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Authors:

Neal Shah
Alexis Switzer

When "Interstate Commerce" Does Not Require Interstate Travel: Supreme Court Expands FAA Transportation Worker Exemption to Arbitration Agreements

***Flowers Foods, Inc. v. Brock*, 608 U.S. ___ (May 28, 2026)**

On May 28, 2026, the U.S. Supreme Court issued a unanimous decision in *Flower Foods, Inc. v. Brock*, clarifying the scope of the transportation worker exemption under the Federal Arbitration Act (FAA). The court held that delivery drivers who operate entirely within a single state still may be considered to have "engaged in interstate commerce" and qualify for the transportation worker exemption even if they never cross state lines or directly interact with interstate vehicles.

The Supreme Court declined to adopt a bright-line rule requiring transportation workers to cross state lines or interact with interstate vehicles to qualify for the exemption. Although the holding is narrow, this ruling continues the court's recent trend of broadly interpreting the FAA's exemption to arbitration agreements. This will allow more employees to challenge their arbitration agreements.

Background

The FAA generally requires courts to enforce arbitration agreements as they would other contracts. Under the FAA, workers who sign arbitration agreements typically must resolve their disputes through private arbitration instead of in court. However, Section 1 of the FAA exempts "contracts of employment" for certain transportation workers who are engaged in interstate commerce.

In *Flowers Foods*, the Supreme Court focused on what it means to be "engaged in interstate commerce." Specifically, the court had to

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decide whether a worker must personally cross state lines, or directly deal with goods or vehicles that cross state lines, to qualify for the exemption.

Brock, a delivery driver, operated exclusively within Colorado. As a franchisee, Brock purchased rights to distribute Flowers Foods' products within a defined geographic territory solely in Colorado. His job involved picking up baked goods from a local warehouse and delivering them to retail locations in the Denver area. Brock's routes never took him across state lines, and he never interacted with trucks that crossed state lines. However, the goods he delivered originated from out-of-state bakeries and were transported across state lines before arriving at the Colorado warehouse.

The Supreme Court held that Brock was still "engaged in interstate commerce" even though he never traveled interstate. The court explained the law did not require Brock to personally cross state lines. Instead, it was enough that he took part in the overall process of moving goods across state lines. Essentially, Brock was a part of the larger continuum of the goods flowing through interstate commerce. Brock delivering the goods to their final destinations (or "last leg") was part of the same interstate journey that began when the goods were produced out of state.

The Supreme Court rejected a bright-line rule requiring transportation workers to engage in interstate transportation, such as driving across state lines or interacting with interstate vehicles, to qualify for the exemption. Instead, the focus is on whether the worker is a "direct, active and necessary part" in completing the continuous process of moving goods interstate — from where they are made to where they are sold.

Practical Implications

Although the Supreme Court's holding is narrow, the ruling has important implications. First, it continues the Supreme Court's recent trend of taking an expansive view of the FAA's transportation exemption. Second, it has the likely effect of allowing more workers to avoid their arbitration commitments and bring their claims in court instead. This could apply to many delivery drivers who work

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locally but handle goods that come from other states. For example, workers who deliver packages for large national companies may fall under this exemption if they are part of an interstate supply chain.

For businesses, the decision may require revisiting how they use arbitration agreements or how effective they will be. Companies that rely on arbitration agreements with their local delivery drivers can no longer assume those agreements will be enforced. This could have the downstream effect of allowing more class and collective actions to proceed in court rather than through individual arbitrations.

Logistics, Distribution and Transportation Industries

Companies in the logistics, distribution and transportation industries will be primarily impacted by this decision. The origin and destination of the supply chain will now be central in any analysis of whether an arbitration agreement is enforceable. Delivery start and stop points are not necessarily dispositive. Instead, companies should review the transport route of their supply chain to determine which individuals in that chain are more likely to qualify for the exemption. Arbitration agreements still will be enforceable for those employees who are sufficiently removed from interstate transport.

E-Commerce and Digital Retail Platforms

Many e-commerce companies rely heavily on "last-mile" package delivery providers. These individuals transport products from a local warehouse to the end destination. Under the Supreme Court's ruling, local drivers that engage purely in intrastate commerce may still be considered exempt from enforcement of arbitration agreements if they are sufficiently involved in the continuous movement of the goods through interstate commerce. E-commerce companies should review their supply chains and determine whether their drivers are direct, active and necessary parts of moving goods through interstate commerce.

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Bottom line: The Supreme Court's ruling confirms that participation in interstate commerce does not depend on geography alone. A worker who helps move goods along their interstate path — whether across state lines or within a single state — may qualify for the FAA's transportation worker exemption. As a result, many workers involved in the final stage or "last mile" of delivery may retain their right to pursue claims in court, reshaping the legal landscape for arbitration in the transportation and logistics sectors.

Key Takeaways

- Employees who do not cross state lines, but still work with moving or transporting goods in the continuum of interstate travel, may be able to challenge the enforceability of their arbitration agreements.
- Employees of logistics and "last mile" carriers are particularly vulnerable to having the arbitration agreements in their employment contracts determined to be exempt under the FAA if they are involved with moving goods that originated from out of state.
- As arbitration agreements become more common in the employment context, employees are coming up with more creative legal theories to avoid arbitration and pursue their claims in Court – often as class or collective actions.

For more information about this decision or assistance in determining whether your employees are subject to the FAA's transportation worker exemption, please contact the authors or any member of FBT Gibbons' Labor & Employment practice group or Wage & Hour team.

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