The Top 12 HR Compliance Cases of 2025

The decisions handed down by judges and arbitrators across the nation may have a direct impact on your company's HR operations and liability risks. That's why it's essential for HR directors to monitor and keep executives apprised of these rulings and potential liability ramifications. The problem is that following court cases is difficult and time-consuming. While new legislation and regulation is widely reported, important HR case rulings often fly under the radar. So, we make it a point to do the case tracking that most HR directors lack the time and resources to do and report back to you on the key rulings each month (in our Month In Review) and on a semi-annual basis. Here are what we believe are the 12 most important HR cases of 2025 and their practical impact on your own company and its HR program.

1. **and 2. Courts Bar Gig Workers' Class Action Lawsuits Against Amazon and Uber**

The struggle to adapt the employment laws crafted in the 20th century to modern gig employment models has been one of the most fascinating themes in HR compliance in recent years. One facet of that dynamic played out in court in 2025 in the form of class action lawsuits filed by gig workers against two of the world's most significant platform behemoths, Amazon and Uber.

The first case took place in Ontario where roughly 73,000 delivery employees filed a $250 million class action lawsuit against Amazon for breach of contract, bad faith, and other alleged wrongdoings. The court ruled that the group of 57,000 driver associates couldn't bring a class action against Amazon because they were employed by third-party delivery-service partner companies who were independent from the company. The 16,000 delivery partners who were employed directly by Amazon couldn't sue as a class because they had different kinds of employment arrangements with the company. Simply downloading and using the Amazon Flex App to accept and report delivery assignments wasn't enough common ground to justify a class action. The Ontario Court of Appeal found the lower court ruling reasonable and refused to overturn it [*Davis v. Amazon Canada Fulfillment Services*, 2025 ONCA 421 (CanLII), June 10, 2025].

The second case was a Québec class action by Uber drivers accusing the company of violating their minimum wage, overtime pay, vacation pay, and public

holiday pay rights as "employees" under the *Labour Standards Code*. The court agreed that the drivers met the Code's definition of "employee" as one who provides work for remuneration under a relationship of subordination, even though their contracts described them as "independent contractors." The bad news is that by being "employees," the drivers were subject to the Code's one-year statute of limitations. Because the lead plaintiff didn't file the lawsuit until more than a year after leaving Uber, the court dismissed the case. The court added that even if it had been timely, it wouldn't have let the case go forward as a class action because there wasn't enough commonality among the drivers [*Yeretzian v. Uber Portier Canada inc*., 2025 QCCS 1768 (CanLII), May 27, 2025].

Takeaway: The immediate lesson of these cases is that simply getting assignments from a digital platform may not be enough for drivers and other gig workers to team up and file a class action lawsuit. However, each situation is different. The greater significance is that gig workers **do have** employment rights. Although they lost the class action, the workers in *Amazon* and *Uber* could still assert legal claims individually. Find out about current employment law protections for gig workers, including the new Ontario gig worker protection law and how to comply with it.

3. and 4.Courts Rule that Making Telecommuters Return to Office Is Constructive Dismissal

The authority of employers to force telecommuters to return to work has become one of the hottest potatoes in current HR litigation. There were about half a dozen major rulings on the issue in 2025, including two cases where a telecommuter being forced back to the office successfully sued for constructive dismissal.

The first case began when the new owner of an Alberta vein clinic implemented a "return to office" policy requiring an office manager who had worked mostly from home for decades to transition to full-time office work. The court found constructive dismissal, reasoning that this was a "work from home position" and that the manager was a loyal and faithful employee whose husband had just become seriously ill. This wasn't a "return" to office situation a la the months after the COVID pandemic but a fundamental change in the integral terms of the manager's employment, the court concluded [*Nickles v 628810 Alberta Ltd*., 2025 ABKB 212 (CanLII), April 4, 2025].

