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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF CALIFORNIA

GRANVILLE H. MARSHALL, JR.,

Plaintiff,

No. CIV S-10-1286 JAM DAD PS

v.

HAL MEADOWS, et al.,

FINDINGS AND RECOMMENDATIONS

Defendants.

_____ /

This matter is before the court on defendant Banner Lassen Medical Center’s motion to dismiss and defendant Hal Meadows’ motions to strike and to dismiss plaintiff’s amended complaint.¹ For the reasons set forth below, the court will recommend that defendants’ motions to dismiss be granted in part.

PLAINTIFF’S CLAIMS

Plaintiff, a medical doctor, alleges that beginning in 2008, defendant Banner Lassen Medical Center (“Banner Lassen”) and defendant Hal Meadows, a medical doctor employed by Banner Lassen, began discriminating against plaintiff based on his race. Plaintiff

¹ No hearing was held on defendants’ motions due to plaintiff’s failure to file timely opposition thereto. See June 21, 2011 Order (Doc. No. 49). Instead, plaintiff was allowed to belatedly file his opposition and, thereafter, defendants were permitted to request a hearing if they so desired. Defendants filed replies but did not request a hearing.

1 defendants' motions to dismiss and granted plaintiff thirty days to file an amended complaint by
2 order filed March 16, 2011. (Doc. No. 36.)

3 Plaintiff filed his amended complaint on April 20, 2011, alleging claims under
4 Title VII and 42 U.S.C. § 1981, as well as several state law claims. (Am. Compl. (Doc. No. 37.))
5 On May 19, 2011, counsel for defendant Banner Lassen filed a motion to dismiss plaintiff's
6 amended complaint pursuant to Rule 12 (b)(6) of the Federal Rules of Civil Procedure. ("Def.
7 Banner Lassen's Mot. to Dismiss" (Doc. No. 38.)) On May 20, 2011, counsel for defendant
8 Meadows filed a motion to strike ("Def. Meadows' Mot. to Strike" (Doc. No. 43)), as well as a
9 motion to dismiss plaintiff's amended complaint pursuant to rule 12(b)(6). ("Def. Meadows'
10 Mot. to Dismiss" (Doc. No. 45.)) Plaintiff finally filed an opposition to defendants' motions on
11 July 5, 2011. ("Pl.'s Opp'n." (Doc. No. 50.)) Defendant Banner Lassen filed a reply on July 12,
12 2011, ("Def. Banner Lassen's Reply" (Doc. No. 51)), and defendant Meadows filed a reply on
13 July 15, 2011. ("Def. Meadows' Reply" (Doc. No. 54.))

14 LEGAL STANDARDS APPLICABLE TO DEFENDANTS' MOTIONS

15 A motion to dismiss pursuant to Rule 12(b)(6) tests the sufficiency of the
16 complaint. North Star Int'l v. Arizona Corp. Comm'n, 720 F.2d 578, 581 (9th Cir. 1983).
17 Dismissal of the complaint, or any claim within it, "can be based on the lack of a cognizable
18 legal theory or the absence of sufficient facts alleged under a cognizable legal theory." Balistreri
19 v. Pacifica Police Dep't, 901 F.2d 696, 699 (9th Cir. 1990). See also Robertson v. Dean Witter
20 Reynolds, Inc., 749 F.2d 530, 534 (9th Cir. 1984). Thus, the court may dismiss a complaint or
21 any claim within it as frivolous where the claim is based on an indisputably meritless legal theory
22 or where the factual contentions are clearly baseless. Neitzke v. Williams, 490 U.S. 319, 327
23 (1989). The critical inquiry is whether a claim, even if inartfully pleaded, has an arguable legal
24 and factual basis. Jackson v. Arizona, 885 F.2d 639, 640 (9th Cir. 1989); Franklin v. Murphy,
25 745 F.2d 1221, 1227 (9th Cir. 1984). As the Supreme Court has explained, in order to state a
26 claim on which relief may be granted, the plaintiff must allege "enough facts to state a claim to

1 relief that is plausible on its face.” Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 570 (2007).

