABA submits that the diversity of approaches confirms that arbitrability of

¹² The CABA acknowledges the distinction between "employment" and "labour" in Canada. However, the same distinction does not obtain in all jurisdictions. From this point forward, the term employment is used in a generic sense.

employment disputes is a complex policy matter best left to provincial legislatures to study and address.

i. United States

20. As a general matter, agreements to arbitrate are not only permitted but affirmatively protected in the employment context, subject to narrow exceptions. As interpreted by the United States Supreme Court, the Federal Arbitration Act (“FAA”)¹³ evinces a federal policy that gives strong deference to arbitration agreements.¹⁴ That deference serves to preempt state employment laws that restrict or limit the ability of employees and employers to enter into arbitration agreements,¹⁵ and permits invalidation of such agreements only on the basis of generally applicable contractual defenses.¹⁶

21. As a result, arbitration clauses have proliferated in employment contracts in the United States.¹⁷ The FAA’s wholesale protection of employment arbitration has not been without its critics.¹⁸ In connection with the #metoo movement, certain members of Congress introduced a bill to amend the FAA to preclude mandatory arbitration of workplace sexual harassment claims.¹⁹ A second bill that recently passed the House of Representatives seeks to amend the FAA to preclude employment arbitration altogether.²⁰

¹³ 9 U.S.C. § 1 et seq. (1925), Book of Authorities (), Tab 1.

¹⁴ See, e.g. *Epic Systems Corp. v. Lewis*, 584 U.S., No. 16-284 (May 21, 2018); *Moses H. Cone Mem’l Hosp. v. Mercury Constr. Corp.* 460 U.S. 1 103 S.Ct. 927 (1983).

¹⁵ *Circuit City Stores, Inc. v. Adams*, 532 U.S. 105, 121-22, 121 S.Ct. 1302, 1312 (2001), BOA, Tab 4.

¹⁶ *AT&T Mobility LLC v. Concepcion*, 563 U.S. 333, 341, 131 S.Ct. 1740, 1747 (2011), BOA, Tab 2.

¹⁷ One recent study finds that since the early 2000s, the share of workers subject to mandatory arbitration has more than doubled and now exceeds 55 percent. Alexander J. S. Colvin, *The Growing Use of Mandatory Arbitration*, Econ. Policy Inst. (April 6, 2018), epi.org/144131.

¹⁸ Even Justice Neil Gorsuch, writing for the majority of the Court, remarked: “You might wonder if the balance Congress struck in 1925 between arbitration and litigation should be revisited in light of more contemporary developments. You might even ask if the Act was good policy when enacted. But all the same you might find it difficult to see how to avoid the statute’s application.” *Epic Systems Corp.*, 138 S.Ct. at 6.

¹⁹ See *The Ending Forced Arbitration of Sexual Harassment Act*. On June 26, 2019, a United States District Court for the Southern District of New York held that a provision of a newly enacted New York statute prohibiting contracts requiring arbitration of allegations or claims of “an unlawful discriminatory practice of sexual harassment” was preempted by the FAA. See *Latif v. Morgan Stanley & Co. LLC*, 2019 WL2610985.

²⁰ See *The Forced Arbitration Injustice (FAIR) Act*.

ii. *Spain*

22. Employment disputes are arbitrable in Spain. In fact, arbitration is compulsory for most disputes under special legislation.²¹ The Spanish *Arbitration Act*, the country's general arbitration statute, applies to claims for damages arising out of the employment relationship.²²

iii. *France*

23. In France, the courts draw a distinction between domestic and international employment contracts. Arbitration clauses in domestic employment contracts are unenforceable against current employees. However, the parties may submit an employment dispute to arbitration after the employment relationship is terminated.²³
24. In international employment contracts, arbitration clauses are generally allowed for future disputes, though they are only binding towards the employer but unenforceable (*inopposable*) against the employee, who remains free to seize the state courts when the dispute arises, even if the arbitration clause is otherwise valid under the applicable law.²⁴

iv. *Germany*

25. In Germany, most employment matters are not arbitrable.²⁵ There is an exception for collective wage disputes. Also, employment disputes involving managing directors are

²¹ Miguel Gómez Jene, *International Commercial Arbitration in Spain* (Alphen aan den Rijn: Kluwer Law International, 2019), §3.25-3.27, BOA, Tab 11.

