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UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

MARCELINA PERALTA and  
RIGOBERTO MONJARAZ,

Plaintiffs,

v.

WONDERFUL CITRUS PACKING LLC,

Defendants,

No. 1:15-cv-00263-TLN-JLT

**ORDER**

This matter is before the Court on Plaintiffs’ Marcelina Peralta and Rigoberto Monjaraz (“Plaintiffs”) Motion for Attorney Fees. (ECF No. 58.) Defendant Wonderful Citrus Packing LLC (“Defendant”) filed an opposition. (ECF No. 59.) Plaintiffs filed a reply. (ECF No. 60.) For the reasons set forth below, the Court hereby DENIES Plaintiffs’ motion.

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1           **I.       FACTUAL AND PROCEDURAL BACKGROUND**

2           This wage and hour case arises from a dispute over Defendant’s failure to pay piece rate  
 3 employees minimum wages under California law for time spent engaged in various non-piece  
 4 work activities. (ECF No. 28 at 1–2.) Plaintiffs filed the operative Second Amended Complaint  
 5 on December 17, 2015. (ECF No. 28.) On December 2, 2016, Defendant elected to make  
 6 payments under California Labor Code § 226.2(b)(1)(B) (“§ 226.2”) to 27,351 agricultural  
 7 workers, including Plaintiffs, which granted Defendant an affirmative defense against Plaintiffs’  
 8 claims in this action.<sup>1</sup> (ECF Nos. 48-4, 48-5.) Despite these payments, Plaintiffs moved for class  
 9 certification on June 1, 2017. (*See* ECF No. 39.) The Court denied Plaintiffs’ motion on January  
 10 3, 2019. (ECF No. 44.) Defendant filed an unopposed motion for summary judgment on its  
 11 affirmative defense under § 226.2 on July 16, 2019. (ECF No. 48.) The Court granted  
 12 Defendant’s motion and entered judgment on October 7, 2020. (ECF Nos. 52, 53.) Plaintiffs  
 13 filed the instant motion for attorneys’ fees on November 4, 2020. (ECF No. 58.)

14           **II.       STANDARD OF LAW**

15           “An award of attorney’s fees incurred in a suit based on substantive state law is generally  
 16 governed by state law.” *Champion Produce, Inc. v. Ruby Robinson Co., Inc.*, 342 F.3d 1016,  
 17 1024 (9th Cir. 2003); *see also Klien v. City of Laguna Beach*, 810 F.3d 693, 701 (9th Cir. 2016)  
 18 (“[F]ederal courts apply state law for attorneys’ fees to state claims because of the *Erie*  
 19 doctrine.”). Under the “American Rule,” parties to litigation must pay their own attorneys’ fees  
 20 despite prevailing in the litigation. *See Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep’t of*  
 21 *Heath and Human Res.*, 532 U.S. 598, 602 (2001) (stating the American Rule generally applies in  
 22 the United States in both federal and state courts). California follows the American Rule  
 23 generally but permits recovery of attorneys’ fees under specific statutes. *See* Cal. Code Civ. P. §

24 \_\_\_\_\_  
 25 <sup>1</sup> After two California Courts of Appeals decisions in 2013 interpreted California law to  
 26 require employers to separately compensate employees paid on a piece rate basis for rest periods  
 27 at the applicable hourly minimum wage, the California Legislature provided employers a  
 28 statutory “safe harbor” from liability if they retroactively compensated employees. *See* Ben  
 Ebbink, AB 1513 Concurrence in Senate Amendments Analysis, 2015–2016 Leg., Reg. Sess., at  
 5 (2015); *Bluford v. Safeway*, 216 Cal. App. 4th 846 (2013); *Gonzalez v. Downtown LA Motors*  
*LP*, 215 Cal. App. 4th 36 (2013).

1 1021; *Graham v. Daimler Chrysler Corp.*, 34 Cal. 4th 553, 565 (2004). In lawsuits to recover  
2 unpaid minimum wages, California Labor Code § 1194 permits a successful employee to recover  
3 reasonable attorneys’ fees and costs. *See* Cal. Lab. Code § 1194. To recover attorneys’ fees  
4 under the statute, the employee must be the “prevailing party.” *See Earley v. Superior Court*, 79  
5 Cal. App. 4th 1420, 1429 (2000).

6 **III. ANALYSIS**

7 Plaintiffs contend they are entitled to costs in the amount of \$1,932.06 and attorneys’ fees  
8 in the amount of \$87,000 as the prevailing party. (ECF No. 58-1.) Specifically, Plaintiffs argue  
9 they are prevailing parties because Defendant exercised the safe harbor provision in § 226.2 by  
10 paying more than \$2,325,700 to 27,351 agricultural workers “[i]n order to avoid all the liabilities  
11 threatened by this lawsuit.” (*Id.* at 1, 3.) Although ultimately disposed of on summary judgment,  
12 Plaintiffs contend they achieved their “principal litigation goal in substance” in the instant action  
13 when Defendant made these payments. (*Id.* at 1.)

14 Defendant argues Plaintiffs are not the prevailing party because they failed to achieve  
15 class certification or succeed on any of their claims against Defendant. (ECF No. 59 at 1.)  
16 Rather, Defendant argues it is the prevailing party, and therefore entitled to its costs, because  
17 Defendant succeeded on all claims at summary judgment. (*Id.* at 5.) In the alternative, Defendant  
18 contends Plaintiffs’ attorneys’ fees are unreasonable. (*Id.* at 5–7.)

