

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

JOSHUA TODD,
Plaintiff,
v.
UNITED PARCEL SERVICE, Inc., et al.,
Defendants.

No. 2:23-cv-02398-DJC-AC

ORDER

Plaintiff Joshua Todd brought this action on behalf of himself and others similarly situated based on claims that Defendant United Parcel Service, Inc. failed to properly compensate employees for time worked while waiting in a mandatory security check at the beginning and end of their shifts. Presently before the Court is Defendant’s Motion to Dismiss which argues that a prior settlement precludes Plaintiff’s claims.

I. Procedural History

Plaintiff originally filed this action in San Joaquin Superior Court. (See ECF No. 1.) On October 20, 2023, Defendant filed a notice of removal, removing the case to federal court. (*Id.*) After Defendant filed a motion to dismiss, Plaintiff filed a First Amended Complaint (“FAC”) pursuant to Federal Rule of Civil Procedure 15(a)(1)(B). (FAC (ECF No. 17).) The FAC is the current operative complaint in this action.

1 Defendant has filed a motion to dismiss that complaint which is fully briefed. (Def's
2 Mot. (ECF No. 19-1).) This matter was taken under submission without oral argument
3 pursuant to Local Rule 230(g).

4 **II. Allegations in the Complaint**

5 Plaintiff alleges that for at least four years prior to filing the complaint,
6 Defendant required Plaintiff and other employees to wait in line and undergo
7 mandatory security bag inspections before clocking in for their shifts and before
8 clocking out at the end of their shifts. (FAC ¶¶ 2, 12.) Plaintiff further alleges that
9 Defendants failed to fully compensate employees for this time. (*Id.* ¶ 12.) Plaintiff
10 claims that during the period in question, employee shifts were at least eight hours
11 and, as a result, they are owed overtime wages for the periods waiting in the security
12 check line. (*Id.* ¶ 28.)

13 Based on the above, Plaintiff brings claims for failure to pay overtime wages in
14 violation of California Labor Code § 510, failure to pay minimum wages in violation of
15 California Labor Code § 1197, failure to pay all wages upon termination in violation of
16 California Labor Code §§ 201 & 202, failure to provide accurate wage statements in
17 violation of California Labor Code § 226, and unfair competition in violation of
18 California Business & Professions Code § 17200. Plaintiff also brings a Private
19 Attorney General Act ("PAGA") claim under California Labor Code 2699(a) based on
20 each of the other claims.

21 **III. Legal Standard for Motion to Dismiss**

22 A party may move to dismiss for "failure to state a claim upon which relief can
23 be granted." Fed. R. Civ. P. 12(b)(6). The motion may be granted if the complaint
24 lacks a "cognizable legal theory" or if its factual allegations do not support a
25 cognizable legal theory. *Godecke v. Kinetic Concepts, Inc.*, 937 F.3d 1201, 1208 (9th
26 Cir. 2019) (quoting *Balistreri v. Pacifica Police Dep't*, 901 F.2d 696, 699 (9th Cir. 1988)).
27 The Court assumes all factual allegations are true and construes "them in the light
28 most favorable to the nonmoving party." *Steinle v. City and Cnty. of San Francisco*,

1 919 F.3d 1154, 1160 (9th Cir. 2019) (quoting *Parks Sch. of Bus., Inc. v. Symington*, 51
2 F.3d 1480, 1484 (9th Cir. 1995)). If the complaint's allegations do not "plausibly give
3 rise to an entitlement to relief," the motion must be granted. *Ashcroft v. Iqbal*, 556
4 U.S. 662, 679 (2009).

5 A complaint need contain only a "short and plain statement of the claim
6 showing that the pleader is entitled to relief," Fed. R. Civ. P. 8(a)(2), not "detailed
7 factual allegations," *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007). But this rule
8 demands more than unadorned accusations; "sufficient factual matter" must make the
9 claim at least plausible. *Iqbal*, 556 U.S. at 678. In the same vein, conclusory or
10 formulaic recitations of elements do not alone suffice. *Id.* (citing *Twombly*, 550 U.S. at
11 555). This evaluation of plausibility is a context-specific task drawing on "judicial
12 experience and common sense." *Id.* at 679.

13 **IV. Motion to Dismiss**

14 Defendant claims they previously settled a class action on the same basis in
15 *Navarro v. United Parcel Service, Inc.* ("*Navarro*") which was brought, and ultimately
16 settled, in the Los Angeles County Superior Court. Defendant argues the settlement
17 in *Navarro* precludes Plaintiff's claims for a portion of the period, as the *Navarro*
18 settlement expressly released these claims. (Def's Mot. at 8-10.) Defendant also
19 argues that the claims for the remainder of this period should also be dismissed as,
20 pursuant to that same settlement, Defendant's policies were changed to specifically
21 avoid further violations. (*Id.* at 10-11.)