2 In determining whether a complaint states a claim, the court accepts as true the
3 material allegations in the complaint and construes those allegations, as well as the reasonable
4 inferences that may be drawn from them, in the light most favorable to the plaintiff. Erickson v.
5 Pardus, 551 U.S. 89, 94 (2007); Hishon v. King & Spalding, 467 U.S. 69, 73 (1984); Hosp. Bldg.
6 Co. v. Trustees of Rex Hosp., 425 U.S. 738, 740 (1976); Love v. United States, 915 F.2d 1242,
7 1245 (9th Cir. 1989). For purposes of a motion to dismiss, the court also resolves doubts in the
8 plaintiff’s favor. Jenkins v. McKeithen, 395 U.S. 411, 421 (1969).

9 Pro se pleadings are held to a less stringent standard than those drafted by lawyers.
10 Haines v. Kerner, 404 U.S. 519, 520 (1972). However, the court may disregard allegations in the
11 complaint that are contradicted by facts established by exhibits attached to the complaint.
12 Durning v. First Boston Corp., 815 F.2d 1265, 1267 (9th Cir. 1987). In addition, the court need
13 not accept as true conclusory allegations, unreasonable inferences, or unwarranted deductions of
14 fact. Western Mining Council v. Watt, 643 F.2d 618, 624 (9th Cir. 1981).

15 ANALYSIS

16 I. Title VII

17 Plaintiff asserts a cause of action under Title VII of the Civil Rights Act of 1964,
18 42 U.S.C. § 2000e et seq. Specifically, he alleges that defendant Dr. Meadows, acting as an
19 agent for defendant Banner Lassen, refused to provide plaintiff an application for hospital
20 privileges because of plaintiff’s race. (Am. Compl. (Doc. No. 37) at 12.) In addition, plaintiff
21 alleges that the defendants discriminated against him by prohibiting plaintiff “from seeing his
22 patients at Banner Lassen Medical Center,” by “willfully refusing treatment of plaintiff’s patients
23 at Banner Lassen Medical Center,” and by “[i]ntentionally delivering negligent treatment” to his
24 patients. (Id.) Finally, plaintiff claims that the defendants made “false representations” to his
25 patients by telling them that he was unstable, incompetent, was poisoning them and by referring
26 to plaintiff as the “pot doctor.” (Id.)

1 Title VII makes it unlawful for an employer to “discriminate against any
2 individual with respect to his compensation, terms, conditions, or privileges of employment,
3 because of such individual’s race” 42 U.S.C. § 2000e-2(a)(1). A person is discriminated
4 against through disparate treatment “when he or she is singled out and treated less favorably than
5 others similarly situated on account of race.” McGinest v. GTE Service Corp., 360 F.3d 1103,
6 1121 (9th Cir. 2004) (quoting Jauregui v. City of Glendale, 852 F.2d 1128, 1134 (9th Cir. 1988)).

7 “One of Congress’ objectives in enacting Title VII was ‘to achieve equality of
8 employment opportunities’” Adcock v. Chrysler Corp., 166 F.3d 1290, 1292 (9th Cir.
9 1999) (quoting Griggs v. Duke Power Co., 401 U.S. 424, 429 (1971)). “Consequently, there
10 must be some connection with an employment relationship for Title VII protections to apply.”
11 Id. (quoting Lutcher v. Musicians Union Local 47, 633 F.2d 880, 883 (9th Cir. 1980). “Title VII
12 protects employees, but does not protect independent contractors.” Id. (citing Lutcher, 633 F.2d
13 at 883 and Mitchell v. Frank R. Howard Memorial Hosp., 853 F.2d 762, 766 (9th Cir. 1988)).
14 See also Murray v. Principal Financial Group, Inc., 613 F.3d 943, 944 (9th Cir. 2010) (“Murray
15 is entitled to the protections of Title VII only if she is an employee.”).

