

No. 12-56250

**IN THE
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

BRANDON CAMPBELL, ET AL.,
Plaintiffs—Appellants,

v.

VITRAN EXPRESS, INC.,
Defendant—Appellee.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA
THE HONORABLE R. GARY KLAUSNER, DISTRICT JUDGE • CASE No. CV 11-05029-RGK (SHx)

BRIEF OF APPELLANTS

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TABLE OF CONTENTS

	Page
INTRODUCTION.....	1
JURISDICTIONAL STATEMENT.....	5
ISSUES PRESENTED.....	6
LEGAL BACKGROUND.....	7
A. California’s Wage-and-Hour Laws.....	7
1. History	7
2. Current Law of Meal and Rest Breaks.....	9
a. <i>Flexibility</i>	10
b. <i>Payment of Premium Wages in Lieu of Breaks</i>	11
B. Federal Regulation and Deregulation of Airlines and Trucking.....	13
1. The Era of Classical Regulation (1935–1978).....	13
2. Economic Deregulation and Preemption (1978–1994).....	14
C. The Supreme Court’s Most Recent FAAAA Preemption Decision.....	17
D. The Motor Carrier Industry’s Post- <i>Rowe</i> Campaign For California’s Meal-and-Rest-Break Laws to be Found Preempted.....	21

TABLE OF CONTENTS

	Page
1. HOS Regulations.....	21
2. FAAAA Preemption.....	23
a. <i>Courts Repeatedly Reject FAAAA Preemption Arguments</i>	23
b. <i>This Court’s Decision in ATA II</i>	26
c. <i>The Tragedy of Dilts</i>	27
STATEMENT OF THE CASE.....	30
STANDARD OF REVIEW.....	33
SUMMARY OF ARGUMENT.....	34
ARGUMENT.....	37
I. THE FAAAA ACT DOES NOT PREEMPT CALIFORNIA’S MEAL-AND-REST BREAK RULES.....	37
A. Vitran Bears a Heavy Burden to Overcome the Presumption That Congress Did Not Intend to Displace State Worker Protections.....	40
B. Congress’s Purpose Was to Ensure Competition in the Trucking Industry, Not to Trump Wage-and-Hour Laws.....	44

TABLE OF CONTENTS

	Page
C. Meal-and-Rest Break Laws Have a Remote Relationship to Motor Carrier Deregulation and Do Not Bind Motor Carriers to Any Particular Prices, Routes or Services.....	53
D. The District Court’s Decision Rests on a Flawed Understanding of State Law.....	61
1. Flexibility With Respect to Timing and Circumstances.....	61
2. Unsupported Assumptions.....	64
3. Whether Vitran Could Pay Premium Wages in Lieu of Breaks.....	67
II. IN ANY EVENT, CALIFORNIA’S MEAL-AND-REST BREAK LAWS AS APPLIED TO THE TRANSPORTATION INDUSTRY, ARE GENUINELY RESPONSIVE TO MOTOR VEHICLE SAFETY AND THEREFORE SAVED FROM PREEMPTION.....	68
1. Safety Was Truly a Concern.....	69
2. California’s Meal-and-Rest-Break Laws Respond to the State’s Safety Concern.....	73
CONCLUSION.....	76
STATEMENT OF RELATED CASES.....	77

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Abdu-Brisson v. Delta Airlines, Inc.</i> , 128 F.3d 77 (2d Cir. 1997)	48, 54
<i>AGG Enters. v. Washington Cnty.</i> , 281 F.3d 1324 (9th Cir. 2002).....	45
<i>Agsalud v. Pony Express Courier Corp. of Am.</i> , 833 F.2d 809 (9th Cir. 1987).....	51
<i>Aguiar v. California Sierra Express</i> , 2:11-cv-02827-JAM-GGH, 2012 WL 1593202 (E.D. Cal. May 4, 2012)	29
<i>Air Transp. Ass’n of Am. v. City & Cnty. of S.F.</i> , 266 F.3d 1064 (9th Cir. 2001).....	<i>passim</i>
<i>Aloha Islandair Inc. v. Tseu</i> , 128 F.3d 1301 (9th Cir. 1997).....	54
<i>Am. Airlines, Inc. v. Wolens</i> , 513 U.S. 219 (1995)	48, 54, 57
<i>Bates v. Dow Agrosciences, LLC</i> , 544 U.S. 431 (2005)	43, 49
<i>Beveridge v. Lewis</i> , 939 F.2d 859 (9th Cir. 1991).....	42
<i>Brinker Rest. Corp. v. Superior Court</i> , 273 P.3d 513 (Cal. 2012).....	<i>passim</i>
<i>Bustillos v. Bimbo Bakeries USA Inc.</i> , No. C 08-3553 SI, 2009 WL 1765683 (N.D. Cal. June 19, 2009)	25

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Cal. Div. of Labor Standards Enforcement of Dillingham Constr., N.A.</i> , 519 U.S. 316 (1997)	<i>passim</i>
<i>Cal. Dump Truck Owners Ass’n v. Nichols</i> , No. 2:11-cv-00384-MCE-GGH, 2012 WL 273162 (E.D. Cal. Jan. 27, 2012)	59
<i>Cal. Tow Truck Ass’n v. City & Cnty. of S.F.</i> , 693 F.3d 847 (9th Cir. Aug. 27, 2012)	42, 69, 73
<i>California Mfrs. Assn. v. Industrial Welfare Comm’n</i> , 167 Cal. Rptr. 203 (Cal. App. 1980)	51
<i>Californians for Safe & Competitive Dump Truck Transp. v. Mendonca</i> , 152 F.3d 1184 (9th Cir. 1998)	<i>passim</i>
<i>Campbell v. Vitran Express, Inc.</i> , No. 12-55052, 471 F. App’x 646 (9th Cir. Mar. 8, 2012)	5
<i>Cardenas v. McLane FoodServices, Inc.</i> , 796 F. Supp. 2d 1246 (C.D. Cal. 2011)	24, 58, 65
<i>Cent. Delivery Serv. v. Burch</i> , 486 F.2d 1399 (4th Cir. 1973)	51
<i>Charas v. Trans World Airlines, Inc.</i> , 160 F.3d 1259 (9th Cir. 1988)	44, 49
<i>Church of Scientology v. IRS</i> , 484 U.S. 9 (1987)	52

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>City of Columbus v. Ours Garage & Wrecker Serv., Inc.</i> , 536 U.S. 424 (2002)	42, 69
<i>De Buono v. NYSA-ILA Med. & Clinical Servs. Fund</i> , 520 U.S. 806 (1997)	33
<i>DeCanas v. Bica</i> , 424 U.S. 351 (1976)	40
<i>Difiore v. Am. Airlines</i> , 646 F.3d 81 (1st Cir. 2011)	58
<i>Driscoll v. Graniterock Co.</i> , No. 1-09-CV-103426 (Santa Clara Superior Court 2011).....	64
<i>Dunbar Armored, Inc. v. Rea</i> , No. 04-cv-00602 WQH (WMC), slip op. (S.D. Cal. July 8, 2004)	25
<i>Dupnik v. United States</i> , 848 F.2d 1476 (9th Cir. 1988).....	43
<i>Esquivel v. Vistar Corp.</i> , No. 2:11-cv-07284-JHN-PJWx, 2012 WL 516094 (C.D. Cal. Feb. 8, 2012)	<i>passim</i>
<i>Fed. Express Corp. v. Cal. Public Utils. Comm’n</i> , 936 F.2d 1075 (9th Cir. 1991).....	16
<i>Fitz-Gerald v. SkyWest Airlines, Inc.</i> , 65 Cal. Rptr. 3d 913 (Cal. App. 2007)	26, 60

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Fort Halifax Packing Co., Inc. v. Coyne</i> , 482 U.S. 1, 21 (1987)	40
<i>Indus. Welfare Comm’n v. Superior Court</i> , 613 P.2d 579, 596–97 (Cal. 1980)	8, 51, 71
<i>Iniguez v. Evergreen Aviation Ground Logistics Enterprise, Inc.</i> No. 2:07-07181, slip op. (C.D. Cal. Sept. 9, 2009)	25
<i>Jimeno v. Mobil Oil Corp.</i> , 66 F.3d 1514 (9th Cir. 1995)	33
<i>Kanstanos v. Ctr. Concrete Supply. Co.</i> , No. HG07-319366, slip op. (Alameda County Superior Court Sept. 11, 2009)	26
<i>Kirby v. Immoos Fire Protection, Inc.</i> , 274 P.3d 1160 (2012)	11, 68
<i>Koons Buick Pontiac GMC, Inc. v. Nigh</i> , 543 U.S. 50 (2004)	52
<i>Lochner v. New York</i> , 198 U.S. 45 (1905)	7
<i>Marine v. Interstate Distrib. Co.</i> , RG07358277, slip op. (Alameda County Superior Court Mar. 3, 2011)	25
<i>Medtronic, Inc. v. Lohr</i> , 518 U.S. 470 (1996)	42, 44, 52

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Mendez v. R+L Carriers, Inc.</i> , No. C 11-2478 CW, 2012 WL 5868973 (N.D. Cal. Nov. 19, 2012).....	29
<i>Morales v. Trans World Airlines</i> , 504 U.S. 374 (1992)	<i>passim</i>
<i>Morrison v. Knight Transp., Inc.</i> , Case No. 228016, slip op. (Tulare County Superior Court Sept. 28, 2009).....	26
<i>Murphy v. Kenneth Cole Prods., Inc.</i> , 155 P.3d 284 (Cal. 2007).....	<i>passim</i>
<i>N.Y. Conference of Blue Cross & Blue Shield Plans v. Travelers Ins. Co.</i> , 514 U.S. 645 (1995).....	38, 60
<i>Penn Dairies v. Milk Control Comm’n</i> , 318 U.S. 261 (1943)	42
<i>Pettis Moving Co. v. Roberts</i> , 784 F.2d 439 (2d Cir. 1986)	51
<i>Reinhardt v. Gemini Motor Transport</i> , 869 F. Supp. 2d 1158 (E.D. Cal. 2012)	29
<i>Rice v. Santa Fe Elevator Corp.</i> , 331 U.S. 218 (1947)	42
<i>Silkwood v. Kerr-McGee Corp.</i> , 464 U.S. 238 (1984)	52

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Tafflin v. Levitt</i> , 493 U.S. 455 (1990)	52
<i>Taj Mahal Travel, Inc. v. Delta Airlines, Inc.</i> , 164 F.3d 186 (3d Cir. 1998)	49, 50
<i>Terminal R.R. Ass’n of St. Louis v. Bhd. of R.R. Trainmen</i> , 318 U.S. 1 (1943)	41
<i>Tillison v. Gregoire</i> , 424 F.3d 1093 (9th Cir. 2005)	<i>passim</i>
<i>Ventress v. Japan Airlines</i> , 603 F.3d 676 (9th Cir. 2010)	40
<i>W. Coast Hotel Co. v. Parrish</i> , 300 U.S. 379 (1937)	8
<i>Wellons v. Nw. Airlines, Inc.</i> , 165 F.3d 493 (6th Cir. 1999)	54
<i>Williams v. Ruan Inc.</i> , No. 09-231235, slip op. (Tulare County Superior Court May 17, 2010)	25, 51
<i>Wyeth v. Levine</i> , 555 U.S. 555 (2009)	40, 44, 50, 67

TABLE OF AUTHORITIES

	Page(s)
Statutes and Regulations	
Airline Deregulation Act of 1978 (“ADA”). Pub. L. No. 95-504, 92 Stat. 1705 (1978)	<i>passim</i>
28 U.S.C. § 1291.....	5
28 U.S.C. §§ 1332(d)(2), 1441(b), and 1453	5
49 C.F.R. § 392.2	23
49 U.S.C. § 1305(a)(1)	15
49 U.S.C. § 14501(c).....	<i>passim</i>
49 U.S.C. § 14501(c)(1)	6
49 U.S.C. § 14501(c)(2).....	17, 28, 68, 69
49 U.S.C. § 31141	22, 23
49 U.S.C. §§ 10101–11916	13
73 Fed. Reg. 79	22
75 Fed. Reg. at 82	75
76 Fed. Reg. at 81	75
Cal. Code Regs., tit. 8, §§ 11010–11170.....	9, 10
Cal. Code. Regs., tit. 8, § 11040(11)(A)	10, 64
Cal. Lab. Code § 226.7	9, 67

