



Insights

On the Road Again: Why the Supreme Court's Next Arbitration Case Matters for Florida Businesses

Article

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The U.S. Supreme Court has agreed to decide a question that could change how many Florida businesses resolve disputes with their delivery drivers: Are “last-mile” drivers—who only drive within one state—considered “transportation workers” who are exempt from the Federal Arbitration Act (FAA)? The case, *Flower Foods, et al. v. Brock*, asks whether drivers who deliver goods locally on the final leg of a larger, interstate journey can avoid arbitration clauses and take their claims to court instead.

The Legal Issue – Simplified

Many business contracts with drivers and contractors include arbitration clauses, which require disputes to be resolved privately by an arbitrator rather than in court. The FAA generally makes those clauses enforceable. But there is a longstanding exception: the FAA does not apply to “transportation workers” engaged in interstate commerce. The question at issue is who fits that description.

In recent years, courts have split on how the FAA exemption applies to last-mile drivers who never cross state lines but deliver goods that arrived from out of state. Some courts say these drivers are part of a continuous interstate shipment and therefore qualify as transportation workers exempt from the FAA. Other courts say that once goods arrive at an in-state warehouse, the interstate journey has ended, so local drivers are not exempt from the FAA and can be required to arbitrate.

Two developments frame the stakes. First, the Supreme Court recently said a worker can qualify for the FAA exemption even if their employer is not in the transportation industry; what matters is what the worker actually does. Second, in the case now before the Court, a federal appeals court concluded that franchise distributors delivering baked goods within one state were part of an “unbroken” interstate flow and thus exempt from the FAA. The Supreme Court will now decide which approach governs nationwide.

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What This Could Mean for Florida Businesses

The Court's decision will have direct, practical consequences for logistics companies and any Florida business that relies on in-state delivery—retailers, restaurants, e-commerce sellers, wholesalers, and franchise systems.

- If the Court says intrastate last-mile drivers are exempt when they are part of a continuous interstate delivery, many arbitration clauses with local drivers may no longer be enforceable under the FAA. That could mean more driver disputes—such as wage-and-hour, expense reimbursement, or misclassification claims—are filed in court, including as class or collective actions. Litigation is typically more public, slower, and more expensive than arbitration.
- If the Court says these drivers are not exempt, businesses will have greater certainty that arbitration agreements can be enforced for last-mile delivery work performed entirely within Florida. That would preserve the cost and confidentiality advantages of arbitration for many standard driver and contractor agreements.
- Operational details will also matter. Courts look at the real-world flow of goods and the business relationships among the manufacturer, warehouse, delivery provider, and end customer. Factors such as whether the local leg is tightly integrated with out-of-state shipping, how quickly goods move from warehouse to store, who controls pricing and customer accounts, and whether the local entity takes title to the goods can influence the result.

Practical Steps for Florida Employers and Logistics Operators

In anticipation of the decision, Florida businesses that use in-state delivery should review their driver and contractor agreements, dispute-resolution provisions, and operating practices. Consider how your deliveries are structured and documented from out-of-state origin to final destination. Clarify whether the local leg is part of a single, continuous shipment or a separate, in-state transaction. Be prepared for either outcome by assessing the financial and operational impacts of potential court litigation versus arbitration, including the risk of class actions.

The bottom line: The Supreme Court's opinion on the FAA exemption, when issued, will provide a nationwide rule for when last-mile drivers are exempt from the FAA. For Florida businesses that depend on delivery, the decision could reshape dispute-resolution strategy, contract drafting, and day-to-day logistics planning. Now is the time to take stock so you can move quickly once the Court speaks.

Please contact any attorney on the Lowndes Labor and Employment Law team should you have questions about this article or any other employment law issues impacting your business.