The second case came from British Columbia, where a newly promoted Marketing VP working from home left a construction firm because it didn't give her a raise and demanded that she return to the office. The VP claimed she was constructively dismissed; the firm claimed she quit. While acknowledging that there was no written contract, the VP claimed there was an implied agreement allowing her to telecommute. The British Columbia court agreed, noting that the Executive VP had told her that she didn't have to return to the office after the COVID pandemic because he knew she was getting the work done and he didn't care where she did it. He also approved of her setting up an office at home and buying her own equipment. "There is therefore little doubt that it was an ongoing term of employment that [the Marketing VP] could work from home, which [the Marketing VP] relied-upon and the company accepted," the court reasoned. Result: The firm had to pay her 19 months' notice for wrongful dismissal [*Parolin v Cressey Construction Corporation*, 2025 BCSC 741 (CanLII), April 23, 2025].

Takeaway: Employees don't have a fundamental right to work from home. However, employees may become entitled to telecommute if their employer grants them such rights via contract. The moral of the *Nickles* and *Parolin* cases is that the contractual right to telecommute may arise either via express writing or oral promise

and understanding. So, don't leave things to chance. Implement a written agreement and/or policy that spells out clear ground rules for telecommuting, including the right of the company to end the arrangement and require the employee to return to the physical workplace at any time and for any reason at your sole discretion.

5. **Bus Company AISurveillance System Violates Drivers' Privacy, Says Federal Arbitrator**

Absent legislation, court cases, and arbitration proceedings have become the crucible where the laws governing employer use of artificial intelligence for employment purposes are being forged. The impact of AI remote monitoring systems on employee privacy rights is a common issue in this litigation, including a union grievance challenging a bus company's use of AI-based surveillance cameras inside company vehicles to ensure safe driving. The federal arbitrator ruled that a newly installed Samsara system that gathered more extensive personal data than the conventional video cameras the company had previously used resulted in harms to drivers' Charter privacy rights that outweighed the relatively minor improvements to safety. Moreover, the AI system's remote real-time viewing and other features allowed the company to use the system to gather and access data for purposes other than safety. **Result:** The company had to stop using the system within 90 days and pay $100 in privacy damages to each affected driver [*STT de Coach Canada – CSN v Newcan Coach Company ULC (Coach Canada*), 2025 CanLII 96672 (CA SA), August 29, 2025].

Takeaway: *Newcan* is a perfect illustration of how use of AI-based technologies for HR purposes can get companies into trouble under privacy and other employment laws. Use the HR Insider template to create an effective AI Use Policy at your workplace. Also go to the HR Insider website to find out how to guard against AI discrimination and liability risks.

6. **Ontario High Court Finds Sexist Texts about Coworker on Private App Just Cause to Terminate**

As usual, there were several important cases in 2025 affirming employers' rights to discipline employees for inappropriate postings on social media sites, including one case that went all the way to Ontario's highest court. It involved a government transportation agency that terminated five employees for posting derogatory and sexist texts about coworkers in a WhatsApp messaging group, including allegations that a certain "Ms. A" performed sexual favors for career advancement. The union grieved and the Ontario arbitrator reinstated all five employees after finding no justification to terminate for off-duty conduct. Rather than giving the labour arbitrator the usual deference, the court found that the ruling in this case was unreasonable and reversed it, setting up a final showdown before the Ontario Court of Appeal. The Court ruled that there was just cause to terminate and that the arbitrator was wrong to treat the WhatsApp texts as private communications because the employees made them using their personal cellphones and conclude that they had no negative impact on the workplace since Ms. A didn't file a complaint with HR [*Metrolinx v. Amalgamated Transit Union, Local 1587,* 2025 ONCA 415 (CanLII), June 6, 2025].

Takeaway: The notion that texts and other social media communications by employees are purely private is a myth. Employers can, in fact, discipline employees for social media postings that harm a company's employees or business. But you must have a legally sound HR policy. Use the HR Insider template to create your own Social Media

Use Policy. Employers should also have an off-duty conduct policy that lays the legal groundwork for discipline against social media transgressions that impact the company and employee's ability to do the job.