TABLE OF AUTHORITIES

	Page(s)
Statutes and Regulations	
Cal. Lab. Code § 226.7(a)	9
Cal. Labor Code § 226.7	11
Civil Aeronautics Act, ch. 706, 52 Stat. 973, <i>superseded by</i> Federal Aviation Act of 1958, Pub. L. 85–726, 72 Stat. 731 (1958)	14
Federal Rules of Civil Procedure 54(b)	5
H.R. Conf. Rep. 103-667, at 84 (1994)	60
IWC Wage Order 9-2001 (codified at Cal. Code. Regs., tit. 8, § 11040).....	9
IWC Wage Order 9-2004, § 12.9	70
Motor Carrier Act, ch. 498, 49 Stat. 543–567 (1935)	13
Motor Carrier Act of 1980 (MCA), 94 Stat. 793	15
<i>Notice of Rejection of Petition for Preemption</i> , 73 Fed. Reg. 79,204, 79,206 (Dec. 24, 2008)	4, 59
Pub. L. No. 103-305, 108 Stat. 1569, 49 U.S.C. § 14501	16

TABLE OF AUTHORITIES

	Page(s)
Legislative History	
H.R. Conf. Rep. 103-677, at 83 (citing § 105(a), 49 U.S.C. App. 1305(a)(1), of the Federal Aviation Act).....	16
H.R. Conf. Rep. 103-677, at 84 (1994)	17
H.R. Conf. Rep. 103-677, at 86 (1994)	15, 16, 45, 46
H.R. Conf. Rep. 103-677, at 87.....	47
H.R. Rep. No. 1211, 95th Cong., 2d Sess. 15 (1978).....	15
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Miscellaneous Sources	
Betsy Grey, <i>Make Congress Speak Clearly: Federal Preemption of State Tort Remedies</i> , 77 B.U. L. Rev. 559 (1997)	43
Bradford Clark, <i>Separation of Powers as a Safeguard of Federalism</i> , 79 Tex. L. Rev. 1321 (2001).....	43
Breyer, <i>Regulation and Its Reform</i>	13, 14

TABLE OF AUTHORITIES

	Page(s)
Miscellaneous Sources	
California Chamber of Commerce, Meal and Rest Breaks	12
David Neumark & William L. Wascher, <i>Minimum Wages</i> (2008).....	7
DLSE. California Division of Labor Standards Enforcement, Frequently Asked Questions: Meal Periods (July 11, 2012)	12
Eight Hour Day Restoration and Workplace Flexibility Act, 1999 Cal. Stat., ch. 134 (A.B. 60), § 6 (codified at Cal. Lab. Code § 512).....	71
Elizabeth Brandies, <i>Labor Legislation, in 3 History of Labor in the United States</i> (John R. Commons, ed., 1935).....	7
Frequently Asked Questions: Rest Periods (Mar. 4, 2011)	12
Gregory Chow, “U.S. and Canadian Trucking Policy,” in Kenneth Button and David Pitfield, eds., <i>Transport Deregulation</i> (1991).....	13
<i>Hours of Service of Drivers; Driver Rest and Sleep for Safe Operations</i> , 65 Fed. Reg. 25,540(2000).....	3, 74
IWC, <i>Statement as to the Basis for Amendment to Sections 2, 11 and 12 of Wage Order No. 9 Regarding Employees in the Transportation Industry 1</i> (2004).....	70
James Peoples, ed., <i>Regulatory Reform 17</i> (1998).....	14

TABLE OF AUTHORITIES

	Page(s)
Miscellaneous Sources	
Joseph G. Rayback, <i>A History of American Labor</i> (1966)	7
NTSB, <i>Fatigue, Alcohol, Other Drugs, and Medical Factors in Fatal-to-the-Driver Heavy Truck Crashes</i> , Vol. 1 at vi (1990)	75
<i>Petition for Preemption of California Regulations on Meal and Rest Breaks and Rest Breaks for Commercial Motor Vehicles Rivers; Rejection for Failure to Meet Threshold Requirement</i> , 73 Fed. Reg. 79,204 (Dec. 24, 2008).....	21
Stephan Breyer, <i>Regulation and Its Reform</i> 229, 245 (1982)	13

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BRIEF OF APPELLANTS

INTRODUCTION

For nearly a century, California has required employers to comply with laws governing wages, hours, and working conditions, including limits on the number of hours employees may be forced to work continuously without breaks for meals or rest. The district court concluded that those limits no longer apply to the broad range of employers categorized as “motor carriers” under federal law. According to the district court, Congress trumped California’s longstanding state meal-and-rest-break protections eighteen years ago when it enacted the

Federal Aviation Administration Authorization Act (FAAAA), preempting state laws related to motor carriers' "price[s], route[s], or service[s]."

But the FAAAA is an economic deregulation measure, designed to ensure parity between the airline and trucking industries by removing anticompetitive tariffs and barriers to entry. It does not immunize motor carriers from the background state laws under which all industries operate, much less fundamental workplace protections. Neither the Supreme Court nor this Court has ever concluded that generally applicable employment laws are preempted by the FAAAA or its forerunner, the Airline Deregulation Act. To the contrary, because wage-and-hour laws are traditionally a matter of state concern, they are presumed to escape preemption unless Congress's intent to the contrary is unmistakably clear.

This Court has already held that Congress had no such intent. Despite evidence that California's prevailing wage law increased motor carriers' prices by 25% and caused them to adjust their routes, this Court held that the law is not preempted by the FAAAA because (1) its effect on prices, routes, or services is "no more than indirect, remote,

and tenuous,” (2) it does not interfere with competition, and (3) it does not fall within the “field of laws” that Congress intended to preempt. *Californians for Safe & Competitive Dump Truck Transp. v. Mendonca*, 152 F.3d 1184, 1189 (9th Cir. 1998).

The district court’s sweeping decision not only departs from *Mendonca*, but radically expands the bounds of FAAAAA preemption. Its core rationale is that state meal-and-rest-break laws are preempted because they may increase the amount of time and cost necessary to get from Point A to Point B. But state laws forbidding trespassing, setting speed limits, requiring vehicles to stop at tolls and weigh stations, and setting environmental and emissions standards, to name just a few examples, have the same kind of effect but have nothing to do with the purposes of the FAAAAA’s preemption regime.

The district court also went past the point at which the relevant federal regulators are willing to draw the preemption line. The Federal Motor Carrier Safety Administration’s hours-of-service rules in fact make clear that States retain their traditional authority in this field. Hours of Service of Drivers, 76 Fed. Reg. 81,134, 81,183 (Dec. 27, 2011) (“[T]his rule would not have a substantial direct effect on States, nor

would it limit the policymaking discretion of States. Nothing in this document preempts any State law or regulation.”). And in 2008, the agency refused to accept the “far-reaching” argument that California’s meal-and-rest-break laws could be preempted on the grounds that they “prevent carriers from maximizing their employees’ driving and on duty time.” *Notice of Rejection of Petition for Preemption*, 73 Fed. Reg. 79,204, 79,206 (Dec. 24, 2008). “The meal and rest break rules,” the agency explained, “are simply one part of California’s comprehensive regulations governing wages, hours, and working conditions”—regulations the agency has “for decades” required motor carriers to follow. *Id.*

JURISDICTIONAL STATEMENT

Pursuant to Ninth Circuit Rule 28–2.2, Plaintiffs and Appellants Brandon Campbell and Ralph Maldonado submit the following statement of jurisdiction:

a. The United States District Court for the Central District of California had subject matter jurisdiction over this action under 28 U.S.C. §§ 1332(d)(2), 1441(b), and 1453 because this is a class action in which the putative class includes at least 100 members, the matter in controversy exceeds \$5 million, exclusive of interests and costs, and the plaintiffs and defendant are citizens of different States. *See Campbell v. Vitran Express, Inc.*, No. 12-55052, 471 F. App'x 646 (9th Cir. Mar. 8, 2012).

b. The district court entered final judgment on June 11, 2012 that disposed of all the plaintiffs' claims. *See* 6 ER 671. The district court's judgment is final under Federal Rules of Civil Procedure 54(b) and this Court has jurisdiction pursuant to 28 U.S.C. § 1291.

c. The plaintiffs' notice of appeal was timely filed under Federal Rule of Appellate Procedure 4(a)(1)(A) on July 6, 2012. *See* 6 ER 672.

ISSUES PRESENTED

The Federal Aviation Administration Authorization Act of 1994 (“FAAAA”) provides, as a “[g]eneral rule,” that “a State . . . may not enact or enforce a law . . . related to a price, route, or service of any motor carrier . . . with respect to the transportation of property.” 49 U.S.C. § 14501(c)(1). The Act further provides that this general rule “shall not restrict the safety regulatory authority of a State with respect to motor vehicles.” *Id.*, § 14501(c)(2)(A).

1. Does the FAAAA preempt California’s generally applicable requirements, embodied in the California Labor Code and Industrial Welfare Commission orders, that employers provide their workers with meal and rest breaks?

2. Are California’s meal-and-rest-break requirements, as applied to motor carriers, saved from preemption because they fall within “the safety regulatory authority of [the] State”?

LEGAL BACKGROUND

A. California’s Wage-and-Hour Laws.

“For the better part of a century, California law has guaranteed to employees wage and hour protection, including meal and rest periods intended to ameliorate the consequences of long hours.” *Brinker Rest. Corp. v. Superior Court*, 273 P.3d 513, 520 (Cal. 2012).

1. History. In the first three decades of the twentieth century, public concern over dangerous and exploitative industrial working conditions led to a wave of state legislation intended to protect employees’ health and welfare. See Joseph G. Rayback, *A History of American Labor* 260–72 (1966); David Neumark & William L. Wascher, *Minimum Wages* 11–12 (2008). During this period, nearly every State enacted or strengthened these laws—setting minimum and maximum hours, imposing child-labor prohibitions, and establishing specialized administrative bodies. Elizabeth Brandies, *Labor Legislation*, in *3 History of Labor in the United States* 399–402 (John R. Commons, ed., 1935). Despite *Lochner v. New York*, 198 U.S. 45 (1905), which notoriously struck down a New York law limiting the hours that bakery employees could be forced to work, the constitutionality of wage-and-

hour protections became firmly established during the New Deal. *See W. Coast Hotel Co. v. Parrish*, 300 U.S. 379, 393 (1937) (“In dealing with the relation of employer and employed, the [State] has necessarily a wide field of discretion in order that there may be suitable protection of health and safety . . . [and] wholesome conditions of work and freedom from oppression.”).

In California, modern worker protection legislation began in 1913, when the California Legislature established the Industrial Welfare Commission (“IWC”), charged with protection of workers’ “comfort, health, safety, and welfare,” *Indus. Welfare Comm’n v. Superior Court*, 613 P.2d 579, 596–97 (Cal. 1980), and the authority to “fix[] for each industry minimum wages, maximum hours of work, and conditions of labor,” *Brinker*, 273 P.3d at 527. The State’s rules on rest and meal periods were issued in 1916 and 1932, respectively, and “have long been viewed as part of the remedial worker protection framework.” *Murphy v. Kenneth Cole Prods., Inc.*, 155 P.3d 284, 291 (Cal. 2007). Over the past century, the Legislature also enacted statutes directly regulating wages, hours, and working conditions, so that the field is “governed by two complementary and occasionally overlapping sources of authority: the

provisions of the Labor Code, enacted by the Legislature, and a series of 18 wage orders, adopted by the IWC.” *Brinker*, 273 P.3d at 527. The wage orders cover the full spectrum of industries, from manufacturing to motion pictures. Transportation workers are covered by IWC Order 9. *See generally* IWC Wage Order 9-2001 (codified at Cal. Code. Regs., tit. 8, § 11040).