²² *Ibid.*

²³ Estelle Courtois-Champenois, "L'Arbitrage des litiges en droit du travail: à la redécouverte d'une institution française en disgrâce", (2003) *Revue de l'Arbitrage* vol. 2, pp. 361-362 (*Courtois-Champenois*), BOA, Tab 8; Alexandra Johnson Wilcke & Isabelle Wildhaber, "Arbitrating Labor Disputes in Switzerland", 27 *J. Int'l Arb.* 631 (2010), pp. 637-639 (*Wilcke/Wildhaber*), BOA, Tab 7.

²⁴ *Courtois-Champenois*, pp. 361-362, BOA, Tab 8; *Wilcke/Wildhaber*, p. 643, fn 78, BOA, Tab 7.

²⁵ Gary Born, *International Commercial Arbitration*, 2nd. ed (Alphen aan den Rijn: Kluwer Law International, 2014), p. 1013, fn. 368 (*Born*), BOA, Tab 10, citing Rolf Trittman & Inka Hanefeld, "§1030– Arbitrability", in Kark-Heinz Böckstiegel, Sephan Kröll & Patricia Nacimiento (eds.), *Arbitration in Germany: The Model Law in Practice*, (Alphen aan den Rijn: Kluwer Law International, 2007), BOA, Tab 12.

arbitrable since those individuals are not considered employees and are therefore not covered by the Labour Court Code.²⁶

v. *Switzerland*

26. Like France, Switzerland has put in place specialized *tribunaux du travail* that employ simplified and expedited procedures for effective employment dispute resolution.²⁷ Public policy in Switzerland places a premium on speedy, efficient and cost-free resolution of employment disputes for amounts under 30,000 Swiss Francs, although it remains unclear whether those requirements apply to employment arbitration or are rather limited to proceedings before the labour tribunal.²⁸
27. Previously governed at the cantonal level, legislative changes in 2011 harmonized the rules applicable to domestic Swiss arbitration proceedings generally.²⁹ Despite calls from scholars to regulate domestic employment arbitration specifically, the legislature opted not to do so.³⁰ The jurisprudence interpreting the relevant legislation indicates that employment disputes may be submitted to arbitration after they arise, but that arbitration clauses contained in domestic employment contracts are invalid as regards future disputes.³¹
28. In contrast, disputes arising out of international employment contracts are arbitrable under Swiss law.³² International arbitration falls under the *Private International Law Act*, article 177(1) of which provides that any dispute involving an “economic interest” is arbitrable.³³ This term was intentionally broad and has received a commensurately broad interpretation by the Swiss Federal Tribunal.³⁴

²⁶ *Wilcke/Wildhaber*, p. 643, fn 78, BOA, Tab 7. A similar distinction exists under the Quebec *Loi sur les Normes de Travail* (Art. 3(6)).

²⁷ Gabriel Aubert, *L'arbitrage en droit du travail*, ASA Bulletin, Association Suisse de l'Arbitrage; Kluwer Law International 2000, Volume 18 Issue 1, p. 2, BOA, Tab 9.

²⁸ *Wilcke/Wildhaber*, pp. 637-639, BOA, Tab 7.

²⁹ *Wilcke/Wildhaber*, p. 639, BOA, Tab 7.

³⁰ *Ibid.*

³¹ *Wilcke/Wildhaber*, pp. 636 and 639, BOA, Tab 7.

³² *Wilcke/Wildhaber*, pp. 642 and 643 BOA, Tab 7.