16 Defendants argue that plaintiff has not alleged that an employment relationship
17 existed between the parties. In this regard, defendant Banner Lassen notes that plaintiff filed a
18 claim with the EEOC based on the allegations found in his amended complaint and that the
19 EEOC responded by stating: “The EEOC is closing its file on this charge for the following
20 reason: Other (briefly state) No jurisdiction.” (Def. Banner Lassen’s Mot. to Dismiss (Doc. No.
21 39) at 10.) Defendant Banner Lassen contends that the EEOC found that it did not have
22 jurisdiction over plaintiff’s claim because he was not employee of Banner Lassen.³ (Id.)
23 Defendant Banner Lassen also argues that even if plaintiff could establish an employment

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25 ³ Defendant Banner Lassen asserts that it is precluded from hiring or employing plaintiff
26 to provide medical services as a matter of California law. (Def. Banner Lassen’s Mot. to Dismiss
(Doc. No. 39) at 9) (citing California Business & Professions Code § 2400). However,
defendant Banner Lassen provides no further elaboration in this regard.

1 relationship between himself and defendants, plaintiff has failed to allege the facts necessary to
2 establish the elements of racial discrimination. (Id.) Defendant Meadows' arguments mirror
3 those advanced by defendant Banner Lassen. (See Def. Meadows' Mot. to Dismiss (Doc. No.
4 45) at 8-9.)

5 The undersigned finds that plaintiff's amended complaint fails to allege that there
6 was an employment relationship between himself and the defendants. While the amended
7 complaint does allege, in a conclusory manner, that defendant Banner Lassen refused to provide
8 plaintiff with an application for hospital privileges, the amended complaint fails to allege that
9 such hospital privileges would have established an employment relationship between plaintiff
10 and the defendants. See generally Johnson v. Riverside Healthcare System, LP, 534 F.3d 1116,
11 1126 (9th Cir. 2008) (finding that a doctor who received compensation from the defendant
12 hospital which also retained control over the doctor's activities had an employee relationship
13 with the hospital); Mitchell v. Frank R. Howard Memorial Hosp., 853 F.2d 762, 766-67 (9th Cir.
14 1988) (finding that the plaintiff radiologist had alleged sufficient facts to establish that he was an
15 employee of the hospital and not an independent contractor for purpose of Title VII). But see
16 Wojewski v. Rapid City Regional Hosp., Inc., 450 F.3d 338, 343-44 (8th Cir. 2006) (affirming
17 the grant of summary judgment in favor of the defendant hospital on the grounds that the plaintiff
18 doctor who was challenging the termination of his hospital privileges was an independent
19 contractor, not an employee of the hospital); Shah v. Deaconess Hosp., 355 F.3d 496, 500 (6th
20 Cir. 2004) (affirming grant of summary judgment in favor of the defendant hospital in part
21 because the plaintiff doctor with surgical privileges was not an employee for Title VII purposes);
22 Cilecek v. Inova Health System Services, 115 F.3d 256, 263 (4th Cir. 1997) (affirming grant of
23 summary judgment in favor of the defendant hospital because the plaintiff doctor was under
24 contract to provide emergency medical services and was therefore an independent contractor not
25 covered by Title VII); Alexander v. Rush North Shore Medical Center, 101 F.3d 487, 494 (7th
26 Cir. 1996) (affirming grant of summary judgment in favor of the defendant hospital and finding

1 as a matter of law that the plaintiff physician with staff privileges was an independent contractor
2 who could not bring a Title VII action against the hospital that revoked his privileges); Diggs v.
3 Harris Hospital - - Methodist, Inc., 847 F.2d 270, 272-73 (5th Cir. 1988) (affirming denial of
4 relief by the district court following a bench trial because no employee-employer relationship
5 existed between the plaintiff physician and the defendant hospital for purposes of a Title VII
6 claim challenging the termination of plaintiff’s privileges).