2. Current Law of Meal and Rest Breaks. Today, “[s]tate law obligates employers to afford their nonexempt employees meal periods and rest periods during the workday.” *Brinker*, 273 P.3d at 521. Section 226.7(a) of the California Labor Code prohibits any employer from requiring an employee “to work during any meal or rest period mandated by an applicable order of the Industrial Welfare Commission.” Cal. Lab. Code § 226.7(a). Section 512 of the California Labor Code prescribes meal periods, while the various wage orders prescribe both meal and rest periods. Although the meal-and-rest-period rules apply to specific industries through separate wage orders, they are virtually identical across industries. *See* Cal. Code Regs., tit. 8, §§ 11010–11170. Employees are permitted a meal break of 30 minutes for each five-hour work period, subject to waivers under certain circumstances, and a rest

break of 10 minutes for every four-hour work period or “major fraction thereof.” *Id.*

a. ***Flexibility.*** Employers have substantial flexibility in determining when to allow their employees to take meal and rest breaks. Where “the nature of the work prevents an employee from being relieved of all duty,” employers and employees may waive the right to an off-duty meal period. Cal. Code. Regs., tit. 8, § 11040(11)(A). In these circumstances, the period “shall be considered an ‘on duty’ meal period and counted as time worked.” *Id.* In the absence of a waiver, “section 512 requires a first meal period no later than the end of an employee’s fifth hour of work, and a section meal period no later than the end of an employee’s 10th hour of work.” *Brinker*, 273 P.3d at 537. The law imposes no additional timing requirements. *Id.*

Similarly, rest periods need not be taken at precise times, nor must they be taken before or after the meal period. *Id.* at 530. The California Supreme Court has explained that “[t]he only constraint on timing is that rest breaks must fall in the middle of work periods ‘insofar as practicable.’ Employers are thus subject to a duty to make a good faith effort to authorize and permit rest breaks in the middle of each work

period, but may deviate from that preferred course where practical considerations render it infeasible.” *Id.* “What will suffice may vary from industry to industry.” *Id.* at 537.

b. *Payment of Premium Wages in Lieu of Breaks.*

Employers who fail to provide meal and rest breaks must “pay the employee one additional hour of pay at the employee’s regular rate of compensation for each work day that the meal or rest period is not provided.” Cal. Labor Code § 226.7. This “additional hour of pay” is a “premium wage,” similar to overtime pay, *Murphy*, 155 P.3d at 289–97, which is paid “for the nonprovision of meal and rest periods,” *Kirby v. Immoos Fire Protection, Inc.*, 274 P.3d 1160, 1167 (2012). As the California Division of Labor Standards Enforcement (DLSE) has explained, an employer “may choose not to provide its employees with meal and rest periods, in which case [it] must simply pay the premium”—and in this respect, the “meal and rest period premium pay operates in exactly the same way as overtime premium pay.” *See also Murphy*, 155 P.3d at 293 (“Under the amended version of section 226.7, and employee is entitled to the additional hour of pay immediately upon being forced to miss a rest or meal period. In that way, a payment owed

pursuant to section 226.7 is akin to an employee's immediate entitlement to payment of wages or for overtime.”).

The DLSE advises employees who have been denied meal and rest breaks that they “are to be paid one hour of pay” for each workday that the period is not provided. If the employer “fails to pay the additional one-hour’s pay,” the employee may file a wage claim with the DLSE. California Division of Labor Standards Enforcement, Frequently Asked Questions: Meal Periods (July 11, 2012), *available at* http://www.dir.ca.gov/dlse/FAQ_MealPeriods.htm; Frequently Asked Questions: Rest Periods (Mar. 4, 2011), *available at* http://www.dir.ca.gov/dlse/FAQ_RestPeriods.htm. The California Chamber of Commerce similarly advises employers that if a meal or rest break “is not given,” the employer “owe[s] the employee one hour of pay, “which . . . must [be] include[d] in the next paycheck.” California Chamber of Commerce, Meal and Rest Breaks, *available at* <http://www.calchamber.com/california-employment-law/pages/meal-and-rest-breaks.aspx>; *see also Murphy*, 155 P.3d at 293.

B Federal Regulation and Deregulation of Airlines and Trucking.

1. **The Era of Classical Regulation (1935–1978).** For much of the twentieth century, the American transportation industry was subject to extensive public-utility-like regulation by the federal government. This regulation was deemed necessary to stabilize the industry during the Depression and to prevent the destructive effects of “excessive competition.” Stephan Breyer, *Regulation and Its Reform* 229, 245 (1982).

Federal regulation of the trucking industry began as part of the New Deal in 1935, when Congress granted the Interstate Commerce Commission (ICC) authority to regulate market entry, access to trucking routes, and minimum, maximum, and actual rates. *See* Motor Carrier Act, ch. 498, 49 Stat. 543–567 (1935) (codified as amended at 49 U.S.C. §§ 10101–11916). The ICC used this authority to “establish a system of tight entry control.” Gregory Chow, “U.S. and Canadian Trucking Policy,” in Kenneth Button and David Pitfield, eds., *Transport Deregulation* (1991). Applicants for new operating licenses had to show that their entry was consistent with public convenience and necessity. “Established competitors would almost always protest new entry or

expansion of route authority and were generally successful,” and “[c]ollusion of competitors was allowed in the form of rate bureaus.” James Peoples, ed., *Regulatory Reform* 17 (1998). The result was a regulatory scheme that greatly “restricted competition in the burgeoning trucking industry.” *Id.*; see generally Breyer, *Regulation and Its Reform*, at 222–39 (detailing anticompetitive effects of price and entry regulation in the trucking industry between 1935 and 1980).

Similar regulation of the airline industry began in 1937, when Congress granted the Civil Aeronautics Board authority to regulate airline market entry, fares, and routes. See Civil Aeronautics Act, ch. 706, 52 Stat. 973, *superseded by* Federal Aviation Act of 1958, Pub. L. 85–726, 72 Stat. 731 (1958). As with trucking, by the 1970’s, airfare controls had “effectively closed the [airline] industry to newcomers,” insulating incumbent airlines from competition and weakening their incentives to perform efficiently. Breyer, *Regulation and Its Reform* at 200, 205–06.

2. Economic Deregulation and Preemption (1978–1994).

In response to these problems, Congress enacted the Airline Deregulation Act of 1978 (“ADA”). Pub. L. No. 95-504, 92 Stat. 1705

(1978). The ADA replaced federal economic regulation of the airline industry with a policy of “maximum reliance on competitive market forces.” ADA § 3(a), 92 Stat. 1706. “To ensure that the States would not undo federal deregulation with regulation of their own,” *Morales v. Trans World Airlines*, 504 U.S. 374, 378 (1992), and to “prevent conflicts and inconsistent regulation[],” H.R. Rep. No. 1211, 95th Cong., 2d Sess. 15 (1978). The ADA also preempted state laws “relating to the rates, routes, or services” of any carrier. 49 U.S.C. § 1305(a)(1).

Two years later, in 1980, Congress withdrew federal economic regulation of trucking prices and routes, but failed to simultaneously preempt state regulation of the same subject matter. *See Motor Carrier Act of 1980 (MCA)*, 94 Stat. 793. As a result, by 1994, 41 jurisdictions regulated, “in varying degrees, intrastate prices, routes, and services of motor carriers.” H.R. Conf. Rep. 103-677, at 86 (1994). “Typical forms of regulation include[d] entry controls, tariff filing and price regulation, and types of commodities carried.” *Id.* Congress found that these state regulations often benefitted the trucking industry to the detriment of consumers. State price controls ensured that prices were “kept high enough to cover all costs” and “not so low as to be ‘predatory,’” and entry

control “often serve[d] to protect carriers, while restricting new applicants from directly competing for any given route and type of trucking business.” *Id.* at 87 (internal quotation marks omitted).

Congress was also particularly concerned that the States’ public-utility approach to regulation disadvantaged motor carriers (like UPS) who faced competitors organized as air carriers (like Federal Express) that were immune from state regulation under the ADA. *See id.* (citing *Fed. Express Corp. v. Cal. Public Utils. Comm’n*, 936 F.2d 1075 (9th Cir. 1991)).

To remedy these problems, Congress enacted section 601(c) of the Federal Aviation Authorization Act of 1994 (FAAAA). Pub. L. No. 103-305, 108 Stat. 1569, 49 U.S.C. § 14501. Using language nearly identical to the ADA, section 601 preempts state laws “related to a price, route, or service of any motor carrier . . . with respect to the transportation of property.” *Id.* Congress thus sought to extend to motor carriers “the identical intrastate preemption” of state laws that applied to air carriers under the ADA. H.R. Conf. Rep. 103-677, at 83 (citing § 105(a), 49 U.S.C. App. 1305(a)(1), of the Federal Aviation Act).

The FAAAA, however, also contains express limits on the scope of federal preemption. Most significantly, the FAAAA “shall not restrict the safety regulatory authority of a State with respect to motor vehicles.” 49 U.S.C. § 14501(c)(2). The Act likewise does not restrict the States’ authority to control trucking routes based on vehicle size, weight, and cargo; to impose certain insurance, liability, and standard transportation rules; or to regulate intrastate transportation of household goods and certain aspects of tow-truck operations. *Id.*, § 14501(c)(2) & (c)(3). Through these exceptions, Congress made clear that state authority in these traditional areas of regulation was “unchanged, since State regulation in those areas is not a price, route or service and thus is unaffected.” H.R. Conf. Rep. 103-677, at 84 (1994). The “list [was] not intended to be inclusive, but merely to specify some of the matters which are not ‘prices, rates or services’ and which are therefore not preempted.” *Id.*

C. The Supreme Court’s Most Recent FAAAA Preemption Decision.

In 2008, the Supreme Court considered whether a Maine statute that regulated the shipment and delivery of tobacco was preempted by

the FAAAA. *See Rowe v. N.H. Motor Transp. Ass’n*, 552 U.S. 364 (2008).

Quoting extensively from its previous decision in *Morales*, 504 U.S. 374,

the Court confirmed the four principles that apply to FAAAA

preemption:

- 1) “[S]tate enforcement actions having a connection with, or reference to’ carrier ‘rates, routes or services’ are pre-empted’ ”;
- 2) “[S]uch pre-emption may occur even if a state law’s effect on rates, routes or services ‘is only indirect’ ”;
- 3) “[I]t makes no difference whether a state law is ‘consistent’ or ‘inconsistent’ with federal regulation”; and
- 4) “[P]re-emption occurs at least where state laws have a ‘significant impact’ related to Congress’ deregulatory and pre-emption-related objectives.”

Id. at 370–71 (emphasis omitted) (quoting *Morales*, 504 U.S. at 384, 386–87, 390 (1992)).

Importantly, the Court noted “that federal law might not pre-empt state laws that affect fares in only a *‘tenuous, remote or peripheral . . . manner,’*” but explained that *Morales* “did not say where, or how, ‘it

would be appropriate to draw the line,’” because it did not “‘present a borderline question.’” *Id.* at 371 (alteration in original and emphasis added) (quoting *Morales*, 504 U.S. at 390 (1992)).

Rowe did not present a borderline question either. *Rowe*, 552 U.S. at 376. Rather, the Court held that both of Maine’s statutory provisions at issue had a direct connection with motor carriers’ rates, routes, or services. The first provision required tobacco retailers to use a “delivery service” that provided a recipient-verification service. *Id.* at 368. The Court concluded that this provision’s focus on “delivery service” created “a direct connection with motor carrier services.” *Id.* at 371 (internal quotation marks omitted). Moreover, the Court found that the provision had “a significant and adverse impact” on the FAAAA’s preemption objective because it would “require carriers to offer a system of services that the market does not now provide” and “would freeze into place services that carriers might prefer to discontinue in the future,” thereby impermissibly allowing Maine to “direct substitution of its own governmental commands for competitive market forces in determining (to a significant degree) the services that motor carriers will provide.” *Id.* at 371–72 (internal quotation marks omitted).

The second provision of the Maine statute forbade any person from “knowingly” transporting a tobacco product to anyone unless the sender or receiver had a Maine tobacco license. *Id.* at 369 (internal quotation marks omitted). It further provided that a person is “deemed to know” that a package contains tobacco when it is marked as originating from a Maine-licensed retailer or is sent by anyone identified as an unlicensed tobacco retailer on a list distributed by Maine’s Attorney General. *Id.* (internal quotation marks omitted). The Court determined that this provision applied even more directly to motor carrier services because, by imposing civil liability on carriers for the failure to sufficiently examine every package, carriers were required “to check each shipment for certain markings and to compare it against the Maine attorney general’s list of proscribed shippers, . . . thereby directly regulat[ing] a significant aspect of the motor carrier’s package pickup and delivery service.” *Id.* at 372–73. Furthermore, according to the Court, “[a]s with the recipient-verification provision, the ‘deemed to know’ provision would freeze in place and immunize from competition a service-related system that carriers do not (or in the future might not) wish to provide,” which “could easily lead to a patchwork of state service-determining laws, rules, and

regulations” that “is inconsistent with Congress’ major legislative effort to leave such decisions, where federally unregulated, to the competitive marketplace.” *Id.* at 373.

D. The Motor Carrier Industry’s Post-*Rowe* Campaign For California’s Meal-and-Rest-Break Laws to be Found Preempted.

Following *Rowe*, the motor carrier industry embarked on an aggressive campaign to have California’s meal-and-rest-break laws to be found preempted. Its arguments, however, were rejected by the Federal Motor Carrier Safety Administration (“FMCSA”) and, until now, by numerous state and federal courts.

