

# One-Year Statute of Limitations for Personal Injury Claim in Arbitration Agreement Upheld in Texas Courts



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# Introduction

On June 28, 2022, [Court of Appeals of Texas, Fourteenth District](#), concluded that a Texas non-subscriber employer could bargain for an arbitration agreement under the FAA to limit the time in which an employee must submit a negligence claim to arbitration, which effectively circumvents the statutory two-year statute of limitation under the [Texas Civil Practice and Remedies Code](#).



Employee agreed to an arbitration agreement which stipulated a one-year time limit for filing a claim for arbitration.

## Facts

As a condition to his employment with Rigid Global Buildings, LLC (hereinafter “Employer”), Antonio Vargas (hereinafter “Employee”) agreed to Employer’s arbitration agreement (hereinafter “Arbitration Agreement” or “Agreement”). The Agreement stated that the FAA governed all aspects of same and that “[a]ny dispute as to whether a claim is arbitrable shall be resolved by the Arbitrator under this Arbitration Agreement.” [Vargas v. Rigid Glob. Bldgs.](#), No. 14-20-00309-CV, at \*1 (Tex. App. June 28, 2022).

The Arbitration Agreement stipulated a one-year time limit for filing a claim for arbitration (hereinafter “Time Limit”), the Agreement stated the following:

All parties must file a Claim for arbitration within one (1) year after the date of the incident or occurrence giving rise to the Claim. Failure to do so will result in the Claim being barred as at that one-year date. Should this time limitation become unenforceable because of applicable statute or case law, [Rigid and Vargas] agree the arbitrator may determine the appropriate limitations period in a pre-arbitration hearing[.] *Id.*

Employee alleged that on or about August 19, 2017, while he was working in the course and scope of his employment with Employer, he suffered a personal injury due to the negligence of Employer’s employees. More than 18 months after the date of the occurrence giving rise to Employee’s negligence claim, Employee initiated an arbitration proceeding under the Arbitration Agreement in which he asserted his claims against Employer, including his negligence claim. See *id.*

Employer filed a motion for summary judgment asserting that under the “Time Limit” Employee’s negligence claim was barred because Employee did not file his claim within one year after the date of the incident giving rise to the claim. See *id.* Employee responded in opposition and while Employee agreed that the arbitrator had the authority to decide on the applicable statute of limitations, Employee argued that the “Time Limit” was contrary to public policy, substantively unconscionable, unenforceable, and void under [section 16.070 of the Civil Practice and Remedies Code](#) [hereinafter “Tex. Civ. Prac. & Rem. Code § 16.070”].

## Outcome



The arbitrator granted Employer’s motion for summary judgment and he listed various reasons for his decision, including the following: the Employee’s claim was barred by the “Time Limit”, the Arbitration Agreement was not unconscionable, and the [Tex. Civ. Prac. & Rem. Code § 16.070](#) did not validate the “Time Limit” because Employee’s claim was not a breach-of-contract claim. See *id.*

Employee filed a motion for reconsideration of the arbitrator’s ruling, which was denied by the arbitrator. Employee proceeded by filing a petition to vacate the arbitration award (hereinafter “Award”) in favor of Employer in trial court, the Employer filed a motion to confirm the Award. See *id.* The trial court denied Employee’s petition to vacate and granted Employer’s motion to confirm Award. Employee appealed the decision.

The Texas Appellate Court concluded that the Agreement granted the arbitrator the power to decide whether the “Time Limit” was enforceable and “[b]ecause the parties bargained for an arbitrator to apply the Time Limit and determine its enforceability, a decision by the arbitrator even arguably construing or applying the Time Limit is within the arbitrator’s powers, regardless of a court’s view of its merits or demerits.” See *id.* The Court further stated that the trial court could not vacate the Award under the FAA *exceeding of powers* ground “based on any alleged errors by the arbitrator in interpreting or applying the law.” See *id.* (citing [Venture Cotton Co-op v. Neudorf](#), No. 14-13-00808-CV, 2014 WL 4557765, at \*3 (Tex. App.-Houston [14th Dist] Sep. 16, 2014, no pet.). Therefore, under the applicable standard of review, the Court concluded that the arbitrator did not exceed his powers and thus the trial court did not err in denying Employee’s petition to vacate the Award on this ground, thus upholding the arbitrator’s award in favor of Employer.

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## Application

A Texas non-subscriber's arbitration agreement may limit the length of time which an employee has to file a claim. According to the dicta of this ruling, if an arbitration agreement limits the two-year statute of limitations for a personal injury claim, it would be advisable to include in it a delegation provision granting the arbitrator the authority to resolve any dispute regarding claim arbitrability, to apply the time limit, and to determine whether the time limit is enforceable.



### \*\*\* Pending Review by Texas Supreme Court

On September 12, 2022, Employee filed a [Petition for Review in the Supreme Court of Texas](#). On January 18, 2023, Employer filed their Response to Petition for Review. As of the publishing of this article, the Supreme Court of Texas has not decided whether they will review the matter. This article will be updated with any pertinent developments.

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