

## Federal Court Allows Collective Action Lawsuit Over Alleged AI Hiring Bias

Workday Inc. Now Faces Nationwide Collective Action Over Alleged Age Discrimination in Artificial Intelligence (AI) Hiring Tools

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*Holland & Knight Alert*

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Derek Mobley, a man over 40 years old, sued [Workday Inc.](#) claiming that Workday's artificial intelligence (AI)-driven applicant screening tools have systematically disadvantaged him and other older job seekers. Mobley submitted more than 100 applications to companies using Workday's platform, and he was rejected every time. Mobley alleged that the AI tools – designed to score, sort, rank or screen applicants – unfairly penalize older candidates. The court initially dismissed Mobley's complaint but granted permission to file an amended version. Subsequently, Workday attempted to have this amended complaint dismissed as well but was unsuccessful.

The court, by denying Workday's motion to dismiss, recognized Mobley's claim as plausible under the Age Discrimination in Employment Act (ADEA), based on a disparate impact theory. This development marks a pivotal moment in the ongoing legal proceedings, as it allows Mobley to continue pursuing the case against Workday.

### Key Developments

On May 16, 2025, Judge Rita Lin of the U.S. District Court for the Northern District of California [granted preliminary certification](#) under ADEA, allowing the lawsuit to move forward as a nationwide collective action – similar to a class action but requiring individuals to "opt in" to the lawsuit if they are interested in doing so. The case involves Mobley and four other plaintiffs representing all job applicants ages 40 and older who were denied employment recommendations through Workday's platform since Sept. 24, 2020. The court determined that the main issue – whether Workday's AI system disproportionately affects applicants over 40 – can be addressed collectively, despite the challenges in identifying all potential members of the collective action.

In response, Workday has expressed that the lawsuit lacks merit and stresses that the court's decision is only preliminary.

### Implications for Employers

This decision marks a pivotal moment in the evolving legal landscape surrounding AI. It stands as one of the most closely watched cases in the nation concerning the use of AI in employment decisions.

This ruling underscores the growing scrutiny of AI in employment decisions and the potential for significant legal exposure. As discussed in a [previous Holland & Knight alert](#), employers must proactively assess algorithmic tools for potential bias and ensure compliance with evolving legal standards.

Holland & Knight's [Litigation and Dispute Resolution](#), [Labor, Employment and Benefits](#), [Data Strategy, Security & Privacy](#) and [Artificial Intelligence](#) teams will continue to provide updates on the evolving regulatory landscape governing AI use in employment and assist clients in navigating these complexities.

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