1. HOS Regulations. In 2008, a group of commercial carriers petitioned the FMCSA to preempt California’s meal-and-rest-break laws “as applied to drivers of commercial motor vehicles.” *Petition for Preemption of California Regulations on Meal and Rest Breaks and Rest Breaks for Commercial Motor Vehicles Rivers; Rejection for Failure to Meet Threshold Requirement*, 73 Fed. Reg. 79,204 (Dec. 24, 2008). They invoked the Secretary of Transportation’s authority to void state laws on commercial motor vehicle safety that have “no safety benefit,” are “incompatible” with federal regulations, or would cause an “unreasonable

burden on interstate commerce.” *See* 49 U.S.C. § 31141; see also 2 ER 53–54 (Vitran made the same argument below).

Echoing the FAAAA arguments made below, the commercial carriers contended that “they should be free to schedule drivers to work . . . without regard to individual state requirements.” 73 Fed. Reg. 79,205 (quoting petition). They claimed, as here, that state meal-and-rest-break laws interfere with the efficiency of their operations “by mandating when meal breaks must be taken,” requiring drivers to be “fully relieved of duty” and imposing “more stringent limitations” than the FMCSA’s hour-of-service regulation. *Id.*

The FMCSA rejected the petition, concluding that California’s meal-and-rest break-rules are not laws or regulations “on commercial motor vehicle safety” for purposes of 49 U.S.C. § 31141, but are instead “simply one part of California’s comprehensive regulations governing wages, hours, and working conditions.” *Id.* at 79,206. The statute, the agency concluded, “does not allow the preemption” of state laws “merely because they have some effect” on motor carriers’ operations. *Id.*

The FMCSA did not stop at the threshold step, but also went on to criticize petitioners’ “far-reaching” argument that general state-law

worker protections could be preempted on the ground that they “prevent carriers from maximizing their employees’ driving and on-duty time.” *Id.* That logic, the FMCSA explained, could lead to the preemption of “any number of state laws”—such as tax or environmental laws—that might “affect a motor carrier’s ability to maintain compliance” with the agency’s regulations. *Id.* The FMCSA further reaffirmed that it has “for decades required carriers and drivers to comply with all of the laws, ordinances, and regulations of the jurisdiction where they operate”—including state wage-and-hour protections. *Id.*; *see also* 49 C.F.R. § 392.2 (“Every commercial motor vehicle must be operated in accordance with the laws, ordinances, and regulations of the jurisdiction in which it is being operated.”).

2. FAAAA Preemption. The motor carrier industry also began aggressively arguing that California’s wage laws, including its meal-and-rest-break laws, are preempted by the FAAAA.

a. *Courts Repeatedly Reject FAAAA Preemption*

Arguments. In *Californians for Safe & Competitive Dump Truck Transportation v. Mendonca*, 957 F. Supp. 1121 (N.D. Cal. 1997) the motor carrier industry argued that California’s wage laws were

preempted by the FAAAA. But the district court rejected its argument, explaining “that Congress intended to preempt state law that more directly affects motor carrier prices and rates, such as entry controls, tariffs charged for transportation services and similar regulation.” *Id.* at 1126. After all, the FAAAA “speaks to regulatory schemes typically reserved to state transportation or commercial agencies, not regulations that generally govern many employers, including motor carriers. *Id.*

This Court affirmed, holding that the FAAAA did not preempt California’s wage laws as a matter of law because they were laws of general applicability and had “no more than an indirect, remote and tenuous effect on motor carriers.” *Mendonca*, 152 F.3d at 1185. In so holding, this Court rejected the motor carrier’s evidence that “the wage laws increased prices [the trucking contractors] charged to customers by 25%, and caused them to adjust their routes.” *Id.* at 1189 (emphasis added).

Under both *Mendonca*, federal courts continuously rejected the motor carrier industry’s campaign to have California’s meal-and-rest-break laws preempted. For example, the district court in *Cardenas v. McLane FoodServices, Inc.*, 796 F. Supp. 2d 1246 (C.D. Cal. 2011)

explained that “in the cases most closely resembling this one, including *Mendonca*, courts have rejected attempts to rely upon attenuated evidence purporting to show California wage laws’ impact on prices, services, and routes and have found that the FAAAA does not preempt California’s wage laws.” *Id.* at 1255. This was true despite the fact “that the wage laws would increase the trucking company’s operational costs.” *Id.*; see also *Bustillos v. Bimbo Bakeries USA Inc.*, No. C 08-3553 SI, 2009 WL 1765683 (N.D. Cal. June 19, 2009); *Dunbar Armored, Inc. v. Rea*, No. 04-cv-00602 WQH (WMC), slip op. (S.D. Cal. July 8, 2004) (Judicial Notice Tab 3); *c.f. Iniguez v. Evergreen Aviation Ground Logistics Enterprise, Inc.* No. 2:07-07181, slip op. 7 (C.D. Cal. Sept. 9, 2009) (Judicial Notice Tab 4) (same arguments; ADA preemption).

California’s courts have reached similar conclusions. See, e.g., *Marine v. Interstate Distrib. Co.*, RG07358277, slip op. (Alameda County Superior Court Mar. 3, 2011) (Judicial Notice Tab 6); *Williams v. Ruan Inc.*, No. 09-231235, slip op. (Tulare County Superior Court May 17, 2010) (Judicial Notice Tab 8); *Cemex Wage Cases*, J.C.C.P. CJC-07-004520, slip op. (San Francisco County Superior Court Feb. 18, 2010) (Judicial Notice Tab 1); *Kanstanos v. Ctr. Concrete Supply. Co.*, No.

HG07-319366, slip op. (Alameda County Superior Court Sept. 11, 2009) (Judicial Notice Tab 5); *Morrison v. Knight Transp., Inc.*, Case No. 228016, slip op. (Tulare County Superior Court Sept. 28, 2009) (Judicial Notice Tab 7); *c.f. Fitz-Gerald v. SkyWest Airlines, Inc.*, 65 Cal. Rptr. 3d 913 (Cal. App. 2007) (same arguments; ADA preemption).

b. *This Court's Decision in ATA II.* In 2011, this Court relied on *Mendonca*, 152 F.3d 1184 to readdress FAAAAA preemption. *See Am. Trucking Ass'ns v. City of L.A.*, 660 F.3d 384, 395 (9th Cir. 2011) (hereinafter "*ATA II*"). There, this Court reaffirmed that in determining whether a state regulation is "related to" "rates, routes, or services" a court "must examine the actual or likely effect of a State's action." *ATA II*, 660 F.3d at 396. For example, a law "mandate[ing] that motor carriers provide a particular service to customers, or forbid[ing] them to serve certain potential customers" is clearly preempted. *Id.* (citing *Rowe*, 552 U.S. at 372–73; *Morales*, 504 U.S. at 388–89). But "[t]he waters are murkier . . . when a State does not directly regulate (or even specifically reference) rates, routes, or services." *Id.* While FAAAAA preemption may occur even if a State's regulation is " 'indirect' ", preemption still "require[s] that the effect on rates, routes or services be more than

‘tenuous’ or ‘remote.’” *Id.* (quoting *Rowe*, 552 U.S. at 370–71). In such “borderline” cases, “the proper inquiry is whether the provision directly or indirectly, ‘binds the . . . carrier to a *particular* price, route, or service and thereby interferes with competitive market forces within the . . . industry.’” *Id.* at 397 (alternation in original and emphasis added) (quoting *Air Transp. Ass’n of Am. v. City & Cnty. of S.F.*, 266 F.3d 1064, 1072 (9th Cir. 2001)).

c. *The Tragedy of Dilts.* After *ATA II*, the motor carrier industry used *ATA II*’s language to advance its old arguments, which for the first time found traction in *Dilts v. Penske Logistics, LLC*, 819 F. Supp. 2d 1109 (S.D. Cal. 2011). There, the court held that “no factual analysis [was] required to decide [the] question of preemption.” *Id.* at 1119–20. Rather, it interpreted California law as imposing “fairly rigid” timing requirements on motor carriers, dictating “exactly when” and “for exactly how long” drivers must take breaks throughout the workday, thereby preventing drivers from taking “any route that does not offer adequate locations for stopping, or by forcing them to take shorter or fewer routes.” *Id.*

The district court also concluded that the meal-and-rest-break laws had a “significant impact on [the motor carrier’s] services” because compliance would “reduce the amount of on-duty work time allowable to drivers,” and thereby reduce the number of deliveries each driver could make a day. *Id.* at 1119. The court cited no evidence that the motor carrier could not make up for any reduction in on-duty time by hiring additional drivers or installers. To the contrary, the court concluded that the effects on routes and services “contribute to a significant impact upon prices” precisely because it would have to bear “the cost of additional drivers.” *Id.*

Finally, the court held that the meal-and-rest-break laws are not saved from preemption as laws enacted under California’s “safety regulatory authority . . . with respect to motor vehicles.” 49 U.S.C. § 14501(c)(2). Despite the California Supreme Court’s recognition that one justification for the laws is the fact that “[e]mployees denied their rest and meal periods face greater risk of work-related accidents,” the court concluded that the laws are responsive only to “general public health concerns.” *Id.* at 1123.

Despite the universal rejection of the motor carrier industry's FAAAA argument prior to *Dilts*, numerous courts began citing the Southern District's decision to hold that California's meal-and-rest-break requirements are preempted as a matter of law.

Since *Dilts*, six district courts have considered the issue of FAAAA preemption. Four, including the lower court, have held that California's meal-and-rest-breaks laws are preempted. See *Cole v. CRST, Inc.*, No. EDCV 08–1570–VAP (OPx), 2012 WL 4479237, at *4–6 (C.D. Cal Sept. 27, 2012); *Campbell v. Vitran Express, Inc.*, No. CV 11–05029–RGK (SHx), 2012 WL 2317233, at *4 (C.D. Cal. June 8, 2012); *Aguiar v. California Sierra Express*, 2:11–cv–02827–JAM–GGH, 2012 WL 1593202, at *1 (E.D. Cal. May 4, 2012); *Esquivel v. Vistar Corp.*, No. 2:11–cv–07284–JHN–PJWx, 2012 WL 516094, at *4–6 (C.D. Cal. Feb. 8, 2012). Two disagree. See *Mendez v. R+L Carriers, Inc.*, No. C 11–2478 CW, 2012 WL 5868973, at *4–7 (N.D. Cal. Nov. 19, 2012); *Reinhardt v. Gemini Motor Transport*, 869 F. Supp. 2d 1158, 1165–67 (E.D. Cal. 2012).

STATEMENT OF THE CASE

1. Defendant-Appellee Vitran Express, Inc. (“Vitran”) is the owner and operator of a delivery truck company that operates in California. Between 2008 and 2010, Plaintiffs-Appellants Brandon Campbell and Ralph Maldonado (“Appellants”) were employed by Vitran as city/local truck drivers.¹ 2 ER 9. Their job consisted of delivering, picking-up, and transporting various cargo for Vitran’s clients. 3 ER 178.

Vitran’s local truck drivers are not long-haul drivers. They make, on average, 10 to 15 stops a day as part of their regularly scheduled routes. 6 ER 445, 452; *see also* 6 ER 338–50, 419–43. These stops are based on Vitran’s routing system, which allocates a stopping time of 30 minutes for each stop. 6 ER 332–33, 335. Vitran’s pick-up and delivery manifests confirm that its drivers make numerous stops throughout their day, with each stop lasting approximately 30 minute to 1 hour. *See* 6 ER 338–50, 419–43.

¹ City divers, local drivers, and pickup and delivery drivers are used synonymously by Vitran. 6 ER 299. All references to “drivers” refer to this class of drivers.

At each of these numerous stops, Vitran's drivers are required to safely park their vehicles to enable loading and unloading of cargo. 6 ER 445, 452. There is nothing, aside from Vitran's uniform policies and practices, that prevents its drivers from taking their meal and rest breaks at any of these regularly scheduled stops. 6 ER 445, 452. Rather, Vitran has a uniform policy and practice of discouraging, preventing, and/or otherwise failing to provide breaks to its drivers in order to squeeze more working hours out of its drivers. 6 ER 462–61.

2. In 2010, Campbell and Maldonado filed a putative class action in state court, alleging that Vitran had violated state law by failing to provide its drivers with meal and rest breaks. *See* 2 ER 6–21. Vitran responded that it was subject to—and complying with—California's meal-and-rest-break laws throughout the relevant time period.

3. After almost two years of litigation and over one year of discovery, Vitran moved for judgment on the pleadings or, in the alternative, summary judgment. *See* 2 ER 28–54. Relying entirely on *Dilts*, 819 F. Supp. 2d 1109 and *Esquivel*, 2012 WL 516094, the district court held “that as a matter of law, [California's] meal and rest break requirements, even as clarified by *Brinker*” are preempted by the

FAAAA. 1 ER 4. According to the court, “the length and timing of meal and rest breaks affects the scheduling of transportation. When employees must stop and take breaks, it takes longer to drive the same distance and companies may only use routes that are amendable to the logistical requirements of scheduled breaks.” *Id.* This was the extent of the court’s preemption analysis.

