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State Supreme Court year in review: Key decisions from Summer 2024 to Summer 2025

In the past year, the California Supreme Court has reshaped arbitration, contract liability, corporate governance and administrative law in ways that demand close attention from litigators and general counsel navigating commercial disputes and transactions.

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Over the last year, the California Supreme Court has issued several decisions impacting the legal landscape across arbitration, corporate governance, administrative law and contract liability. Commercial litigators, general counsel and those negotiating transactions should pay close attention to how the court has reshaped litigation strategy, contract interpretation and tort liability across multiple sectors, from consumer protection and corporate governance to contract interpretation and review of administrative decisions. Below is a roundup of six opinions that lawyers—whether inside or outside counsel—should review closely.

New England Country Foods v. VanLaw Food Products: **Limits on contractual damage waivers for “willful” injury**

In a case with important implications for any party contracting under California law, the court adopted a “categorical rule” that parties cannot contract away liability for willful injury. Answering a question certified by the 9th Circuit, the court assumed (without deciding) that the Plaintiff’s intentional tort claims plead “willful injury” and held that “release of liability for ‘willful injury’ is barred by section 1668.” The court did not decide whether all intentional torts qualify or whether “willful injury”



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is something more – a question that remains unresolved. Commercial litigators and appellate counsel addressing limitations on liability should pay careful attention to how the law develops in this area.

Rattagan v. Uber Technologies, Inc.: **Economic loss rule does not automatically forbid claim for fraudulent concealment in performance of contract**

The court held that the economic loss rule does not categorically bar fraudulent concealment claims be-

tween contracting parties for actions taken in performance of the contract. Rather, a party may proceed if the fraudulent concealment based on conduct occurring during performance of the contract (1) can be established independently of the parties’ contractual rights and obligations and (2) exposes the plaintiff to a risk of harm beyond the reasonable contemplation of the parties when they entered into the agreement. The court reiterated that, under California law, concealment is no different than affirma-

tive misrepresentation. The key is whether the duty to speak can be shown to stand independently from the parties’ contractual rights and obligations. On the other hand, if the risk can be shown to have been in the contemplation of the parties at the time of contracting, it should have been addressed in the contract.

EpicentRx v. Superior Court: **Forum selection clause enforced despite lack of jury trial right**

The court reversed a lower appellate ruling that had invalidated, on public policy grounds, a Delaware forum selection clause in corporate governance documents. The case involved a forum selection clause in the articles of incorporation and bylaws requiring litigation to occur in the Delaware Court of Chancery – where litigants do not have a right to trial by jury. Chief Justice Guerrero emphasized that California’s jury trial protections do not extend to foreign jurisdictions and that the absence of a jury trial in the foreign jurisdiction does not render the clause unenforceable. This decision strengthens the enforceability of forum selection clauses in corporate governance disputes and aligns California appellate jurisprudence with standards favoring contractual autonomy.

***Center for Biological Diversity v. Public Utilities Commission:* Court recalibrates judicial review of administrative agency interpretations**

In a pivotal administrative law decision, the court held that the deferential “reasonable relation” standard from *Greyhound Lines v. PUC* no longer applies to most Public Utilities Commission decisions. Justice Kruger explained that courts must

now apply the conventional administrative review standard: the court engages in its own analysis with respect for, but not deference to, administrative reasoning. The ruling arose from a challenge to the Commission’s rooftop solar tariff and signals a shift in how courts assess agency actions – especially in energy, telecommunications and utility regulation.

***Ford Motor Warranty Cases:* arbitration enforcement narrowed**

In a unanimous decision, the court held that Ford Motor Company cannot compel arbitration based on clauses in dealership sales contracts to which consumers were a signatory but it was not. The ruling clarified that manufacturer warranty and fraud claims are not sufficiently intertwined with dealer contracts to justify estoppel. This decision reinforces the principle that arbitration requires mutual consent and limits the reach of arbitration clauses in consumer warranty litigation. While the case addresses a unique situation in the automotive industry, the precedent could have broad application in other consumer protection cases – particularly where consumers buy products through retailers or resellers.

***Hohenshelt v. Superior Court:* arbitration fee rule survives FAA preemption**

The court upheld Code of Civil Procedure section 1281.98, which mandates timely payment of arbitration fees by the drafting party in employment and consumer arbitrations against a Federal Arbitration Act (FAA) preemption challenge. Justice Liu, writing for the majority, interpreted the statute to allow employers to avoid forfeiture of their arbitration rights if failure to timely pay arbitration fees resulted from excusable neglect or good faith error. The decision disapproved several appellate rulings that had applied the rule rigidly to

waive arbitrability of disputes, preserving its deterrent effect against strategic nonpayment while aligning section 1281.98 with general principles of contract interpretation favoring arbitration.

Conclusion

These decisions will have a significant impact on commercial litigation in every sector, including arbitration enforcement, review of administrative action, contractual liability and jurisdiction over foreign torts. Whether litigating a case or negotiating a contract, attorneys and general counsel will benefit from reviewing the impact of these decisions on their practice.

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