

GHOSTS OF 1866: U.S. SUPREME COURT CONFIRMS BREADTH OF ANTI-RETALIATION LAWS YET AGAIN!

by Robert G. Chadwick, Jr., Esq.



Robert G. Chadwick, Jr. is a shareholder with the law firm of Campbell & Chadwick, P.C. in Dallas, Texas. He is Board Certified in Labor and Employment Law by the Texas Board of Legal Specialization. He can be reached at rchadwick@cllegal.com or 972-277-8585.

On June 22, 2006, the Supreme Court in *Burlington Northern & Santa Fe Rwy. Co. v. White* held that the anti-retaliation provisions of Title VII of the Civil Rights Act of 1964 (“Title VII”) extend to conduct away from work and to conduct which does not have an economic impact on an employee. In the wake of the decision, the title of an article published in the October 2006 edition of the *PLUS Journal* posed the following question: “Are the Floodgates Open for Retaliation Claims?”

The apparent answer to this question was swift and decisive. Complaints of retaliation filed with the Equal Employment Opportunity Commission increased to 26,663 in 2007. This was a jump of 18% from the previous year.

Any hopes by employers for relief from the flood of retaliation claims were dashed on May 27, 2008 when the Supreme Court in *CBOCS West, Inc. v. Humphries* again confirmed the breadth of federal law prohibiting workplace

retaliation. This time the Court’s focus was a Reconstruction Era statute enacted in 1866. Far from being an innocuous ruling regarding an obscure 19th century law, *Humphries* upheld the availability of an option clearly more attractive than Title VII for a significant class of potential retaliation claimants.

CIVIL RIGHTS ACT OF 1866

The 1866 Act mandates that all persons “...shall have the same right...to make and enforce contracts...as is enjoyed by white persons...” The law was amended by the Civil Rights Act of 1991 to extend its reach to the “making, performance, modification, and termination of contracts, and the enjoyment of all benefits, privileges, terms, and conditions of the contractual relationship.”

RACE/COLOR DISCRIMINATION: Despite its seemingly narrow language, the Supreme Court has said that the 1866 statute “proscribe[s] discrimination in the making or enforcement of contracts against, or in favor of, any race.”

ETHNICITY DISCRIMINATION: The Supreme Court has said that the 1866 statute may outlaw discrimination based on “ancestry or ethnic characteristics.” Amongst the groups which have been found to be protected are Arabs, Jews, Hispanics, Native Americans and Asians.

DISCRIMINATION NOT ADDRESSED: The 1866 statute does not apply by its terms or judicial interpretation to discrimination based upon sex, religion, national origin, age or disability.

EMPLOYMENT DISCRIMINATION: The Supreme Court has said that employment relationships are amongst the “contracts” governed by the statute.

RETALIATION

In a 7-2 decision, the Supreme Court in *Humphries* found that the 1866 statute also prohibits two forms of retaliation for complaints of discrimination prohibited by the statute.

RETALIATION AGAINST VICTIM OF DISCRIMINATION: According to the Court, the 1866 statute makes it unlawful to retaliate against a person who complains of race or ethnicity discrimination directed toward him or herself.

EXAMPLE: An African American employee complains to his supervisor that he is being subjected to racial slurs by his co-workers. Rather than addressing the employee’s complaint, the supervisor terminates him. The African American employee likely has a claim of retaliation under the 1866 statute.

RETALIATION AGAINST OTHERS: The Court also pronounced the illegality under the 1866 statute of any retaliation against an employee (of any race) who complains of race or ethnicity discrimination directed toward other persons.

EXAMPLE: A white human relations supervisor who reasonably believes that African American employees are being subjected to racial slurs complains to upper management and is promptly terminated. The supervisor, though neither African American nor a victim of race discrimination, may have a claim under the 1866 statute.

WHY DOES THE HUMPHRIES DECISION MATTER?

To be sure, employment discrimination based upon race, color and retaliation is already prohibited by Title VII. Five fundamental differences between Title VII and the 1866 statute, however, underscore the significance of the *Humphries* opinion:

NO FREE PASS FOR SMALL EMPLOYERS: Title VII is applicable only to employers with 15 or more employees. The 1866 statute applies to all employers regardless of size.

NO FREE PASS FOR INDEPENDENT CONTRACTORS: Unlike Title VII, which bars discrimination only against employees and applicants for employment, the 1866 statute makes it unlawful to discriminate in all contracts.

NO REQUIREMENT THAT ADMINISTRATIVE REMEDIES BE EXHAUSTED: Before filing suit, a Title VII claimant must first file a timely charge with the Equal Employment Opportunity Commission

or, where applicable, a state or local agency. A Title VII claimant must receive a right-to-sue notice from such an agency before filing suit. There are no such requirements under the 1866 statute.

NO CAP ON DAMAGES: Title VII places caps on the compensatory and punitive damages which can be awarded to a claimant. These caps vary according to the size of the employer and can never exceed \$300,000. There are no such caps under the 1866 statute.

NO PROTECTION AGAINST PERSONAL LIABILITY: Title VII is applicable by its express terms only to employers and does not subject individual supervisors to personal liability for discrimination. The 1866 statute provides no such protection for individual supervisors.

POTENTIAL IMPACT

Humphries will likely have an impact on future retaliation claims tied to race or ethnicity discrimination in at least three respects:

NUMBER OF CLAIMS: Certainly, the decision opens the door for persons, such as independent contractors and employees of small employers, who otherwise could not sue for retaliation.

STRATEGY: For the reasons set forth above, more retaliation claimants will likely either (1) forego Title VII as a remedy altogether or (2) group a claim under the 1866 statute with one under Title VII. Individual supervisors may be named in suits more often as leverage for favorable testimony.

SETTLEMENTS: With no cap on damages, the prospect of high jury awards may foster more settlements and higher settlement values.

PREPAREDNESS PLANNING

All employers who have not already done so should immediately implement the following measures:

WRITTEN POLICY: A written policy should be published which prohibits retaliation at or away from work against employees (or independent contractors) who report unlawful practices or who participate in government proceedings. Employees who violate this policy should be subject to discipline, up to and including termination.

EDUCATION AND TRAINING: Supervisors should receive formal training regarding the employer's written policies prohibiting retaliation.

PROCEED WITH CAUTION. Closer scrutiny should be exercised by management and legal counsel of employment decisions affecting persons who have assisted or taken part in enforcement proceedings or who have expressed opposition to alleged unlawful practices.