STANDARD OF REVIEW

This Court “review[s] a district court’s decision regarding federal preemption de novo” and “review[s] the district court’s interpretation and construction of the FAAAA de novo.” *Tillison v. Gregoire*, 424 F.3d 1093, 1098 (9th Cir. 2005). A proponent of preemption “bears the burden of proof on its preemption defense,” *Jimeno v. Mobil Oil Corp.*, 66 F.3d 1514, 1526, n.6 (9th Cir. 1995), and also “bears a considerable burden of overcoming the starting presumption that Congress did not intend to supplant state law,” *De Buono v. NYSA-ILA Med. & Clinical Servs. Fund*, 520 U.S. 806, 814 (1997) (internal quotation marks omitted).

SUMMARY OF ARGUMENT

I. A. State law is presumed to escape preemption absent unmistakably clear evidence that Congress so intended. Because States are powerless to fix preemption mistakes, insisting that Congress speak clearly safeguards federalism and ensures that preemption is a product of legislative choice, not judicial lawmaking. Here, the presumption against preemption is at its height given the States' broad police powers in the area of wages, hours, and working conditions.

B. Congress's purpose in enacting the FAAAA was not to preempt state worker protections, but to ensure competition in the trucking industry. Congress wanted to eliminate certain anticompetitive regulations—like entry control and tariffs. That California's meal-and-rest-break laws have *no* effect on competition is sufficient, in itself, to warrant reversal of the district court's decision. Given the prominent battles over preemption of wage-and-hour law in the trucking industry immediately preceding the FAAAA's enactment, the lack of any evidence that Congress intended to preempt those laws is akin to the dog that didn't bark.

C. The district court’s decision is foreclosed by this Court’s ruling in *Californians for Safe & Competitive Dump Truck Transportation v. Mendonca*, 152 F.3d 1184, 1189 (9th Cir. 1998), which held that California’s prevailing wage law is not preempted by the FAAAA because its effect on prices, routes, or services is “no more than indirect, remote, and tenuous,” it does not interfere with competition, and it does not fall within the “field of laws” that Congress intended to preempt. As in *Mendonca*, California’s meal-and-rest-break laws may cause motor carriers to adjust their routes or services, but they do not bind motor carriers to any *particular* route or service. Extending preemption further—to generally applicable state laws that increase the time or cost for a motor carrier to get from Point A to Point B—has no coherent stopping point. Congress did not intend to sweep so far.

D. Even if the district court’s analysis of *federal* law were entirely correct, its flawed account of *state* law requires reversal. The district court’s preemption analysis relied entirely on *Dilts*, 819 F. Supp. 2d 1109 and *Esquivel*, 2012 WL 516094, which labeled California’s meal-and-rest-break requirements as “rigid” and dictates “exactly when” employers must provide breaks. But the California Supreme Court has

made clear that is not so, and that a critical feature of California's meal-and-rest-break laws is their flexibility. Beyond this misreading of state law, the district court's analysis was further infected by its reliance on faulty assumptions about the state law's actual effects.

II. In any event, California's meal-and-rest-break laws, as applied to the transportation industry, fall within the state's safety regulatory authority with respect to motor vehicles—a sphere that the FAAAA expressly saves from preemption. The Industrial Welfare Commission, the Legislature, and the courts have all affirmed that breaks promote safety—especially enhanced motor vehicle safety by reducing driver fatigue—and scientific studies demonstrate that breaks substantially reduce the risk of accidents involving truck drivers.

ARGUMENT

I. THE FAAAA ACT DOES NOT PREEMPT CALIFORNIA'S MEAL-AND-REST BREAK RULES.

Enacted “to prevent States from undermining federal deregulation of interstate trucking,” *ATA II*, 660 F.3d at 395, the FAAAA establishes the “[g]eneral rule” that “a State . . . may not enact or enforce a law . . . related to a price, route, or service of any motor carrier . . . with respect to the transportation of property,” 49 U.S.C. § 14501(c).

Because this provision tracks the ADA and because both statutes share with ERISA the key term “related to,” the Supreme Court has held that preemption extends to state law “having a connection with, or reference to” motor carriers’ prices, routes, or services—a formulation derived from ERISA jurisprudence. *Rowe*, 552 U.S. at 370 (emphasis omitted) (quoting *Morales v. Trans World Airlines, Inc.*, 504 U.S. 374, 384 (1992)). Preemption under the FAAAA may also occur when state law has a “ ‘significant impact’ related to Congress’ deregulatory and pre-emption related objectives.” *Id.* at 371. On the other hand, if “a state law’s effect on price, route or service is ‘too tenuous, remote, or peripheral,’ then the state law is not preempted.” *Air. Transp. Ass’n of*

Am. V. City & Cnty. of S.F., 266 F.3d 1064, 1071 (9th Cir. 2001)

(quoting *Morales*, 504 U.S. at 390).

As many courts have observed, neither the key statutory term “related to”—nor may judge-made tests devised to unpack it (i.e. “connection with,” “reference to,” “significant impact,” and “tenuous, remote, or peripheral”)—are easy to grasp. The Supreme Court has described “related to” as a “frustrating” phrase that cannot be taken “to extend to the furthest stretch of its indeterminacy,” or else “for all practical purposes pre-emption would never run its course.” *N.Y. Conference of Blue Cross & Blue Shield Plans v. Travelers Ins. Co.*, 514 U.S. 645, 655, 656 (1995). And no less a committed textualist than Justice Scalia has candidly observed that “applying the ‘related to’ provision according to its terms” is “a projected doomed to failure” because “everything is related to everything else.” *Cal. Div. of Labor Standards Enforcement of Dillingham Constr., N.A.*, 519 U.S. 316, 335 (1997) (Scalia, J., concurring). Rather than employ an “uncritical literalism,” then, courts ultimately “must go beyond the unhelpful text” and “look instead to the objectives of the [federal] statute as a guide to

the scope of the state law that Congress understood would survive.”

Travelers, 514 U.S. at 656.

The FAAAA’s objective was to prevent States from inhibiting competition by imposing their own regulation of motor carriers’ prices, routes, and services in the wake of federal deregulation. Nothing in its text, structure, or history suggests that it was ever intended to preempt generally applicable state-law wage-and-hour protections. To the contrary, this Court has already held that California’s wage-and-hour laws are not “related to” motor carrier prices, routes, or services within the meaning of the FAAAA because their effect is “no more than indirect, remote, and tenuous.” *Cal. for Safe & Competitive Dump Truck Transp. v. Mendonca*, 152 F.3d 1184, 1189 (9th Cir. 1998) (upholding prevailing wage law against preemption challenge). The district court’s decision not only flouts *Mendonca*, but extends the FAAAA’s preemptive scope far beyond what Congress envisioned. It infringes on the States’ traditional authority to protect the health and welfare of its workers without furthering Congress’s goal of eliminating barriers to competition in the transportation industry. It should be reversed.

A. Vitran Bears a Heavy Burden to Overcome the Presumption That Congress Did Not Intend to Displace State Worker Protections.

“In *all* pre-emption cases”—and “particularly in those in which Congress has ‘legislated in a field which the States have traditionally occupied’”—courts must “‘start with the assumption that the historic police powers of the States were not to be superseded by the Federal Act unless that was the clear and manifest purpose of Congress.’” *Wyeth v. Levine*, 555 U.S. 555, 565 (2009) (emphasis added; internal alterations and quotations marks omitted). “This is especially true in the area of employment law.” *Ventress v. Japan Airlines*, 603 F.3d 676, 682 (9th Cir. 2010). Because “the establishment of labor standards falls within the traditional police power of the States,” the Supreme Court has emphasized that “pre-emption should not be lightly inferred in this area.” *Fort Halifax Packing Co., Inc. v. Coyne*, 482 U.S. 1, 21 (1987). “States possess broad authority under their police powers to regulate the employment relationship to protect workers” through “[c]hild labor laws, minimum and other wage laws, laws affecting occupational health and safety, and workmen’s compensation laws.” *DeCanas v. Bica*, 424 U.S. 351, 356 (1976). Even where federal statutes broadly preempt

state laws relating to labor relations, the Supreme Court has historically been reluctant to extend preemption to the field of “wages, hours, or working conditions.” *Terminal R.R. Ass’n of St. Louis v. Bhd. of R.R. Trainmen*, 318 U.S. 1, 6 (1943). What Justice Jackson said of the Railway Labor Act and the National Labor Relations Act may be even more apt here: Because “State laws have long regulated a great variety of [working] conditions in transportation,” and because the “national interest” expressed by the FAAAA “is not primarily in working conditions,” “it cannot be that the minimum requirements laid down by state authority are all set aside.” *Id.* at 6–7.

In cases rejecting claims that California’s prevailing wage law is preempted by ERISA and the FAAAA, respectively, both the Supreme Court and this Court have emphasized the importance of this presumption against preemption in the wage-and-hour context. *See Dillingham*, 519 U.S. at 331, 334 (“We could not hold pre-empted a state law in an area of traditional state regulation based on so tenuous a relation without doing grave violence to our presumption that Congress intended nothing of the sort.”); *Mendonca*, 152 F.3d at 1186 (stressing the “absence of any positive indication in the legislative

history that Congress intended preemption in this area of traditional state power” (emphasis omitted)). And, more generally, both courts have regularly adhered to the presumption in cases involving the FAAAA. See *City of Columbus v. Ours Garage & Wrecker Serv., Inc.*, 536 U.S. 424, 438 (2002); *Cal. Tow Truck Ass’n v. City & Cnty. of S.F.*, 693 F.3d 847, at 864–65 (9th Cir. Aug. 27, 2012); *Tillison v. Gregoire*, 424 F.3d 1093, 1098 (9th Cir. 2005); see also *Rowe*, 552 U.S. at 375 (FAAAA does not preempt “state public health regulation: for instance, state regulation that broadly prohibits certain forms of conduct and affects, say, truck drivers” incidentally).

This presumption against preemption is critical not only “because the States are independent sovereigns in our federal system,” *Medtronic, Inc. v. Lohr*, 518 U.S. 470, 485 (1996), but also because a “state is powerless to remove the ill effects of [a federal court’s] decision,” *Beveridge v. Lewis*, 939 F.2d 859, 863 (9th Cir. 1991) (quoting *Penn Dairies v. Milk Control Comm’n*, 318 U.S. 261, 275 (1943)). On the other hand, “Congress,” if it so chooses, can always “act so unequivocally as to make clear that it intends no regulation except its own.” *Rice v. Santa Fe Elevator Corp.*, 331 U.S. 218, 236 (1947); see

generally Betsy Grey, *Make Congress Speak Clearly: Federal Preemption of State Tort Remedies*, 77 B.U. L. Rev. 559, 627 (1997) (“requiring that Congress speak clearly will help ensure that its decision to preempt is the product of a deliberate policy choice,” not judicial lawmaking); Bradford Clark, *Separation of Powers as a Safeguard of Federalism*, 79 Tex. L. Rev. 1321, 1425 (2001) (presumption against preemption “safeguard[s] federalism” and “ensure[s] that courts do not displace state law in the name of a command Congress did not actually enact into law”).

For all of these reasons, “a finding of federal preemption is disfavored.” *Dupnik v. United States*, 848 F.2d 1476, 1480 (9th Cir. 1988). Even if Vitran’s reading of the FAAAA were “plausible”—“indeed, even if its alternative were just as plausible”—this Court “would nevertheless have a duty to accept the reading that disfavors pre-emption.” *Bates v. Dow Agrosciences, LLC*, 544 U.S. 431, 449 (2005).

B. Congress’s Purpose Was to Ensure Competition in the Trucking Industry, Not to Trump Wage-and-Hour Laws.

Not only is worker protection historically within the province of state law and thus preemptively saved from preemption, it is also quite remote from Congress’s purpose in enacting the FAAAA.

1. “[T]he purpose of Congress,” of course, “is the ultimate touchstone in every pre-emption case.” *Wyeth*, 555 U.S. at 565 (2009) (quoting *Lohr*, 518 U.S. at 485). Particularly where the text is opaque, as it is here, “[u]nderstanding the objective of this legislation is critical to interpreting the extent of its preemption.” *Charas v. Trans World Airlines, Inc.*, 160 F.3d 1259, 1265 (9th Cir. 1988) (en banc). That is because courts look to the “objectives” of the statute “as a guide to the scope of the state law that Congress understood would survive.” *Dillingham*, 519 U.S. at 325. “In order to identify the ‘purpose of Congress’ ” in preemption cases it is often “appropriate to . . . review the history” of the relevant federal regulatory scheme. *Wyeth*, 555 U.S. at 565.

