G | P
Grand Park Law Group
A Professional Corporation

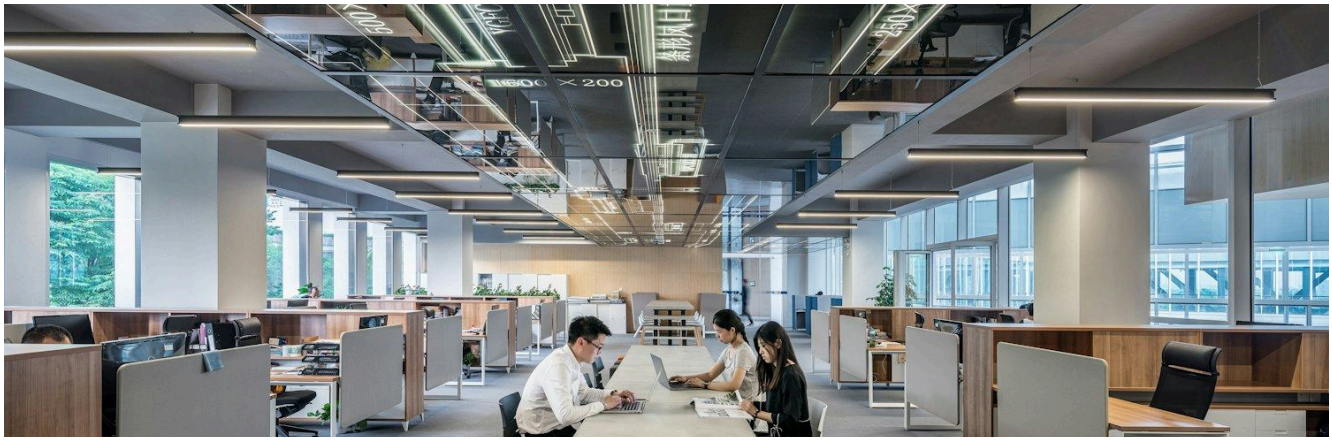
Westside Towers
11835 W. Olympic Boulevard #870E
Los Angeles, California 90064

O:+1 888.629.4754
F: +1 310.900.0805

INSIGHT · EMPLOYMENT LAW

Section 925 in Practice: How California Employees May Void Out-of-State Forum and Choice-of-Law Clauses

Grand Park Law Group · November 7, 2026 · 7 min read



Labor Code section 925 took effect on January 1, 2017, and applies to employment contracts entered into, modified, or extended on or after that date.

Labor Code section 925 gives a California-based employee a choice. A clause that sends a California claim to another state, or strips away California law, binds the employee only if the employee lets it. This memorandum sets out the statute's elements, how California courts read them, and how federal courts handle the statute when an employer moves to transfer.

I. Question Presented

When may an employee who lives and works in California set aside an out-of-state forum-selection or choice-of-law clause under Labor Code section 925, and how do state and federal courts give effect to that election?

II. Short Answer

An employer may not require such an employee, as a condition of employment, to agree to adjudicate a California claim outside California or to forgo California's substantive protection. A violating clause is **voidable by the employee, not void**. Once the employee voids it, the dispute is adjudicated in California under California law. The statute reaches contracts entered into, modified, or extended on or after January 1, 2017. It does not apply where the employee was in fact individually represented by counsel in negotiating the forum or choice-of-law terms. The Ninth Circuit holds that a clause properly voided under section 925 is not a "valid" clause, so the transfer framework of *Atlantic Marine* does not apply.

III. Governing Law

A. The Statutory Text

Section 925 was added by Statutes 2016, chapter 632 (Sen. Bill No. 1241), effective January 1, 2017. Its six subdivisions operate together. (Lab. Code, § 925.)

1. **Prohibition.** An employer shall not require an employee "who primarily resides and works in California," as a condition of employment, to agree to a provision that would (1) require adjudication outside California of a claim arising in California, or (2) deprive the employee of the substantive protection of California law for a controversy arising in California. (§ 925, subd. (a).)
2. **Remedy.** A violating provision is "voidable by the employee." If it is rendered void at the employee's request, the matter "shall be adjudicated in California and California law shall govern the dispute." (§ 925, subd. (b).)
3. **Fees.** In addition to injunctive relief and other remedies, a court may award an employee enforcing the section reasonable attorney's fees. (§ 925, subd. (c).)
4. **Arbitration.** "Adjudication" includes litigation and arbitration. (§ 925, subd. (d).)
5. **Counsel exception.** The section does not apply to a contract with an employee who is "in fact individually represented by legal counsel" in negotiating the venue, forum, or choice-of-law terms. (§ 925, subd. (e).)
6. **Temporal reach.** The section applies to a contract "entered into, modified, or extended on or after January 1, 2017." (§ 925, subd. (f).)

B. The Federal Transfer Framework

Under *Atlantic Marine Construction Co. v. United States District Court*, 571 U.S. 49, 62 (2013), when parties have agreed to a valid forum-selection clause, a district court "should ordinarily transfer the case to the forum specified in that clause." The plaintiff's choice of forum "merits no weight," private-interest factors are deemed to favor the chosen forum, and the transferee court does not inherit the original venue's choice-of-law rules. (*Id.* at 63–64.) The Court added that its analysis "presupposes a contractually valid forum-selection clause." (*Id.* at 62, n. 5.)