³³ *Ibid.*

³⁴ *Ibid.*, citing *Decision of 23 June 1992* (ATF 118 II 353).

vi. *Italy*

29. In Italy, employment disputes are presumptively not arbitrable, subject to specific legislation stating otherwise.³⁵ Adjudication by arbitration in Italy is limited to claims relating to rights that litigants are free to dispose of. The rights of employees under Italian law are considered non-disposable (*diritti indisponibili*).³⁶ However, collective labour disputes are arbitrable if the arbitration agreement is expressly included in the contract.³⁷

vii. *Hong Kong*

30. Employment disputes are in principle arbitrable in Hong Kong notwithstanding the existence of a specialized labour tribunal. When a matter is brought before the labour tribunal in the face of a valid arbitration clause, the tribunal will refer the matter to arbitration if it is satisfied that: 1) there is no sufficient reason why the parties should not be referred to arbitration; and 2) the party requesting arbitration was ready and willing at the time the action was brought to do all things necessary for the proper conduct of the arbitration, and remains so.³⁸
31. There are, however, some matters the legislature has reserved exclusively for state courts.³⁹ In *Paquito Lima Buton*, the Hong Kong Court of Final Appeal refused a stay pursuant to article 8(1) of the Model Law (adopted in Hong Kong law via the *Arbitration Ordinance*) since the dispute at issue, a compensation claim pursuant to the *Employees' Claim Ordinance*, fell within the District Court of Hong Kong's exclusive jurisdiction.

³⁵ *Carnival Cruise Lines v. Arcadi Claudio*, Corte di Cassazione, No. 17549, 14 July 2017, Yearbook Commercial Arbitration 2018 - Volume XLIII (Schill (ed.); Dec 2018) para. 14 (excerpt), BOA, Tab 3; *Born*, p. 1009, BOA, Tab 10.

³⁶ *Ibid.*

³⁷ *Ibid.*

³⁸ *An Ordinance to reform the law relating to arbitration, and to provide for related and consequential matters*, [1 June 2011] L.N. 38 of 2011 (*Arbitration Ordinance*). See also: Paul Kwan & Michelle Li, "Hong Kong", in Nicholas Robinson (ed), *The Labour and Employment Disputes Review* 2nd ed (London: Law Business Research Ltd., 2009), p. 58, BOA, Tab 10.

³⁹ *Paquito Lima Buton v. Rainbow Joy Shipping Ltd Inc.*, [2008] HKCFA 30 (H.K. Ct. Fin. App.) (*Paquito Lima Buton*), CLOUT summary, BOA, Tab 6.

viii. *England*

32. In England, employment disputes are generally not arbitrable under §203(1)(b) of the U.K. *Employment Rights Act 1996*.⁴⁰ This general rule is subject to a delimited list of exceptions, including certain collective disputes.

ix. *Belgium*

33. In Belgium, the *Judicial Code* prohibits parties to an employment contract from agreeing in advance to submit their dispute to arbitration (art. 1678(3)), unless the annual salary of the employee exceeds EUR 32,000 and the employee holds a management position.⁴¹

x. *Conclusion*

34. As evidenced by these examples, whether employment arbitration ought to be categorically permitted, restricted or excluded altogether is a question for the legislature. Ontario, Quebec and British Columbia have all evidenced the political will to create legislation that limits or prohibits arbitration in the consumer context. Employment contracts are already the subject of specific legislation at the provincial level.

PARTS IV & V – SUBMISSIONS CONCERNING COSTS AND ORDER SOUGHT

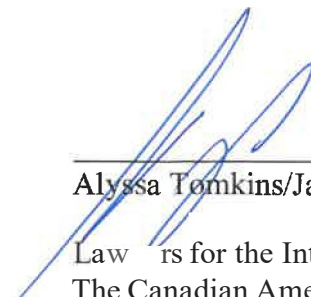
35. The CABA seeks no costs in this appeal and asks that no costs be ordered against it.

36. The CABA takes no position on the outcome of this appeal.

⁴⁰ *Born*, p. 1009, BOA, Tab 10; *Clyde & Co. LLP v. Bates van Winkelhof*, [2011] EWHC 668 (Comm) (English High Ct.), BOA, Tab 5.

⁴¹ *Wilcke/Wildhaber*, p. 643, fn 78, BOA, Tab 6; *Born*, p. 1009, BOA, Tab 10.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 18th day of October, 2019.



Alyssa Tomkins/James Plotkin
Lawyers for the Intervener,
The Canadian American Bar Association



Ivo Etchev
Of Counsel for the Intervener,
The Canadian American Bar Association

PART VI - TABLE OF AUTHORITIES

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