The history here unambiguously tells us that Congress’s purpose in enacting the FAAAA was to ensure free competition within the

transportation industry. Congress accomplished that goal by eliminating certain specific forms of anticompetitive state economic regulation, thereby creating parity between the airlines and motor carriers. *See AGG Enters. v. Washington Cnty.*, 281 F.3d 1324, 1329 (9th Cir. 2002) (explaining that “the major purpose of the FAAAA preemption clause was to ‘level the playing field between air carriers on the one hand and motor carriers on the other with respect to intrastate economic trucking regulation.’ ”); H.R. Conf. Rep. 103-677, at 82–83 (describing this as “[t]he central purpose of this legislation”).

To that end, Congress modeled the FAAAA’s preemption provision on the 1978 Airline Deregulation Act, which had sought to foster “maximum reliance on competitive market forces” and ensure that the States would not undo federal deregulation with regulation of their own.” *Morales*, 504 U.S. at 378. In the Conference Report accompanying the FAAAA, Congress specifically described the sort of state regulation of motor carriers’ rates, routes, and services that it has in mind: “Typical forms of regulation include entry controls, tariff filing and price regulation, and types of commodities carried.” H.R. Conf. Rep. 103-677, at 86 (1994). The Report explained that 41 states had

these kinds of trucking regulations to varying degrees. *Id.* Congress was concerned that “[s]trict entry controls often serve to protect carriers, while restricting new applicants from directing competing for any given route and type of trucking business.” *Id.* Roughly half of the States also had strict price regulation of trucking prices. “Such regulation,” the Conference Report explained, “is usually designed to ensure not that prices are kept low, but that they are kept high enough to cover all costs and are not so low as to be predatory. Price regulation also involves filing of tariffs and long intervals for approval to change prices.” *Id.* at 87 (internal quotation marks omitted).

By all accounts, the impetus for the FAAAA was this Court’s decision in *Federal Express Corporation v. California Public Utilities Commission*, 936 F.2d 1075 (9th Cir. 1991). *See* H.R. Conf. Rep. 103-677, at 87. There, Federal Express brought a successful ADA preemption challenge to California’s regulation of its trucking operations—“regulation of rates, of discounts and promotional pricing, of claims of overcharges, of bills of lading and freight bills, and its imposition of fees”—on the ground that it was an air carrier exempt from state regulation. *Id.* at 1078–79. In the wake of that decision,

Congress was concerned that package delivery companies organized as “motor carriers” (like UPS) would remain subject to strict economic regulation, whereas companies organized as “air carriers” (like Federal Express) would be free of heavy-handed state regulation, leading to a severe competitive imbalance. H.R. Conf. Rep. 103-677, at 87.

At the time of the FAAAA’s enactment, then, everyone understood that the preemption provision closely tracked Congress’s purpose of eliminating specific types of anticompetitive economic regulation of trucking. As President Clinton explained in his signing statement, “[s]tate regulation preempted under this provision takes the form of controls on who can enter the trucking industry within a State, what they can carry and where they can carry it, and whether competitors can sit down and arrange among themselves how much to charge shippers and consumers.” President William J. Clinton, *Statement on Signing the Federal Aviation Administration Authorization Act of 1994*, 2 Pub. Papers 1494 (Aug. 23, 1994).

2. The district court seemed to concluded that California’s meal-and-rest-break laws “interfer[e] with competitive market forces within the industry.’” 1 ER 3 (quoting *Am. Trucking Assn’s.*, 660 F.3d

at 397). But it is hard to fathom how the district court came to this conclusion. Unlike the entry controls, price regulations, tariffs, or other public-utility-like regulations with which Congress was concerned in 1994, the meal-and-rest-break rules cannot have an anticompetitive effect. Another competing motor carrier in California could gain no competitive advantage over Vitran by virtue of the rules (unless one carrier seeks an illegitimate advantage by uniformly deducting pay for breaks not actually provided or taken, as Vitran did here). As the Second Circuit observed in the context of discrimination law, “[p]ermitting full operation of [the State’s] law will not affect competition between airlines—the primary concern of the ADA. Unlike the regulation of marketing practices at issue in *Morales* or the regulation of frequent flyer programs at issue in *Wolens*, whether an airline discriminates on the basis of age (or race or sex) has little or nothing to do with competition.” *Abdu-Brisson v. Delta Airlines, Inc.*, 128 F.3d 77, 84 (2d Cir. 1997) (citing *Morales*, 504 U.S. 374; *Am. Airlines, Inc. v. Wolens*, 513 U.S. 219, 221 (1995)).

Like the discrimination and prevailing wage laws, the meal-and-rest-break rules do not “frustrate[] the purpose of deregulation by

acutely interfering with their forces of competition.” *Mendonca*, 152 F.3d at 1189 (emphasis omitted); *see also Taj Mahal Travel, Inc. v. Delta Airlines, Inc.*, 164 F.3d 186, 194 (3d Cir. 1998) (“[T]he proper inquiry is whether [the state law] frustrates deregulation by interfering with competition through public utility-style regulation.”). That fact alone is sufficient to dispose of Vitran’s preemption argument because “Congress intended to preempt *only* state laws and lawsuits that would adversely affect the economic deregulation of . . . and the forces of competition within the . . . industry.” *Charas v. Trans World Airlines, Inc.* 160 F.3d 1259, 1261 (9th Cir. 1998) (en banc) (emphasis added).

3. Whereas Congress was very clear about the public-utility-like regulations it sought to preempt, there is no evidence that Congress intended to free the transportation industry of fundamental protections guaranteed to workers in all industries. California’s meal-and-rest-break requirements have been on the books since 1916, and, for more than three decades, have coexisted with federal transportation deregulation laws, beginning in 1979 with the ADA. That “long history . . . adds force to the basic presumption against pre-emption.” *Bates*, 544 U.S. at 449 (“If Congress had intended to deprive injured

parties of a long available form of compensation, it surely would have expressed that intent more clearly.”); *Wyeth*, 555 U.S. at 574 (“If Congress thought state-law suits posed an obstacle to its objectives, it surely would have enacted an express pre-emption provision at some point during the [statute’s] history.”); *see also Air Transport*, 266 F.3d at 1075 n.2 (“Notably, the Airlines have lived with [the challenged nondiscrimination provisions] for 20 years without claiming those provisions were preempted by the ADA.”). A reading “resulting in pre-emption of traditionally state-regulated substantive law in those areas where [the federal statute] has nothing to say would be,” to put it mildly, “unsettling.” *Dillingham*, 519 U.S. at 330 (rejecting preemption of California wage law); *see also Taj Mahal Travel*, 164 F.3d at 194 (“Such a massive change from pre-existing policy would hardly be imposed without specific statutory language.”).

Congress’s silence on the issue is especially striking given the contentious battles over wage-and-hour laws in the trucking industry, including events that would have been fresh in the minds of industry lobbyists, union officials, federal regulators, and lawmakers. Just a few years before the FAAAA’s enactment, for example, the Ninth Circuit

rejected a federal preemption challenge to state overtime laws by motor carriers, who argued that the laws were trumped by the Motor Carrier Act of 1980, the law that first deregulated the trucking industry. *See Agsalud v. Pony Express Courier Corp. of Am.*, 833 F.2d 809 (9th Cir. 1987); *see also Pettis Moving Co. v. Roberts*, 784 F.2d 439 (2d Cir. 1986) (rejecting similar challenge); *Cent. Delivery Serv. v. Burch*, 486 F.2d 1399 (4th Cir. 1973) (same); *Williams v. W.M.A. Transit Co.*, 472 F.2d 1258 (D.C. Cir. 1972) (same). And the California Supreme Court, remarking on the “tortuous litigation history [that] prevented the implementation of the majority of IWC wage orders in recent years,” rejected a broad-based series of challenges to the wage orders, including meal-and-rest-break requirements, brought by several employer groups, including the California Trucking Association. *See Indus. Welfare Com. v. Superior Court*, 613 P.2d 579, 583 (1980) (rejecting arguments that, among other things, the National Labor Relations Act preempted the state rules); *see also California Mfrs. Assn. v. Industrial Welfare Comm’n*, 167 Cal. Rptr. 203, 215 (Cal. App. 1980) (same).

Despite the prominence of the fight over wage-and-hour laws in the industry, the FAAAA’s legislative history contains no evidence that

motor carriers sought—or that Congress even considered—preemption for generally applicable labor laws. “[T]hat Congress did not even consider the issue readily disposes of any argument that Congress unmistakably intended” to preempt worker protections generally, *Tafflin v. Levitt*, 493 U.S. 455, 462 (1990), let alone century-old protections “intended to ameliorate the consequences of long hours,” *Brinker*, 273 P.3d at 520. *See also Lohr*, 518 U.S. at 491 (plurality) (it would have been “spectacularly odd” for Congress to create broad immunity from traditional state-law rights without “even . . . hint[ing]” at that outcome); *Silkwood v. Kerr-McGee Corp.*, 464 U.S. 238, 251 (1984) (where “there is no indication that Congress even seriously considered precluding” a state-law claim, “[i]t is difficult to believe that Congress would, without comment,” do so). In sum, “this is a case where common sense suggests, by analogy to Sir Arthur Conan Doyle’s ‘dog that didn’t bark,’ ” that Congress would have spoken far more clearly if it had intended such a sweeping result. *Koons Buick Pontiac GMC, Inc. v. Nigh*, 543 U.S. 50, 63 (2004) (quoting *Church of Scientology v. IRS*, 484 U.S. 9, 17–18 (1987)).

C. Meal-and-Rest Break Laws Have a Remote Relationship to Motor Carrier Deregulation and Do Not Bind Motor Carriers to Any Particular Prices, Routes or Services.

As the foregoing discussion demonstrates, the FAAAA was designed to supplant state laws significantly affecting competition and was never intended to preempt California's preexisting meal-and-rest-break laws. Proper application of the various judge-made tests developed under the FAAAA, ADA, and ERISA yields the same result.

For starters, the state law at issue here neither "reference[s]" motor carrier prices, routes, and services nor imposes a "'significant impact' related to Congress' deregulatory and pre-emption related objectives." *Rowe*, 552 U.S. at 370–71 (quoting *Morales*, 504 U.S. at 384, 390). The state law was not "written with the [trucking] industry in mind," but rather "is a broad law applying to hundreds of different industries." *Air Transport Ass'n*, 266 F.3d at 1072. Like other labor and employment laws, the meal-and-rest-break rules prescribe background rules that structure the legal options for all businesses operating within the State. Their only requirement is that employers not force their employees to work what California considers to be

dangerously or unfairly long hours without allowing them time to stop and eat or take a rest break (and even then, as detailed in Part I.D, *infra*, California provides employers with substantial flexibility).

Courts have repeatedly held that such generally applicable prohibitions within a State's police powers have "too tenuous, remote, and peripheral" a connection with carrier prices, routes, and services to be preempted by the FAAAA or the ADA. Thus, federal law does not immunize motor carriers from criminal prohibitions on gambling, prostitution, or obscenity, or from public health regulation generally. *Morales*, 504 U.S. at 390; *Rowe*, 552 U.S. at 375; *Wolens*, 513 U.S. at 228–29. Nor does it exempt them from state civil rights laws forbidding employment discrimination on the basis of race, sexual orientation, or other protected grounds. *Air Transport Ass'n*, 266 F.3d at 1072 (discrimination in distribution of benefits to domestic partners); *Wellons v. Nw. Airlines, Inc.*, 165 F.3d 493, 496 (6th Cir. 1999) (race discrimination); *Abdu-Brisson*, 128 F.3d at 86 (age discrimination); *Aloha Islandair Inc. v. Tseu*, 128 F.3d 1301, 1303 (9th Cir. 1997) (disability discrimination).