IV. Analysis

A. The Election Must Be Made

Because the clause is voidable, the employee must act. In *LGCY Power, LLC v. Superior Court* (2022) 75 Cal.App.5th 844, the employer argued that the word "voidable" was dispositive and that the clause remained effective until a tribunal set it aside. The Fifth District said the employer was "probably correct" that a violative clause "does not become void simply by the employee declaring an intent to void it." In its view, the most plausible reading of subdivision (b) requires the employee to ask a court to declare the clause void. The statute sets no time limit for that request. The court found the employee's complaint contained a clear request, his efforts were

timely, and the order overruling the demurrer voided the clause by implication. In the federal case discussed below, the employee sent written notice invoking section 925 within a week after the employer first threatened to enforce the non-compete.

B. Modification Can Bring a Pre-2017 Contract Within the Statute

The employee in *LGCY Power* signed his agreement in January 2015. After January 1, 2017, he was promoted and his pay structure and duties changed. The agreement required written modifications. The court applied Civil Code section 1698, subdivision (b), which permits oral modification of a written contract to the extent the oral agreement is executed. Taking the complaint's allegations as true, the court found no error in the conclusion that the changes were modifications within subdivision (f). The court rejected the view that a minor accommodation or a single modest change would necessarily be a modification. It declined to set a lower limit, holding that the changes in duties, title, and compensation, taken together, sufficed. (*LGCY Power*, *supra*, fn. 6.)

C. Effect on Parallel Litigation in a Sister State

LGCY Power answered two questions of first impression. First, section 925 is a statutory exception to California's compulsory cross-complaint rule (Code Civ. Proc., § 426.30). An employee within the statute may therefore file a California action on claims related to the employer's pending suit in another state. Second, the Full Faith and Credit Clause did not compel the California court to apply Utah's compulsory counterclaim rule. The court acknowledged that denying the writ petition allowed the Utah and California actions to proceed concurrently, with the risk that the first judgment would be applied as res judicata in the other.

D. Section 925 in Federal Court

In *DePuy Synthes Sales, Inc. v. Howmedica Osteonics Corp.*, 28 F.4th 956 (9th Cir. 2022), a California sales associate signed a contract with New Jersey forum-selection and choice-of-law clauses. He voided them under section 925 before suit. The employer moved to transfer under 28 U.S.C. § 1404(a). The Ninth Circuit held that state law, section 925, subdivision (b), "determines the threshold question" whether the contract contains a valid forum-selection clause. It reasoned that section 925 does not remove a federal court's discretion over venue. Rather, its provisions "relate to the terms of the agreement between the parties." The employee's election "excised the forum-selection clause from the agreement as presented to the district court." The court rejected the argument that § 1404(a), as construed by the Supreme Court, displaced section 925. It held that § 1404(a) and that precedent "do not broadly preempt all state laws controlling how parties may agree to or void a forum-selection clause."

With no valid clause, the modified *Atlantic Marine* analysis did not apply. The district court weighed the traditional factors and denied transfer, and the Ninth Circuit affirmed. The panel also affirmed partial summary judgment holding the forum-selection, non-compete, and non-solicitation clauses void under California law. (Bus. & Prof. Code, § 16600.)

Two limits follow from the opinion. The panel expressly did not decide whether state law governs the validity of a forum-selection clause that has not been voided. And the analysis depends on the employee's satisfying every prerequisite of section 925, including the absence of individual repre-

| Beverly Hills • San Francisco • San Diego • Chicago |
| Main: (888) 629-GPLG (4754) • Fax: (310) 900-0805 • www.GrandParkLawGroup.com |

sentation by counsel.

E. The Counsel Exception

Subdivision (e) is narrow by its terms. The employee must be "in fact" represented, the representation must be individual, and it must relate to negotiating the venue, forum, or choice-of-law terms. The Ninth Circuit described subdivision (e) as leaving a represented employee "free to negotiate whatever forum-selection clause they want." Employers who rely on the exception should be prepared to prove each element.

V. Practical Considerations

- **Threshold facts.** Establish where the employee primarily resides and works, whether the clause was a condition of employment, and the dates of formation, modification, or extension.
- **Exercise the election early and in writing.** Both reported decisions involved an employee who clearly invoked section 925 before or at the outset of litigation. After *LGCY Power*, the safer course is also to ask the court to declare the clause void.
- **Arbitration clauses.** Subdivision (d) treats an out-of-state arbitral seat the same as an out-of-state court.
- **Parallel suits.** *LGCY Power* permits a California action despite a pending sister-state suit, but it does not bind the other state's court.
- **Federal transfer motions.** Under *DePuy*, a properly voided clause carries no weight in the § 1404(a) analysis. The traditional factors govern.
- **Fees.** Subdivision (c) authorizes, but does not require, a fee award to an employee enforcing the statute.

VI. Authorities Cited

- Lab. Code, § 925
- Bus. & Prof. Code, § 16600
- Code Civ. Proc., § 426.30
- Civ. Code, § 1698
- 28 U.S.C. § 1404
- *LGCY Power, LLC v. Superior Court* (2022) 75 Cal.App.5th 844
- *DePuy Synthes Sales, Inc. v. Howmedica Osteonics Corp.*, 28 F.4th 956 (9th Cir. 2022)
- *Atlantic Marine Construction Co. v. United States District Court*, 571 U.S. 49 (2013)

| Beverly Hills • San Francisco • San Diego • Chicago |
| Main: (888) 629-GPLG (4754) • Fax: (310) 900-0805 • www.GrandParkLawGroup.com |

Practice	Employment Law
Topics	Section 925 · Forum Selection · Choice of Law · Federal Transfer
Publication	Employment Law · November 7, 2026

Available online at grandparklawgroup.com/insights/articles/labor-code-section-925-forum-selection-california-employees. This publication is provided for general information and is not legal advice.
© 2026 Grand Park Law Group, A.P.C. Attorney Advertising.