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Federal Judge Approves Contractual Limitation on Time to Bring Employment Claims Under Oregon Law

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A federal court in Oregon recently ruled that employment agreements may impose a reasonable limitation on the time period in which an employee may bring statutory and common law claims against his or her employer, even when that time period is shorter than the statute of limitations.

In *Felix v. Guardsmark, LLC*, 3:13-CV-00447-BR (D. Or., Feb. 19, 2014), John Felix alleged claims against Guardsmark under Oregon anti-discrimination statutes and the Oregon Family Leave Act. However, Felix had signed an employment agreement that provided that all state law claims arising from that agreement were subject to the company's dispute resolution process and were time-barred unless filed within six months of their accrual. Felix was discharged on August 9, 2012, and did not file his lawsuit until February 13, 2013—more than six months after his claims had accrued. Guardsmark moved for summary judgment on the ground that Felix's claims were time-barred under the contractual limitation period.

The court ruled that the six-month contractual limitation was reasonable, relying on a recent Oregon Court of Appeals decision, *Hatkoff v. Portland Adventist Medical Center*, that upheld a 90-day limitation period within which an employee had to invoke the employer's grievance process. The court ruled that, in light of *Hatkoff*, a six-month contractual limitation was not unreasonable and therefore was enforceable. The ruling in *Felix* also reinforced the court's 2004 decision, *Fink v. Guardsmark, LLC*, that was legally indistinguishable except that it was premised on the court's prediction that the Oregon appellate courts would allow contractually shortened limitations periods—a prediction that so far has proved to be true.

As a result of the decision in *Felix*, Oregon employers that impose similar contractual time limitations on claims are on surer legal footing than before. However, the limitations provision at issue did not apply to federal civil rights claims enforced by the U.S. Equal Employment Opportunity Commission, nor does the decision resolve the question of whether contractual time limitations may be held unconscionable and, therefore, unenforceable in some situations, particularly when used as part of a mandatory arbitration program. In addition, the *Felix* decision interprets only Oregon law. Similar contractual limitations are not uniformly enforceable under other states' laws or federal law. Nevertheless, because claims of discrimination and retaliation brought under Oregon state law are not subject to damage caps like federal claims, successfully avoiding state

claims through a reasonable limitation period may prove valuable in litigation. Given the ongoing development and nuances in this area of law, employers should consult with legal counsel before including contractual limitations in agreements with employees in Oregon or other states.

Additional Information

Should you have any questions about the implications of this decision on employment agreements in Oregon, contact the authors, the Ogletree Deakins attorney with whom you normally work, or the Client Services Department at clientservices@ogletreedeakins.com.

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