More specifically, this Court has held that the field of generally applicable state wage-and-hour law is not preempted by the FAAAA. In *Mendonca*, 152 F.3d at 1189, a group of motor carriers argued that California’s prevailing wage law—which requires public contractors to pay workers the prevailing wage—was preempted because it “directly affect[ed]” their prices, routes, and services. Echoing the claims made by Vitran here, the group argued that the California law, among other things, “increase[d] its prices by 25%” and “compel[led] it to re-direct and re-route equipment.” *Id.* This Court had no difficulty concluding that preemption was lacking. *First*, although the law was “in a certain sense ‘related to’ ” the group’s prices, routes, and services, “the effect [was] no more than indirect, remote, and tenuous,” and hence insufficient for preemption. *Id.* *Second*, there was no indication that the law interfered “with the forces of competition.” *Id.* *Third*, the state law did not fall into the “field of laws” that Congress intended to preempt. *Id.*

The district court failed to even cite *Mendonca* in its order even though its holding and reasoning apply with full force here and foreclose a finding of preemption. After all, *Mendonca* found no

preemption despite the motor carrier's insistence that the state wage law caused it to adjust its routes—indeed that the law “compel[led] it to re-direct and re-route equipment,” 152 F.3d at 1189, which is precisely the argument Vitran puts forward here.

The district court's preemption analysis relied exclusively on a test formulated by this Court for “borderline cases” under the ADA and adapted “[b]y analogy” from ERISA cases. *Air Transport*, 266 F.3d at 1072. That test asks whether the state law in question “binds the air carrier to a particular price, route or service and thereby interferes with competitive market forces within the air carrier industry.” *Id.* But the meal-and-rest-break laws do no such thing, as the district court effectively acknowledged. The district court assumed that “the length and timing of meal and rest breaks affects the scheduling of transportation” because “[w]hen employees must stop and take breaks, it takes longer to drive the same distance and companies may only use routes that are amendable to the logistical requirements of scheduled breaks.” 1 ER 4.

In other words, district court's reasoning boils down to the proposition that a generally applicable state law is preempted by the

FAAAA and ADA to the extent that it increases a motor or air carriers' time or cost in getting from Point A to Point B. The fact that Vitran may squeeze fewer hours out of its drivers by withholding the required breaks, or make less profit by withholding premium pay, does not mean that Vitran must take any *particular* route or offer any *particular* service. *Air Transport*, 266 F.3d at 1074 (“The question is not whether the Ordinance compels or binds them into not discriminating; the question is whether the Ordinance compels or binds them to a *particular* price, route or service.” (emphasis added)). Unlike the law held preempted in *Rowe*—which, among other things, imposed civil liability on motor carriers who failed to inspect shipments to discover whether they contained tobacco and forbade tobacco shipments under certain circumstances—the state laws at issue here do not effectively “require carriers to offer a system of services that the market does not now provide (and which the carriers would prefer not to offer),” nor do they “freeze into place services that carriers might prefer to discontinue in the future.” 552 U.S. at 372; *see also Morales*, 504 U.S. at 391 (state-law guidelines that tell air carriers how to advertise their airfares are preempted); *Wolens*, 513 U.S. at 228 (state fraud laws that “guide and

police” air carriers’ marketing of frequent flier programs are preempted); *Difiore v. Am. Airlines*, 646 F.3d 81 (1st Cir. 2011) (state law that allows juries to dictate how air carriers advertise and receive payment for their luggage-checking services is preempted).

Instead, like many generally applicable laws, the meal-and-rest-break laws impose background conditions under which all employers must conduct business. California law leaves motor carriers entirely free to decide what routes and services to offer. If motor carriers choose to offer a certain service or route, they, like any other business, will have to hire a sufficient number of employees to staff that service or route—and, no doubt, the wage-and-hour laws will affect the cost of that decision and whether it makes business sense for the motor carrier to carry it out. The only thing they cannot do is force employees to work long hours without the opportunity to take sufficient breaks. “To be sure, [Vitran] may choose to adjust its routes, or slightly modify its services in the ways it has suggested. But just because [Vitran] may make changes to its routes does not necessarily mean that California’s break laws have more than an ‘indirect, remote, or tenuous effect’ on these decisions.” *Cardenas v. McLane Foodservices*, 796 F. Supp. 2d

1246, 1254–56 (C.D. Cal. 2011). Indeed, any generally applicable regulation increases the costs to the regulated industry and cannot be recouped in full by the industry unless demand for the product or service is perfectly inelastic.

The district court’s reasoning expands preemption beyond any coherent stopping point. Indeed, if a state law can be preempted because it increases the time necessary to get between Point A and Point B—in the district court’s words, where it “takes longer to drive the same distance”—than any number of legitimate, generally applicable state laws would likewise be preempted. The common law of property would give way because it prevents motor carriers from taking routes that entail trespassing. Environmental regulations would also be at risk. *See Cal. Dump Truck Owners Ass’n v. Nichols*, No. 2:11-cv-00384-MCE-GGH, 2012 WL 273162, at *8 (E.D. Cal. Jan. 27, 2012) (industry group, relying on *Dilts*, argued that clean-air regulation was preempted because it would “force carriers to choose to employ different routes”); *Notice of rejection of petition for preemption*, 73 Fed. Reg. 79,206 (noting that Vitran’s argument would entail preemption of state emission controls). Under this logic, even speed limits and laws

requiring trucks to stop at weigh stations would be preempted because they impose substantive restrictions on routes. Yet it is clear that Congress did not intend to sweep so far. *See* 49 U.S.C. 14501(c)(2) (exempting safety laws and weight restrictions, among others); H.R. Conf. Rep. 103-667, at 84 (1994) (explaining that the exemptions are subjects that do not relate to prices, routes, and services *in the first place*, and that the list is “not intended to be all inclusive”).

Ultimately, any connection that meal-and-rest-break rules might have with the regulation of motor carrier prices, routes, and services is too remote, peripheral, and tenuous to require preemption under the FAAAA. “If the rule was otherwise, any string of contingencies [would be] sufficient to establish a connection with price, route or service, [and] there [would] be no end to . . . preemption.” *Fitz-Gerald*, 65 Cal. Rptr. 3d at 921–22 (rejecting claim that ADA preempts meal-and-rest breaks laws). “[F]or all practical purposes pre-emption would never run its course, for ‘really, universally, relations stop nowhere.’” *Travelers*, 514 U.S. at 655 (quoting Henry James, *Roderick Hudson* (1907)). A court cannot “hold pre-empted a state law in an area of traditional state regulation based on so tenuous a relation without doing grave violence

to our presumption that Congress intended nothing of the sort.”

Dillingham, 519 U.S. at 334.

D. The District Court’s Decision Rests on a Flawed Understanding of State Law.

The district court’s decision cannot be reconciled with the FAAAA’s text, structure, purpose, or history. But even if the district court’s account of *federal* law were entirely correct, reversal is nonetheless warranted because the district court’s preemption analysis hinges on a flawed understanding of *state* law. The analysis is further infected by a series of speculative and unsupported assumptions about the state law’s actual effects.

1. Flexibility With Respect to Timing and Circumstances. The district court relied exclusively on *Dilts*, 819 F. Supp. 2d 1109 and *Esquivel*, 2012 WL 516094 to hold that California’s “meal and rest break requirements, even as clarified by *Brinker*, relate to the rates, services, and routes offered by [Vitran].” 1 ER 4. But *Dilts* and *Esquivel* got the state law wrong because both decisions relied on a pre-*Brinker* interpretation of California’s meal-and-rest-break laws.

For example, in *Dilts* the district court labeled California’s meal and rest break requirements as “rigid” and stated that they required the employers to “ensure[] [meal and rest breaks] at specified times in a 12-hour workday . . . thus . . . necessarily forc[ing] drivers to alter their routes daily while searching out an appropriate place to exit the highway, [and] locating stopping places that safely and lawfully accommodate their vehicles.” 819 F. Supp. 2d at 1118 (emphasis added). Pursuant to this faulty interpretation, the court held that these requirements bound the motor carrier “to a schedule and frequency of routes that ensures many off-duty breaks at specified times throughout the workday in such a way that would interfere with competitive market forces within . . . the industry.” *Id.* at 1119.

Similarly, the district court in *Esquivel*—also decided before *Brinker*—parroted the language in *Dilts*, also calling California’s meal and rest break laws “‘rigid’ ” and explaining that they “‘allowed California to insist exactly when and for exactly how long carries provide breaks for their employees.’ ” 2012 WL 516094 at *4 (emphasis added) (quoting *Dilts*, 819 F. Supp. 2d 1120).

But as we know now, California’s meal-and-rest-break laws are far from “rigid” and do not dictate “exactly when” employers must provide meal and rest breaks. As explained above, just this year, the California Supreme Court made clear in *Brinker*, 273 P.3d 513, that the meal-and-rest-break laws afford employers substantial flexibility, with respect to both timing and practicality. *Brinker* held that rest periods need not be taken at precise times, nor must they be taken before or after the meal period. *Id.* at 530. “The *only* constraint on timing,” the court explained, “is that rest breaks must fall in the middle of work periods ‘insofar as practicable.’ Employers are thus subject to a duty to make a good faith effort to authorize and permit rest breaks in the middle of each work period”—not a terribly onerous requirement in the first place—and “*may deviate from that preferred course where practical considerations render it infeasible.*” *Id.* (emphasis added). “Shorter or longer shifts and other factors that render such scheduling impracticable may alter this general rule.” *Id.* at 531.

Similar, if not greater, flexibility is afforded for meal breaks. Where “the nature of the work prevents an employee from being relieved of all duty,” employers and employees may waive the right to

an off-duty meal period; in these circumstances, the period “shall be considered an ‘on duty’ meal period and counted as time worked.” Cal. Code. Regs., tit. 8, § 11040(11)(A); *see also Dunbar*, slip op. (Judicial Notice Tab 3) (holding California’s meal-and-rest-break laws were not preempted by FAAAA because the parties could agree to on duty meal periods and therefore “comply with the Regulations without [the motor carrier] altering its operations”); *c.f. Driscoll v. Graniterock Co.*, No. 1-09-CV-103426 (Santa Clara Superior Court 2011) (Judicial Notice Tab 2) (on duty meal period agreements are enforceable in the trucking industry).

In the absence of a waiver, “section 512 requires a first meal period no later than the end of an employee’s fifth hour of work, and a second meal period no later than the end of an employee’s 10th hour of work.” *Brinker*, 273 P.3d at 537. The law imposes no other timing requirements. *Id.* “What will suffice may vary from industry to industry.” *Id.*

2. Unsupported Assumptions. In addition to its faulty understanding of state law, the district court’s preemption analysis relied on a series of speculative and unsupported factual assumptions.

Indeed, the district court didn't even consider the Appellant's evidence—or, alternatively, Vitran's lack of evidence—that California's meal-and-rest-break laws do not bind Vitran to a particular rate, route, or service. Instead, the court “conclude[d] that the FAAAA, as a matter of law, preempts California's meal and rest break requirements.” 1 ER 4.

But given the substantial flexibility actually afforded employers under California law, it is far from obvious that compliance with state law would cause Vitran to adjust its prices, routes, or services at all. A number of factors could affect this question, including the amount of time Vitran employees spend driving; the average length of their routes, in terms of both hours and miles; the number of rest and refueling locations on California highways and streets; and the amount of time that Vitran employees spend at pick-up and delivery locations or other locations where breaks could be taken.

For example, the district court cited no evidence—nor did Vitran provide any—that the routes used by Vitran's local drivers are not “amendable to the logistical requirements of scheduled breaks.” ER X. That conclusion defies common sense. *See Cardenas*, 796 F. Supp. 2d at

1255–56 & n.4 (rejecting, as “unconvincing and overly speculative,” evidence put forward to show that California’s meal-and-rest break laws had a significant impact on truck drivers’ routes).

Nor did the district court consider whether Vitran could maintain the same level of service while complying with the meal-and-rest-break laws by scheduling breaks at times when employees are not in transit or by hiring more employees. After all, Appellants presented sufficient evidence that Vitran’s drivers must find a place to park their vehicles at each of their day’s 10 to 15 pick-up and delivery stops, 6 ER 445, 452; *see also* 6 ER 338–50, 419–43, and there is nothing preventing Vitran from allowing its drivers to take their breaks during these periodic stops. This simple solution would avoid drivers from having to spend additional time to exit highways, find parking, perform safety inspections, and reenter the highway at a safe speed. And the nature of California’s relaxed meal and rest break laws, as set forth in *Brinker*, allow for this solution. That these options might be more costly does not mean that the meal-and-rest-break laws are preempted. *See Mendonca*, 152 F.3d at 1189; *Air Transport Ass’n*, 266 F.3d at 1073–74.

Appellants' evidence that California's meal-and-rest-break laws do not bind Vitran to a particular rate, route, or service are only further emphasized considering the fact that Vitran has not presented any evidence to the contrary. Two terminal managers and a dispatcher have each confirmed that they are unaware of any effects on prices, routes, or services as a result of complying with California's meal and rest break laws. Also, Vitran has admitted that it has no documents exist that its services or routes have been affected by these laws. 6 ER 356–67. Because preemption is a “demanding defense,” the district court erred in concluding that California's longstanding worker protections were preempted “absent clear evidence”—or any evidence, for that matter—concerning the state law's actual effects. *See Wyeth*, 555 U.S. at 571.