7. Employer's Duty of 'Honest Performance'Doesn'tApply to Contract Negotiations, Says British Columbia High Court

Employers in British Columbia dodged a major bullet when the province's top court ruling that the duty of honest performance in fulfilling employment contract duties doesn't extend to pre-contractual negotiations. The case began when a group of ex-employees brought a class action lawsuit against a Vancouver hotel for allegedly withholding crucial information about their healthcare coverage during the height of the COVID crisis to persuade them to give up their status as regular employees and accept casual employment instead. The lower court ruled that the employees had a valid claim for breach of the duty of honest performance and let the case go forward as a class action. But the BC Court of Appeal reversed, finding that the duty applies only to the performance of contractual duties, not how they're negotiated [*Ocean Pacific Hotels Ltd. v. Lee*, 2025 BCCA 57 (CanLII), February 28, 2025].

Takeaway: Under current law, employees who exhibit bad faith during the termination process can be held liable for *Wallace* and other extraordinary damages. This case was an attempt to get the British Columbia Court of Appeal to recognize a similar employer duty and liability risk during the negotiation of the employment contract using the duty of honest performance rather than good faith. So, the fact that the employees failed is a big deal. However, in February 2024, the same Court greenlighted a different lawsuit contending that the employer duty to exercise good faith at termination also applied during employment [*British Columbia v. Taylor*, 2024 BCCA 44 (CanLII)]. Thus, employers need to keep a close eye on this *Wallace* damages liability extension threat in not only British Columbia but all parts of the country.

8. FiringVolleyball Coach for Harassment Without Progressive Discipline Costs University Over $50,000

One of the year's most instructive workplace harassment cases began when the University of New Brunswick fired its high-profile women's volleyball team coach in response to complaints of abusive treatment and harassment by five players and a trainer. UNB claimed it had just cause and a clear right to terminate his contract at any time during the term. But while acknowledging its proper investigation of the complaints, the court faulted UNB for terminating the coach without first trying to change his behaviour via progressive discipline, especially since some of the players filed their complaints only after the coach told them they might be benched next season. Given these circumstances, the coach deserved a second chance, the court concluded, ordering the UNB to pay $50,920 in damages and legal costs [*Schick v University of New Brunswick,* 2025 NBKB 207 (CanLII), September 19, 2025].

Takeaway: *Schick* serves as a reminder that how employers respond to workplace harassment complaints is just as important as what the accused did or didn't do. The fatal mistake in this case was not even considering the possibility of progressive discipline. The one thing that's true in all cases is that companies need an effective Workplace Harassment Prevention and Compliance Game Plan that provides for investigating complaints and objectively and reasonably assessing the findings in making decisions about discipline.

9. **Cutting Employee's Email Access May Be Reprisal for Harassment Complaint**

A Calgary Board of Education administrative assistant complained about being harassed by her superintendent. The Board moved the assistant out of her office and into a different location while it conducted an investigation. It also reassigned the assistant to a special project, barred her from attending team meetings, and restricted her email access pending the investigation results. These measures are all for your own protection, the Board assured her. But the assistant felt she was being punished for complaining about harassment and filed an OHS reprisal complaint. The OHS investigator concluded that the Board had legitimate, non-retaliatory reasons for its actions, including the need to protect its confidential information. But the Alberta OHS appeals tribunal said that the officer's findings and conclusions were "unreasonable," noting that the Board listed some of the very information it claimed to be confidential in a public notice it posted. So, the tribunal reinstated the assistant's reprisal claim for further consideration [*Atkinson v Calgary Board of Education*, 2025 ABOHSAB 24 (CanLII), October 30, 2025].

