

Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States v. Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

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**CLACKAMAS GASTROENTEROLOGY ASSOCIATES,
P. C. v. WELLS****CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR
THE NINTH CIRCUIT**

No. 01–1435. Argued February 25, 2003—Decided April 22, 2003

Respondent filed suit alleging that petitioner medical clinic violated the Americans with Disabilities Act of 1990 (ADA or Act) when it terminated her employment. Petitioner moved for summary judgment, asserting that it was not covered by the Act because it did not have 15 or more employees for the 20 weeks required by the ADA. That assertion's accuracy depends on whether the four physician-shareholders who own the professional corporation and constitute its board of directors are counted as employees. In granting the motion, the District Court concluded that the physicians were more analogous to partners in a partnership than to shareholders in a corporation and therefore were not employees under the ADA. The Ninth Circuit reversed, finding no reason to permit a professional corporation to reap the tax and civil liability advantages of its corporate status and then argue that it is like a partnership so as to avoid employment discrimination liability.

Held:

1. The common-law element of control is the principal guidepost to be followed in deciding whether the four director-shareholder physicians in this case should be counted as “employees.” Where, as here, a statute does not helpfully define the term “employee,” this Court’s cases construing similar language give guidance in how best to fill the statutory text’s gap. *Nationwide Mut. Ins. Co. v. Darden*, 503 U. S. 318, 322, 323. The professional corporation is a new type of business entity with no exact common-law precedent, but the common law’s definition of the master-servant relationship provides helpful guidance: the focus on the master’s control over the servant. Accordingly, the Equal Employment Opportunity Commission (EEOC) argues that a court

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should examine whether shareholder-directors operate independently and manage the business or instead are subject to the firm's control. Specific EEOC guidelines discuss the broad question of who is an "employee" and the narrower one of when partners, officers, board of directors' members, and major shareholders qualify as employees. The Court is persuaded by the EEOC's focus on the common-law touchstone of control and specifically by its submission that each of six factors are relevant to the inquiry whether a shareholder-director is an employee. Pp. 4–11.

2. Because the District Court's findings appear to weigh in favor of concluding that the four physicians are not clinic employees, but evidence in the record may contradict those findings or support a contrary conclusion under the EEOC's standard, the case is remanded for further proceedings. P. 11.

271 F. 3d 903, reversed and remanded.

STEVENS, J., delivered the opinion of the Court, in which REHNQUIST, C. J., and O'CONNOR, SCALIA, KENNEDY, SOUTER, and THOMAS, JJ., joined. GINSBURG, J., filed a dissenting opinion, in which BREYER, J., joined.