3. Whether Vitran Could Pay Premium Wages in Lieu of Breaks. Finally, the district court failed to even consider Appellants' argument that Vitran could simply not provide meal and rest breaks and instead pay “pay the employee one additional hour of pay for each work that day the meal or rest period is not provided.” Cal. Lab. Code § 226.7. This “additional hour of pay” is a “premium wage,” similar to

overtime pay, *Murphy*, 155 P.3d at 289–97, which is paid “for the nonprovision of meal and rest periods,” *Kirby, Inc.*, 274 P.3d at 1167. As the California Division of Labor Standards Enforcement (DLSE) has explained, an employer “may choose not to provide its employees with meal and rest periods, in which case [it] must simply pay the premium”—and in this respect, the “meal and rest period premium pay operates in exactly the same way as overtime premium pay.” *See also Dunbar*, slip op. (Judicial Notice Tab 3). This case is a useful illustration: Vitran has a practice of automatically deducting pay for a full 30-minute meal break if a driver works a seven-hour shift. 6 ER 305. If Appellants are successful here, Vitran will have to pay those wrongfully withheld wages.

II. IN ANY EVENT, CALIFORNIA’S MEAL-AND-REST BREAK LAWS AS APPLIED TO THE TRANSPORTATION INDUSTRY, ARE GENUINELY RESPONSIVE TO MOTOR VEHICLE SAFETY AND THEREFORE SAVED FROM PREEMPTION.

Congress emphasized the FAAAA’s limited preemptive effect by expressly preserving the States’ authority to regulate in areas falling within their traditional police powers. *See* 49 U.S.C. § 14501(c)(2).

First among the traditional areas of state authority expressly preserved by the FAAAA is “the safety regulatory authority of a State with respect to motor vehicles.” *Id.* § 14501(c)(2)(A). Even if the California meal-and-rest-break laws were otherwise preempted by the FAAAA, they would be saved from preemption under this provision.

To fall within § 14501(c)(2)’s “safety exception,” a law must be “genuinely responsive to safety concerns.” *Ours Garage*, 536 U.S. at 442. This Court requires a two-part inquiry to determine whether a regulation satisfies the “genuinely responsive” standard. *Cal. Tow Truck Ass’n*, 693 F.3d at 860. “First, courts consider available legislative or regulatory intent—ask whether safety relating to motor vehicles was truly a concern. Second, courts assess the nexus between the provision at issue and the safety concern—ask whether the regulation sufficiently ‘responds to’ the concern.” *Id.* Both elements are satisfied here.

1. Safety Was Truly a Concern. The first part of the test requires courts to examine the language and history of the statute or regulation for “expressions of legislative intent” demonstrating that “safety relating to motor vehicles was truly a concern.” *Id.* at 860. Such

expressions of intent are readily identifiable in the history of California's meal-and-rest-break rules.

In its most recent transportation industry wage order, the IWC linked meal and rest breaks with a need to enhance motor vehicle safety by reducing driver fatigue. The Commission's order responded to a petition asserting that the exemption of publicly employed drivers from the break requirements "resulted in conditions that [were] detrimental to the health and safety of workers and of the public."

IWC, Statement as to the Basis for Amendment to Sections 2, 11 and 12 of Wage Order No. 9 Regarding Employees in the Transportation Industry 1 (2004) available at <http://www.dir.ca.gov/iwc/>

Stementastothebasis_WageOrder9.doc. In its statement explaining the basis for its decision to extend the requirements to public workers, the commission cited testimony that the lack of breaks "create[d] a public safety hazard due to driver fatigue" that put the "lives and safety of school children and . . . disabled riders" at risk. *Id.* at 2; *see* IWC Wage Order 9-2004, § 12.9 available at <http://www.dir.ca.gov/iwc/WageOrders2006/iwcarticle9.html>.

The IWC's reliance on safety as the basis for meal-and-rest-break requirements is not new. "From its earliest days, the commission's regulatory orders have contained numerous provisions aimed directly at preserving and promoting the health and safety of employees within its jurisdiction." *Indus. Welfare Com. v. Superior Court*, 613 P.2d 579, 596 (Cal. 1980). Indeed, "health and safety considerations (rather than purely economic injuries) are what motivated the IWC to adopt mandatory meal and rest periods in the first place." *Murphy*, 155 P.3d at 296; *see also Brinker*, 273 P.3d at 520 (noting that meal and rest periods are "intended to ameliorate the consequences of long hours").

In addition to the IWC, California's Legislature and courts have also affirmed the importance of meal and rest periods to safety. In codifying the IWC's meal-break rules in 1999, the Legislature relied on studies "link[ing] long work hours to increased rates of accident and injury." Eight Hour Day Restoration and Workplace Flexibility Act, 1999 Cal. Stat., ch. 134 (A.B. 60), § 6 (codified at Cal. Lab. Code § 512). And the California Supreme Court explained the purpose of the rules by citing studies demonstrating that "[e]mployees denied their rest and meal periods face greater risk of work-related accidents." *Murphy*, 155

P.3d at 296 (citing studies including Tucker et al., *Rest Breaks and Accident Risk*, *The Lancet* 680 (2003)).

Vitran will likely argue that the meal-and-rest-break laws fall outside the FAAAA's safety exception because the breaks also apply to other industries and thus relate to general public health concerns rather than motor vehicle safety in particular. But IWC Order 9 is specific to the transportation industry, and the order's administrative history demonstrates that the commission promulgated the order based in part on specific concerns about driver fatigue and motor vehicle safety. That other IWC orders apply to different industries and respond to other types of public health concerns is irrelevant. As this Court's decisions make clear, "[t]he presence of such mixed motives . . . does not preclude the application of the safety exception, provided the State's safety motives are not pre-textual." *Am. Trucking Assn's.*, 660 F.3d at 405; *see also Tillison*, 424 F.3d at 1102–03 (holding that a state towing statute fell under the motor vehicle safety exemption even though it was primarily enacted to provide consumer protection).

Indeed, the evidence of California's concern with motor vehicle safety far exceeds what this Court has demanded in other cases. In

Tillison, for example, this Court held that a Washington law regulating nonconsensual towing fell within the motor vehicle safety exception even though the legislature “did not expressly state a public safety purpose for enacting [the] legislation.” 424 F.3d at 1102. The Court reasoned that because Washington’s law was “practically identical” to other state laws enacted for safety reasons, it was “reasonable to conclude” the legislature “had public safety in mind” when it passed the law. *Id.* at 1102–03. No such inference is necessary here, where the state agency, legislature, and courts have each expressly stated the law’s safety goals.

2. California’s Meal-and-Rest-Break Laws Respond to the State’s Safety Concern. The second prong of this Court’s test asks “whether there is a ‘logical’ or ‘genuine’ connection between the regulation and the safety justification, or, instead, whether the purported safety justification is a pretext for undue economic regulation.” *Cal. Tow Truck Ass’n*, 693 F.3d 847 at 860.

Here, the connection between driver rest breaks and safety is more than just “logical”—it is demonstrated empirically by scientific studies. Surveying the available evidence, the FMCSA found in 2011

that “[w]orking long daily and weekly hours on a continuing basis is associated with chronic fatigue, a high risk of crashes, and a number of serious chronic health conditions.” *Hours of Service of Drivers*, 76 Fed. Reg. 81,134, 81,136 (2011). Moreover, the agency concluded that “breaks alleviate fatigue and fatigue-related performance degradation,” and thus that “the risk of accidents falls substantially after a break.” *Id.*

The major role that fatigue plays in truck crashes is well recognized. *See Hours of Service of Drivers; Driver Rest and Sleep for Safe Operations*, 65 Fed. Reg. 25,540, 25,545–46 (2000). A 2006 FMCSA survey revealed that about 48% of truck drivers said they had fallen asleep while driving in the previous year, 45% said they sometimes or often had trouble staying awake, and 65% reported that they often or sometimes felt drowsy while driving. *Hours of Service of Drivers*, 75 Fed. Reg. 82,170, 82,177 (2010). A National Transportation Safety Board study found that 31% of fatal crashes it investigated were attributable to driver fatigue—making fatigue the *single most common* cause of large-truck crashes. NTSB, *Fatigue, Alcohol, Other Drugs, and Medical Factors in Fatal-to-the-Driver Heavy Truck Crashes*, Vol. 1 at vi

(1990), *available at* <http://www.nts.gov/safety/safetystudies/SS9001.htm>.

Research also shows that “breaks during work can counteract fatigue and reduce the risk of crashes.” 75 Fed. Reg. at 82,180. A 2011 study using video cameras and data recorders to monitor truck drivers in the course of their daily work found that breaks reduced “safety-critical events”—including driver error and lane deviations—by between 30 and 50 percent in the hour after the break. 76 Fed. Reg. at 81,134. Other studies based on driver logs and driving simulators reached similar conclusions. *Id.* After surveying this data, and similar data from other industries, FMCSA concluded that breaks “provide very substantial crash reduction benefits.” *Id.* at 81,137.

Far from being a “pretext for undue economic regulation,” California’s meal-and-rest-break laws are thus directly responsive to compelling evidence that “working continuously without a break is neither safe nor healthy.” 75 Fed. Reg. at 82,180. The breaks fall within the core of the State’s regulatory authority to protect the health and safety of its citizens.

CONCLUSION

Because the provisions of the California Labor Code and Wage Orders requiring employee meal and rest breaks are not preempted by the Federal Aviation Administration Authorization Act of 1994, the judgment below should be reversed.

December 31, 2012

By: /s/ John M. Bickford
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STATEMENT OF RELATED CASES

This case is related to *Mickey Dilts et al. v. Penske Logistics LLC*, et al., No. 12-55705, an appeal docketed in this Court on April 19, 2012. Both cases present identical legal issues. There, the District Court for the Southern District of California held that the Federal Aviation Administration Authorization Act preempts California's generally applicable requirements that employers provide their workers with meal and rest breaks. *See Dilts v. Penske Logistics, LLC*, 819 F. Supp. 2d 1109 (S.D. Cal. 2011). *Dilts* is scheduled to be fully briefed on January 4, 2013.

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STATUTORY APPENDIX

49 U.S.C. § 14501

Federal authority over intrastate transportation

(c) Motor carriers of property.--

(1) General rule.--Except as provided in paragraphs (2) and (3), a State, political subdivision of a State, or political authority of 2 or more States may not enact or enforce a law, regulation, or other provision having the force and effect of law related to a price, route, or service of any motor carrier (other than a carrier affiliated with a direct air carrier covered by section 41713(b)(4)) or any motor private carrier, broker, or freight forwarder with respect to the transportation of property.

(2) Matters not covered.--Paragraph (1)--

- (A) shall not restrict the safety regulatory authority of a State with respect to motor vehicles, the authority of a State to impose highway route controls or limitations based on the size or weight of the motor vehicle or the hazardous nature of the cargo, or the authority of a State to regulate motor carriers with regard to minimum amounts of financial responsibility relating to insurance requirements and self-insurance authorization;
- (B) does not apply to the intrastate transportation of household goods; and
- (C) does not apply to the authority of a State or a political subdivision of a State to enact or enforce a law, regulation, or other provision relating to the price of for-hire motor vehicle transportation by a tow truck, if such transportation is performed without the prior consent or authorization of the owner or operator of the motor vehicle.

California Labor Code § 226.7

Mandated meal or rest periods; requirement to work prohibited

- (a) No employer shall require any employee to work during any meal or rest period mandated by an applicable order of the Industrial Welfare Commission.
- (b) If an employer fails to provide an employee a meal period or rest period in accordance with an applicable order of the Industrial Welfare Commission, the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each work day that the meal or rest period is not provided.

California Labor Code § 512

Meal periods; requirements; order permitting meal period after six hours of work; exceptions; remedies under collective bargaining agreement

- (a) An employer may not employ an employee for a work period of more than five hours per day without providing the employee with a meal period of not less than 30 minutes, except that if the total work period per day of the employee is no more than six hours, the meal period may be waived by mutual consent of both the employer and employee. An employer may not employ an employee for a work period of more than 10 hours per day without providing the employee with a second meal period of not less than 30 minutes, except that if the total hours worked is no more than 12 hours, the second meal period may be waived by mutual consent of the employer and the employee only if the first meal period was not waived.
- (b) Notwithstanding subdivision (a), the Industrial Welfare Commission may adopt a working condition order permitting a meal period to commence after six hours of work if the commission determines that the order is consistent with the health and welfare of the affected employees.