California Court Rules that Louisiana Law Applies to Dispute Between a Vessel Owner and Operator and Their Employees

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Recently, a California appellate court ruled in favor of a Louisiana vessel owner and operator and against its employees in a wage and hour class action.

In *Gulf Offshore Logistics, LLC v. Superior Court*, employees, who provided maintenance services to oil platforms located in the Pacific Ocean off the California coast, sued their employer alleging violations of *California* state wage and hour laws. The employers moved for summary judgment arguing that *Louisiana* law governed the employment relationships at issue. After the trial court ruled against the defendant employers, the appellate court issued an order directing the superior court to grant the motion for summary judgment.

In determining whether California or Louisiana law should govern the employment relationship, the court applied a governmental interest analysis. In doing so, the court distinguished other cases because, in the instant case, the crew members were not residents of California and performed work both within California *and* outside its boundaries.

The appellate court also highlighted these facts in its decision:
- The defendant employers, the vessel owner and operator, are limited liability companies formed under Louisiana law.
- Every member of both companies is a Louisiana resident.
- Both companies are headquartered in Louisiana.
- All administrative functions are handled in Louisiana including the application, interview, hiring process, orientation and training.
- The Louisiana office staff for the companies makes the arrangements to transport the crew members to and from their assigned vessel.
- The Adele Elise, the vessel on which the crew members were employed, is registered in Louisiana.
- The Adele Elise was initially operated in the Gulf of Mexico but from March 2011 until October 2017 was repositioned to the Pacific Ocean.
- While in California, the Adele Elise was docked exclusively at Port Hueneme, California and traveled to oil platforms that were located outside of California's state boundaries.

The court noted that the crew members did not leave the vessel, even when it was docked in California, except under very limited circumstances and the crew had no other significant interaction with the State of California. After finishing their assigned work period or "hitch", the crew members almost immediately left the state without interacting with its residents, economy or civic life.

The court recognized that the crew performed work within the territorial boundaries of California, but that the work was done on a boat at sea. Every other aspect of their employment relationship with defendants occurred in Louisiana.

Accordingly, the court concluded that Louisiana's interest in the application of its laws was stronger than California's interest and therefore, Louisiana law governed the employment relationship.

Tips

Conflict of law issues are inherently factual inquiries based on the relative strength of each States' interest in enforcement of its laws.

The following factors may play into the analysis:
- Where the employer was formed, the citizenship of its members and where it is headquartered;
- Where the employees are hired and the work is directed from;
- Where the work is performed;
- Whether the employees have any significant contact with the "other" state:
  - Are they residents?
  - Do they own property?
  - Do they engage in the economy of the state or its civic life in a meaningful way?

Some of these factors will be beyond the control of the employer. Even so, employers should be aware of the unique burdens and intricacies of California's wage and hour laws so that they can make informed decisions when contemplating performing work in California.

If your Louisiana business assigns employees to work outside of the State of Louisiana, you may want to consult with an employer lawyer about how to properly pay employees in order to minimize the risk of wage and hour liability.