7 In opposing defendants’ motions to dismiss plaintiff merely argues that the
8 E.E.O.C. “determined that hospital privileges of a physician are an employee/employer
9 relationship with the hospital, otherwise the E.E.O.C. would not have issued” the Right to Sue
10 letter. (Pl.’s Opp.’n (Doc. No. 50) at 3.) Plaintiff’s offers no legal support for this assertion.⁴

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12 ⁴ Plaintiff has also included with his opposition to the pending motion to dismiss a copy
13 of a confidential settlement agreement entered into in April of 2007 between plaintiff and
14 defendant Banner Lassen, stemming from an incident which occurred on May 12, 2003. (Pl.’s
Opp.’n (Doc. No. 50) at 11.) One of the terms of that settlement agreement provides:

15 The Parties acknowledge that neither Banner nor Marshall desires for Marshall to
16 reapply for membership or clinical privileges on the organized medical staff of
Banner Lassen Medical Center. Regardless of whether Marshall subsequently
17 changes his mind to that effect, Marshall agrees that he never will reapply for
membership or clinical privileges on the organized medical staff of Banner Lassen
18 Medical Center or of any successor to any such medical staff (hereinafter referred
to individually as a “Banner Medical Staff”), or otherwise seek to practice
19 medicine at Banner Lassen Medical Center or at any other hospital or healthcare
facility owned or operated by Banner Health. Should Marshall attempt to
20 disregard or circumvent this provision, the Banner Medical Staff(s) involved shall
be entitled to ignore his efforts, including inquiries, and shall be under no
21 obligation to respond in any manner. Marshall agrees that this provision in and of
itself provides grounds for determining that Marshall is not eligible to apply for
22 membership or clinical privileges on the Banner Medical Staff(s) or to otherwise
practice medicine at Banner Lassen Medical Center or at any other hospital or
23 healthcare facility owned or operated by Banner Health without need for further
action by the Banner Medical Staff(s) involved.

24 (Id. at 12-13.) It appears that this term of the parties’ 2007 settlement agreement may bar any
claim by plaintiff regarding defendants’ failure to provide him an application for hospital
25 privileges. See generally Pardi v. Kaiser Found. Hosps., 389 F.3d 840, 848 (9th Cir. 2004)
(affirming summary judgment based on enforcement of settlement agreement relating to acts that
26 took place prior to execution of that agreement where plaintiff failed to “establish that the
Settlement Agreement was procured by fraud, duress, failure of informed consent, or any other

1 Moreover, a review of the Right to Sue letter issued to plaintiff reveals that the EEOC did not
2 make any finding with respect to an employee/employer relationship between plaintiff and the
3 defendant Medical Center. Rather, the EEOC merely notified plaintiff that the agency was
4 closing its file on plaintiff's charge because it had "[n]o jurisdiction[.]" (Am. Compl. (Doc. No.
5 37) at 15.)

6 The undersigned finds that plaintiff has once again simply failed to allege facts
7 demonstrating the existence of an employment relationship between himself and the defendants.
8 See generally, Clackamas Gastroenterology Assoc., P.C. v. Wells, 538 U.S. 440, 445 (2003)
9 (explaining that for purposes of federal statutory law "conventional master-servant relationship
10 as understood by common-law agency doctrine" is the relevant test in determining whether
11 plaintiff is an "employee" of defendant); Montazer v. SM Stoller, Inc., 363 Fed. Appx. 460, 461
12 (9th Cir. 2010) ("The district court did not err in dismissing the federal employment
13 discrimination claims because Montazer failed to allege facts showing that any remaining
14 defendant was his employer."); Henderson v. Sony Pictures Entertainment, Inc., 288 Fed. Appx.
15 387, 389 (9th Cir. 2008) ("The district court properly dismissed with prejudice Henderson's Title
16 VII claims against Mellon Bank because he failed to allege that he was a direct or indirect
17 employee of Mellon Bank.")⁵

18 For these reasons, plaintiff in his amended complaint has failed allege sufficient
19 facts to state a cognizable claim for relief under Title VII. Accordingly, that cause of action
20 should be dismissed.

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22 basis that would render it invalid."); Morta v. Korea Ins. Corp., 840 F.2d 1452, 1456-57 (9th Cir.
23 1988) (upholding settlement agreement where record showed no legally sufficient reason to
24 rescind it); see also Henderson v. Sony Pictures Entertainment, Inc., 288 Fed. Appx. 387, 389
25 (9th Cir. 2008) ("The district court properly dismissed with prejudice Henderson's Title VII that
26 arose during his employment with SPE because those claims are barred by the terms of a
settlement agreement signed by Henderson and SPE in 2002 to resolve a prior action.").

