

GIBSON DUNN



Appellate and Constitutional Law Update

January 18, 2024

California Supreme Court Holds That Trial Courts May Not Strike PAGA Claims as Unmanageable, But May Limit the Evidence a Plaintiff Can Present at Trial

Estrada v. Royalty Carpet Mills, Inc., No. S274340

Decided January 18, 2024

The California Supreme Court today held that courts lack the inherent authority to strike PAGA claims on the ground that they cannot be tried manageably. The Court emphasized, however, that trial courts have numerous other tools for narrowing complex PAGA actions, including limiting the evidence a plaintiff may present at trial.

“[S]triking a PAGA claim on manageability grounds alone ... is inconsistent with a plaintiff’s statutory right to bring such a claim and is beyond a trial court’s inherent authority.”

CHIEF JUSTICE GUERRERO, WRITING FOR THE COURT

Background:

Luis Estrada sued his former employer, claiming various Labor Code violations, including violations related to meal periods. Estrada sought to represent classes of similarly situated employees and additionally sought penalties under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code section 2698 et seq. Following a bench trial, the trial court decertified the meal period classes, concluding that the claims presented too many individualized issues to be resolved in a class proceeding. The trial court also dismissed the PAGA claims seeking penalties based on those same meal-period claims for everyone other than the named plaintiffs, ruling that those claims could not be tried manageably.

The Court of Appeal held that the trial court had no authority to dismiss the PAGA claims on manageability grounds. In doing so, it broke from a previous Court of Appeal decision holding that trial courts have the inherent authority to strike unmanageable PAGA claims. The California Supreme Court granted review to resolve the conflict.

Issue:

Do courts have the inherent authority to strike PAGA claims if they cannot be tried manageably?

Court’s Holding:

No, but courts have numerous tools that can be used to manage PAGA cases, including limiting the evidence that a plaintiff can present at trial.

What it Means:

- Both the California Supreme Court and the Ninth Circuit have now held that courts may not strike or dismiss PAGA claims on the ground that they cannot be tried manageably—even in cases in which class claims based on the same asserted Labor Code violations cannot be adjudicated in a manageable class action.
 - The Court’s opinion focused heavily on the distinction between class actions and PAGA actions, explaining that “class claims differ significantly from PAGA claims” and have “differing doctrinal bas[es].”
 - The Court emphasized, however, that its holding “does not preclude trial courts from limiting the types of evidence a plaintiff may present or using other tools to assure that a PAGA claim can be effectively tried.”
 - The Court also did not “foreclose the possibility that a defendant could demonstrate that a trial court’s use of case management techniques so abridged [its] right to present a defense that its right to due process was violated.”
 - The Court further explained that if a plaintiff’s case were “overbroad or unspecific,” such that she could not “prove liability as to all or most employees,” the PAGA claims could be narrowed through “substantive rulings,” including demurrers or motions for summary judgment.
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Gibson Dunn Appellate Honors



The Court's opinion is available [here](#).

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding developments at the Supreme Court. Please feel free to contact the following practice leaders:

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