Takeaway: While the paramount objective should be to prevent these situations by implementing a Harassment Prevention and Compliance Game Plan, it's also important to keep your head in reacting to harassment charges and complaints. The moral of the Atkinson case is that the things you do to protect and support employees who complain of harassment, such as moving them to different locations or isolating them from management, may be perceived as reprisal. Limiting internet and internal data access is particularly sensitive. Find out how to avoid inadvertent reprisals or retaliation.

10. **Ankle TwistIsn't Significant Enough to Justify Post-Incident Drug Testing**

As usual, drugs, alcohol, and testing featured prominently in 2025 HR litigation. One instructive case featured a painter at a liquefied natural gas plant construction site who tripped and rolled his ankle. Although embarrassed by his own awkwardness, the painter reported the injury to a supervisor as required by the site's workplace injury reporting policy. But as the saying goes, no good deed goes unpunished. The painter's explanation of what happened didn't sit right with the supervisors who suspected that he might have been drunk or high. So, after investigating the incident, they demanded that the painter submit to post-incident drug and alcohol testing. The tests came back negative, but the union filed a grievance claiming that the company didn't have just cause to test. The British Columbia arbitrator agreed. The incident wasn't significant to justify invading the painter's privacy and bodily integrity. Trips and twisted ankles happen at worksites all the time, it reasoned. And even if the incident had been significant, the investigation was "inadequate" because the investigators didn't interview witnesses or get the painter's side of the story. **Result:** The company had to pay $2,000 in damages [*Altrad Services Ltd. v International Union of Painters And Allied Trades, Local 138*, 2025 CanLII 31346 (BC LA), April 10, 2025].

Takeaway: Creating a legally sound drug testing policy is just half the battle. You also need to ensure that you implement your policy in a way that's fair, consistent, and true to the agreed terms. This is especially true of policies that allow for testing on the basis of "reasonable cause" or after incidents.

11. Firing Employee for Alcohol-Induced Violence Is Failure to Accommodate

Violent behaviour and threatening coworkers would normally be just cause for termination, especially at a small family-run business. The problem was that the Managing Partner who got fired might have behaved the way he did because of his drinking problems. The company was well aware of his alcohol issues but made no effort to determine his need for reasonable accommodations. The evidence suggested that the company ignored medical information and rejected the Partner's request for time away to pursue treatment. **Result:** The Alberta Human Rights Commission ordered the company to pay him damages for disability discrimination [*Andrusiw v Westcon Precast Inc*., 2025 AHRC 128 (CanLII), December 5, 2025].

Takeaway: Drug and alcohol addictions are recognized as disabilities that employers must accommodate but only to the point of undue hardship. Find out how far employers must go to accommodate an employee's drug or alcohol addiction.

12. 36 Months Is Long Enough to Wait for Disabled Employee to Return

How long is too long for an employer to hold open the job of an employee on disability leave? A Québec case shedding light on this important question involved a collective agreement allowing for termination of employees after 36 months of being on indefinite leave with a disability. In accordance with the clause, an employer closed the file of a recreation technician who, after three years, was still on leave with 22 disabilities. The union objected but the arbitrator rejected the grievance, noting that courts in the province accept that 36 months is generally a reasonable accommodation as long as the employee has no reasonably foreseeable prospects of being capable of returning to work any time soon. And the medical evidence in this case demonstrated that the technician wouldn't be able to resume working within a reasonable time [*Alliance of Professional Health and Social Services Personnel (APTS) v. Integrated Health and Social Services Center Montérégie-Centre,* 2025 CanLII 714 (QC SAT), January 10, 2025].

Takeaway: Human Rights Law, 101: Employers must make reasonable accommodations for an employee's disabilities up to the point of undue hardship. The big challenge is figuring out how long it takes for enduring a long absence to pass from reasonable accommodation to undue hardship. While there's no specific number that's universally recognized, courts in Québec have okayed drawing the line at 36 months as long as it's part of a collective agreement and there's no reasonable plausible prospects of a return. The second prong of that test applies in all jurisdictions; however, the unofficial 36-months' bright line does not.