⁵ Citation to these unpublished Ninth Circuit opinions is appropriate pursuant to Ninth Circuit Rule 36-3(b).

1 II. 42 U.S.C. § 1981

2 Plaintiff also alleges that the defendants violated his rights under 42 U.S.C. §
3 1981. Specifically, plaintiff alleges that defendant Dr. Meadows, acting as an agent for
4 defendant Banner Lassen, refused to provide plaintiff with an application for hospital privileges
5 because of plaintiff's race. (Am. Compl. (Doc. No. 37) at 12.) Plaintiff also alleges that the
6 defendants discriminated against him by prohibiting him "from seeing his patients at Banner
7 Lassen Medical Center." (Id.)

8 42 U.S.C. § 1981 provides as follows:

9 (a) Statement of equal rights-All persons within the jurisdiction of
10 the United States shall have the same right in every State and
11 Territory to make and enforce contracts, to sue, be parties, give
12 evidence, and to the full and equal benefit of all laws and
13 proceedings for the security of persons and property as is enjoyed
14 by white citizens, and shall be subject to like punishment, pains,
15 penalties, taxes, licenses, and exactions of every kind, and to no
16 other.

17 (b) "Make and enforce contracts" defined-For purposes of this
18 section, the term "make and enforce contracts" includes the
19 making, performance, modification, and termination of contracts,
20 and the enjoyment of all benefits, privileges, terms, and conditions
21 of the contractual relationship.

22 (c) Protection against impairment-The rights protected by this
23 section are protected against impairment by nongovernmental
24 discrimination and impairment under color of State law.

25 Section 1981 is not "a general proscription of racial discrimination . . . it expressly
26 prohibits discrimination only in the *making and enforcement of contracts.*" Patterson v.
McLean Credit Union, 491 U.S. 164, 176 (1989) (emphasis added). See also Georgia v. Rachel,
384 U.S. 780, 791 (1966) ("The legislative history of the 1866 Act clearly indicates that
Congress intended to protect a limited category of rights").

In this respect, [§ 1981] prohibits discrimination that infects the
legal process in ways that prevent one from enforcing contract
rights, by reason of his or her race, and this is so whether this
discrimination is attributed to a statute or simply to existing
practices. It also covers wholly private efforts to impede access to

1 the courts or obstruct nonjudicial methods of adjudicating disputes
2 about the force of binding obligations, as well as discrimination by
3 private entities, such as labor unions, in enforcing the terms of a
4 contract.

5 Patterson, 491 U.S. at 177. “Any claim brought under § 1981, therefore, must initially identify
6 an impaired ‘contractual relationship,’ § 1981(b), under which the plaintiff has rights.”

7 Domino’s Pizza, Inc. v. McDonald, 546 U.S. 470, 476 (2006). “[A] plaintiff cannot state a claim
8 under § 1981 unless he has (or would have) rights under the existing (or proposed) contract that
9 he wishes ‘to make and enforce.’” (Id. at 479-80.)

10 Here, plaintiff’s amended complaint is once again devoid of any allegations
11 regarding a contractual relationship between himself and the named defendants.⁶ Instead,
12 plaintiff has merely alleged in conclusory fashion that the defendants “refused plaintiff an
13 application for hospital privileges based on plaintiff[’s] race.” (Am. Compl. (Doc. No. 37) at 12.)
14 Presented with this bare, unexplained allegation that plaintiff was denied an application for
15 hospital privileges, the amended complaint leaves unaddressed how the application plaintiff
16 sought implicated a contractual relationship between the parties. See generally Ennix v. Stanten,
17 556 F. Supp.2d 1073, 1082-84 (N.D. Cal. 2008) (in denying the defendant medical center’s
18 motion for summary judgment on plaintiff’s § 1981 cause of action the court examined whether
19 the plaintiff doctor had a contractual relationship with the defendant medical center and found
20 that given the evidence presented a jury could reasonably conclude there was such a contractual
21 relationship in that case); Janda v. Madera Community Hospital, 16 F. Supp. 2d 1181, 1186-87
22 (E.D. Cal. 1998) (on a motion to dismiss finding that an employment contract, supported by
23 consideration, existed between the plaintiff physician and the defendant hospital).

