

Tesla must tell laid off workers about lawsuit, judge rules

By [Daniel Wiessner](#)

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*The logo of car manufacturer Tesla is seen at a dealership in London, Britain, May 14, 2021.
REUTERS/Matthew Childs*

- **Separation pacts could be misleading, judge says**
- **Workers say Tesla flouted law requiring 60 days' notice of layoffs**
- **Judge won't nix agreements signed since lawsuit was filed**

Sept 19 (Reuters) - Tesla Inc must notify factory workers who were laid off in the last three months of a proposed class action accusing the electric carmaker of failing to give adequate notice before engaging in mass layoffs, a federal magistrate judge has ruled.

U.S. Magistrate Judge Susan Hightower in Austin, Texas said on Friday that separation agreements Tesla asked workers who were terminated to sign may have been misleading and caused them to waive their rights under the federal law requiring employers with 100 or more employees to give 60 days' notice of layoffs.

Hightower, however, denied a request by the plaintiffs who sued Tesla in June to bar the company from communicating with potential class members and to strike down separation agreements Tesla has procured since the lawsuit was filed, saying it was too broad.

A representative of Tesla did not immediately respond to a request for comment.

Shannon Liss-Riordan, who represents the plaintiffs, said on Monday that Tesla has been trying to get workers to sign away their right under federal law to 60 days of pay while offering them only a week or two of pay.

Liss-Riordan in an email said Tesla chief executive Elon Musk "called this case 'trivial,' but the federal court has made clear that Tesla's actions in ignoring the law are anything but trivial."

The federal Worker Adjustment and Retraining Notification (WARN) Act requires businesses to notify workers of mass layoffs at least 60 days in advance unless they are caused by natural disasters or "unforeseeable business circumstances."

The lawsuit by two former Tesla employees accuses the company of violating the WARN Act by abruptly laying off more than 500 workers at its Sparks, Nevada gigafactory as part of a nationwide purge of its workforce.

Tesla has laid off hundreds of employees since June, when Musk in an email told company executives to freeze hiring and cut about 10% of salaried staff. Musk later clarified that he expected Tesla's total workforce to grow in the coming year.

Tesla has moved to dismiss the case, claiming it was merely "right-sizing" by firing poorly performing workers and not engaging in layoffs that require advance notice. The company also says workers who lost their jobs signed agreements to bring legal disputes in arbitration rather than court.

The plaintiffs are seeking class action status for all former Tesla employees throughout the United States who were laid off in May or June without advance notice.

The case is Lynch v. Tesla Inc, U.S. District Court for the Western District of Texas, No. 1:22-cv-00597.

For the plaintiffs: Shannon Liss-Riordan of Lichten & Liss-Riordan

For Tesla: Robert Sheeder and Thomas Wallace of Morgan Lewis & Bockius

Daniel Wiessner

Thomson Reuters

Dan Wiessner (@danwiessner) reports on labor and employment and immigration law, including litigation and policy making. He can be reached at daniel.wiessner@thomsonreuters.com.

