

Uber battling more than 70 lawsuits in federal courts

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The past few months have been good to Uber - the world's most valuable startup raised a record-breaking \$3.5 billion in June and in April escaped a high-profile trial that threatened to upend its entire business model.

But as Uber celebrates those milestones, it faces an army of attackers. The ride-booking giant is spending millions fighting dozens of lawsuits over everything from the way it vets its [drivers](#) to how it advertises. Industry experts say Uber's deep pockets - the company is worth more than \$60 billion and has \$11 billion in cash - and its disruptive habit of flouting traditional industry rules as it expands around the globe make it an attractive legal target.

Uber's ultracompetitive company culture doesn't help, said New York University professor Arun Sundararajan, author of "The Sharing Economy."

"It's the personality of the early team," he said, "which is very much 'we're going to dominate the world, and we're going to ask for forgiveness rather than asking for permission.'"

And as the company puts out one fire after another in court, it's also battling unfriendly regulations in places like Austin, Texas, and struggling with criminal charges overseas.

Uber declined to comment on its legal and regulatory battles.

The company is fighting more than 70 federal lawsuits in courts across the country and has resolved at least another 60, according to a search of a national database of [federal court](#) cases. And that doesn't include actions in state courts. Uber was sued 46 times in federal court this year alone. Airbnb, the next most valuable U.S. startup, racked up six lawsuits during that time. Lyft, Uber's chief competitor, faced seven and Facebook had 27.

Uber has been hit disproportionately hard in court, but that's hardly surprising, Sundararajan said. Part of the problem is Uber's lukewarm relationship with its drivers - which the company is trying to change with perks like its recently launched quasi union in New York City.

But the courtroom showdowns could become an issue for 6-year-old Uber as it continues fundraising, said Paul Boyd, managing partner at ClearPath Capital Partners. Even Uber, with its breakneck growth and massive war chest, isn't immune to the power a lawsuit has to taint a company's image.

"It will make investors question," Boyd said.

So far, the company hasn't faced any devastating legal losses. Uber dodged what could have been a major blow in April when it reached a settlement worth up to \$100 million to resolve claims that its drivers were entitled to employee benefits such as overtime pay and reimbursement for expenses. The deal, which is awaiting approval from a San Francisco federal judge, allows the company to avoid a high-profile trial and the expense of reclassifying its drivers as employees - a major win.

The ride-booking platform announced public settlements in at least six cases during the past year, agreeing to shell out up to \$163 million. Those deals seem to represent a shift for the company, which originally

made a show of fighting litigation tooth and nail, said Joshua Davis, associate dean for academic affairs at the University of San Francisco School of Law.

"One possibility is that you're seeing a kind of maturing of the company in a way," he said. "That it is going from sort of a cowboy mentality, if you will, to more of the attitude of an established company."

France in June fined Uber and two executives up to \$1.1 million for criminal convictions of violating transportation and privacy laws. The charges targeted the low-cost UberPop service, which the company has had to suspend there and in several other countries throughout Europe. At home, the California Public Utilities Commission fined Uber \$7.6 million in January for withholding information about its trips. And Uber has spent another \$2.3 million since 2013 lobbying Congress and the state Legislature, according to OpenSecrets.org and the Secretary of State website.

That's nothing compared to the more than \$8 million Uber and competitor Lyft reportedly spent fighting an Austin rule requiring drivers to undergo fingerprint background checks, only to lose a vote in May and pull their services from the city.

Uber also pays a massive in-house legal team. A LinkedIn search turned up nearly 50 members around the world, and the company's website lists 24 openings in its legal department.

Some lawsuits are backed by Uber's enemies in the taxi industry, who cry foul because Uber doesn't adhere to their regulations. Others target Uber's driver background checks - some argue they are too lax; others claim they dig too deeply. The company also has been accused of failing to protect female passengers from being sexually assaulted by drivers, leaving driver information vulnerable to a data breach, and refusing to

accommodate blind passengers' service dogs.

Despite the pending settlement for up to \$100 million, the debate over whether Uber drivers should be employees or independent contractors is far from over. Lawyers have filed a string of follow-on suits, and the issue constantly crops up in seemingly unrelated cases.

It's a key factor in many of the dozen lawsuits filed by San Francisco-based lawyer Christopher Dolan - he argues Uber should be held accountable for the misdeeds of its drivers, while Uber counters it's not to blame because the drivers are independent contractors. In one such case, an Uber driver struck and killed a 6-year-old girl in San Francisco on New Year's Eve, 2013. The fights seem personal for Dolan, whose law office happens to be across the street from Uber's Market Street headquarters.

"I don't like bullies," he said. "And Uber was a bully."

Some of this litigation has the potential to do serious damage. An antitrust suit in New York, which accuses Uber of illegally fixing the prices its drivers charge instead of allowing them to compete with each other, could be worth more than \$1 billion and seeks to upend Uber's pricing model, Davis said.

Depending on how the court receives the case, "Uber could be anywhere between just fine and in a whole lot of trouble," he said.

But Uber may have a secret weapon. In June a panel of federal appellate judges in the Ninth Circuit indicated it was leaning toward upholding the arbitration clause Uber has drivers sign. That could force many pending lawsuits against Uber out of court and into private arbitration, and make it difficult for drivers to bring future class actions.

Even if the lawsuits keep coming, Lux Capital partner Bilal Zuberi, who doesn't invest in Uber or its competitors, said they are unlikely to shake Uber's solid foundation.

"Lawsuits do not indicate anything fundamentally necessarily wrong with the company," he said. "They just indicate that some people are unhappy with the company's existence or with the work that the company is doing."

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Uber goes to court

Uber is fighting more than 70 lawsuits in federal courts across the country, plus additional litigation in state courts. Here's a rundown of some of the key cases:

Sexual assaults - Two women who allege they were sexually assaulted by their Uber drivers say the company's driver background check policies fail to protect riders. Uber tried unsuccessfully to get the case thrown out by arguing it's not liable for the attacks because its drivers are independent contractors, not employees.

Antitrust - An antitrust suit filed in New York federal court claims Uber illegally fixes the prices its drivers charge, instead of letting them compete against each other as independent contractors typically do.

Taxi drivers take a stand - Southern California-based cab company A Taxi accuses Uber of engaging in unfair business practices by flouting traditional taxi regulations.

Data breach - Uber drivers who had their personal information stolen in a 2014 data breach say the company didn't do enough to protect them.

Stolen intellectual property - Entrepreneur Kevin Halpern claims he's the one who came up with the idea for a mobile-phone based car service, and Uber CEO Travis Kalanick stole it.

Uber driver stabbed - San Francisco Uber driver Abdo Ghazi, who says the [company](#) refused to reimburse him for medical expenses after he was stabbed and punched in the face by a passenger, demands that Uber reclassify its drivers as employees.

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