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⁶ Under California contract law, “[i]t is essential to the existence of a contract that there should be: (1) Parties capable of contracting; (2) Their consent; (3) A lawful object; and, (4) A sufficient cause or consideration.” CAL. CIV. CODE § 1550.

1 that ‘in the usual case in which all federal-law claims are eliminated before trial, the balance of
2 factors . . . will point toward declining to exercise jurisdiction over the remaining state-law
3 claims.’” Acri, 114 F.3d at 1001 (quoting Carnegie-Mellon Univ. v. Cohill, 484 U.S. 343, 350 n.
4 7 (1988)). See also Satey v. JP Morgan Chase & Co., 521 F.3d 1087, 1091 (9th Cir. 2008)
5 (recognizing this principle but noting that dismissal of the remaining state law claims is not
6 mandatory).

7 Here, six of the seven causes of action set forth in plaintiff’s amended complaint
8 are based on alleged violations of state law.⁸ Those include state law causes of action for
9 negligent interference with economic relationship, intentional interference with economic
10 relations, negligent infliction of emotional distress, intentional infliction of emotional distress,
11 defamation, and abuse of process. (Doc. No. 37 at 5-11.) Of course, “primary responsibility for
12 developing and applying state law rests with the state courts.” Curiel v. Barclays Capital Real
13 Estate Inc., Civ. No. S-09-3074 FCD/KJM, 2010 WL 729499, at *1 (E.D. Cal. Mar. 2, 2010).
14 Here, as in the usual case, consideration of judicial economy, fairness, convenience, and comity
15 all point toward declining to exercise supplemental jurisdiction. Therefore, the undersigned will
16 also recommend that the assigned district judge decline to exercise supplemental jurisdiction
17 over plaintiff’s various state law claims and that they be dismissed without prejudice under 28
18 U.S.C. § 1367(c)(3).

19 Accordingly, IT IS HEREBY RECOMMENDED that:

- 20 1. Defendant Banner Lassen’s May 19, 2011 motion to dismiss (Doc. No. 38) be
21 granted in part;
- 22 2. Defendant Hal Meadows May 20, 2011 motion to strike (Doc. No. 43) be
23 denied as moot;

24 _____
25 ⁸ Although plaintiff’s amended complaint includes a cause of action labeled as the
26 “Ninth Cause of Action,” it actually contains only seven causes of action because there are no
sixth and seventh causes of action pled. (Doc. No. 37 at 11-12.)

1 3. Defendant Hal Meadows May 20, 2011 motion to dismiss (Doc. No. 45) be
2 granted in part;

3 4. Plaintiff's claims based upon alleged violation of federal law be dismissed
4 with prejudice;

5 5. The court decline to exercise supplemental jurisdiction over plaintiff's state
6 law claims;

7 6. Plaintiff's state law claims be dismissed without prejudice under 28 U.S.C. §
8 1367(c)(3); and

9 7. This action be closed.

10 These findings and recommendations are submitted to the United States District
11 Judge assigned to the case, pursuant to the provisions of 28 U.S.C. § 636(b)(1). Within fourteen
12 days after being served with these findings and recommendations, any party may file written
13 objections with the court and serve a copy on all parties. Such a document should be captioned
14 "Objections to Magistrate Judge's Findings and Recommendations." Any reply to the objections
15 shall be served and filed within seven days after service of the objections. The parties are
16 advised that failure to file objections within the specified time may waive the right to appeal the
17 District Court's order. Martinez v. Ylst, 951 F.2d 1153 (9th Cir. 1991).

18 DATED: February 7, 2012.

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21 _____
22 DALE A. DROZD
23 UNITED STATES MAGISTRATE JUDGE

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23 orders.pro se/marshall1286.mtd2