19 **A. Prevailing Party**

20 Plaintiffs may be entitled to attorneys’ fees even when they do not obtain favorable  
21 judgments if their lawsuits are the “catalyst” for actions by the defendant that provide sought-  
22 after relief. *See Graham*, 34 Cal. 4th at 565–68. “However, in order to justify a fee award, there  
23 must be a causal connection between the lawsuit and the relief obtained.” *Westside Cmty. for*  
24 *Indep. Living, Inc. v. Obledo*, 33 Cal. 3d 348, 353 (1983). Thus, when the defendant’s voluntary  
25 action is “induced by” or “clearly a result of” plaintiff’s legal action, plaintiffs may be entitled to  
26 a fee award absent judgment in their favor. *Id.* (citing *Northington v. Davis*, 23 Cal. 3d 955, 960  
27 n.2 (1979); *Fletcher v. A.J. Indus., Inc.*, 266 Cal. App. 2d 313, 325 (1968)).

28 Plaintiffs have failed to convince the Court that Defendant’s payments under § 226.2

1 totaling approximately \$2 million were “induced by” or “clearly a result of” the liabilities  
2 threatened by this lawsuit. Plaintiffs’ back pay totaled approximately \$1,200. (ECF Nos. 48-7,  
3 48-8.) Had Defendant wanted to avoid the liabilities posed by Plaintiffs’ lawsuit as Plaintiffs  
4 assert, settlement would have been a far less expensive route than the safe harbor provision of §  
5 226.2. Further, Plaintiffs failed to achieve class certification. (See ECF No. 44.) They cannot  
6 now claim that failure resulted in the “recovery” of \$2 million for 27,351 agricultural workers.  
7 (See ECF No. 58-1 at 1.) In sum, Plaintiffs have provided the Court with no evidence of a causal  
8 connection between the safe harbor payments and this action.

9 Plaintiffs rely on two cases. Both are distinguishable. In *Hsu v. Abbara*, the California  
10 Supreme Court held that the “prevailing party” for the purpose of recovering attorney’s fees in a  
11 contract dispute should be determined by considering who got the upper hand in the litigation,  
12 regardless of final judgment. See *Hsu v. Abbara*, 9 Cal. 4th 863, 876 (1995). First, Plaintiffs  
13 provide no analysis as to why the contract interpretation at issue in *Hsu* should apply to the  
14 definition of “prevailing party” in an action to recover unpaid minimum wages. Second,  
15 assuming *Hsu* applies, the results of this case are not “purely good news for one party and bad  
16 news for the other.” *Hsu*, 9 Cal. 4th at 876. Plaintiffs “recovered” approximately \$1,200 and  
17 Defendant avoided the significant liability inherent in class certification.

18 Plaintiffs next rely on *DeSaulles v. Cmty. Hosp. of Monterey Peninsula*, 62 Cal. 4th 1140,  
19 1154 (2016), arguing there is “no meaningful difference between a plaintiff obtaining monetary  
20 relief through a settlement and a plaintiff obtaining monetary relief through receipt of a safe  
21 harbor payment” under § 226.2. (ECF No. 58-1 at 3.) However, a compromise agreement or a  
22 negotiated settlement typically involves a payment to the plaintiff in exchange for dropping the  
23 case. See *DeSaulles*, 62 Cal. 4th at 1156. Plaintiffs have failed to provide evidence of a similar  
24 exchange here. In other words, it is not clear to the Court what role Plaintiffs’ relatively low-  
25 exposure action had in Defendant’s decision to take advantage of a statutory safe harbor provision  
26 that involved payments to tens of thousands of employees.

27 Therefore, the Court declines to label Plaintiffs the “prevailing party” in this action for the  
28 purpose of recovering attorneys’ fees or costs of suit under § 1194. Because Plaintiffs did not

1 prevail in this action, they are not entitled to fees or costs. *See Earley*, 79 Cal. App. 4th at 1429.  
2 As such, the Court need not determine if Plaintiffs' requested fee award is reasonable.

3 B. Defendant's Costs

4 As mentioned, Defendant asserts it is the prevailing party in this action and therefore  
5 entitled to an award of its costs. (ECF No. 59 at 5.) The parties do not dispute § 1194 controls  
6 the award of costs. (*See* ECF No. 58-1 at 2; ECF No. 59 at 3.)

7 "Because [§] 1194 provides only for a successful plaintiff to recover attorney fees and  
8 costs, it is a one-way fee shifting statute precluding an employer from collecting fees and costs  
9 even if the employer prevails on a minimum wage or overtime claim." *Ling v. P.F. Chang's*  
10 *China Bistro, Inc.*, 245 Cal. App. 4th 1242, 1253 (2016). The weight of California authority  
11 supports this interpretation of § 1194. *See Cruz v. Fusion Buffet, Inc.*, 57 Cal. App. 5th 221, 240–  
12 42 (2020); *Ling*, 245 Cal. App. 4th at 1253–55; *Aleman v. AirTouch Cellular*, 209 Cal. App. 4th  
13 556, 580 (2012); *Earley*, 79 Cal. App. 4th at 1425; *but see Plancich v. United Parcel Service,*  
14 *Inc.*, 198 Cal. App. 4th 308, 314 (2011).

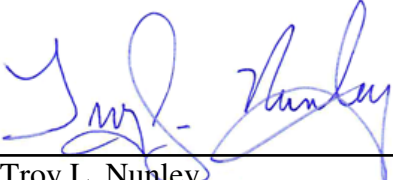
15 Therefore, despite the judgment in Defendant's favor, Defendant is unable to recover its  
16 costs under § 1194.

17 **IV. CONCLUSION**

18 For the foregoing reasons, the Court hereby DENIES Plaintiffs' Motion for Attorney Fees.  
19 (ECF No. 58.) Each side shall bear its own costs and fees.

20 IT IS SO ORDERED.

21 Date: September 9, 2021

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25 Troy L. Nunley  
26 United States District Judge  
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