22 Plaintiff concedes that under the *Navarro* settlement, the period of the claims in
23 the present action must begin on August 2, 2021, as this is the date when Defendant
24 allegedly changed their policy. (Pl's Opp'n (ECF No. 20) at 3.) This differs from the
25 original periods stated in the FAC. (FAC ¶ 16.) Plaintiff contends that the claims in the
26 FAC are still viable for the period beginning on August 2, 2021, as the fact that
27 Defendant changed their policy changes pursuant to the settlement does not mean
28

1 that they fully compensated employees for all time spent at the security checkpoints.
2 (*Id.* at 3.)

3 In response to Plaintiff's concession, Defendant requests the Court grant the
4 Motion to Dismiss as to Plaintiff's claims before August 2, 2021. (Def's Reply (ECF No.
5 21) at 2.) Defendant further requests that the claims for the period starting on August
6 2, 2021, be dismissed as the FAC fails to allege sufficient facts to support a new theory
7 focused on this period and the *Navarro* settlement bars both past and future claims
8 brought on the same grounds.¹ (*Id.* at 3-4.)

9 **V. Discussion**

10 **A. Claims Before August 2, 2021**

11 Plaintiff concedes that claims prior to August 2, 2021, are covered by the
12 *Navarro* action and that, pursuant to the settlement in that case, the relevant period for
13 this action begins August 2, 2021. (Pl's Opp'n at 3.) Accordingly, the Court will grant
14 Defendant's Motion to Dismiss as to the portions of the claims in the FAC that
15 occurred prior to August 2, 2021.

16 **B. Claims After August 2, 2021**

17 Defendant seeks to have Plaintiff's claims after August 2, 2021, dismissed on
18 two grounds: (1) that the FAC fails to allege facts that support a theory that, as stated
19 in Plaintiff's opposition, Plaintiff and other employees received incomplete
20 compensation for time at the security checks, and (2) that the *Navarro* settlement
21 precludes future claims brought on the same basis.

22
23
24 ¹ Defendant has also made an unopposed request that the Court take judicial notice of nine
25 documents, all filed in the state court *Navarro* action. (See Req. Judicial Notice ("RJN") (ECF No. 19-3).)
26 The Court may take judicial notice of documents filed in state proceedings. See Fed. R. Evid. 201 (The
27 court may judicially notice a fact that can be accurately and readily determined from sources whose
28 accuracy cannot reasonably be questioned.); *Harris v. County of Orange*, 682 F.3d 1126, 1131-32 (9th
Cir. 2012) ("[a court] may take judicial notice of undisputed matters of public record, including
documents on file in federal or state courts." (citations omitted)). As such, the Court will grant
Defendant's request and take judicial notice of the existence of these documents, though not for the
truth of any facts therein.

1 On the first ground, Defendant is correct. The FAC contains generalized
2 accusations about Defendant's failure to properly compensate employees for the time
3 they are required to wait in the security check line. (See FAC ¶ 12.) The factual
4 support for this claim appears largely contained in the allegation that "[p]laintiff and
5 other non-exempt employees were required to wait in line and undergo security bag
6 inspections prior to clocking in for the start of their shifts and after clocking out for the
7 end of their shifts without being fully compensated for this time worked." (*Id.*) In
8 opposing to Defendant's Motion to Dismiss, Plaintiff appears to suggest his claims are
9 focused on the "fully" portion of that statement, with Plaintiff's theory seemingly being
10 that employees did receive some compensation but that the compensation was not
11 complete. (See Pl's Opp'n at 3.) Such a claim might theoretically be viable but the
12 FAC contains no factual allegations to this end. There are few allegations, if any, in the
13 FAC that make clear that this is the basis of Plaintiff's claims. Further, the factual
14 allegations provide no indication for what portion of the total time in the security
15 check line Plaintiff and other employees were not properly compensated. As such,
16 the FAC fails to allege sufficient factual support to state a claim against Defendant for
17 any of the stated causes of action. See *Iqbal*, 556 U.S. at 678.

18 The Court will grant Defendant's Motion to Dismiss the Complaint. Based on
19 the above, it seems that leave to amend is warranted as amendment is not necessarily
20 futile. However, Defendant has also argued that the *Navarro* settlement precludes
21 these claims entirely, making amendment futile. Thus, the Court must also consider
22 this argument.

23 Other district courts in this circuit have previously held that generally, a
24 settlement agreement may release future claims. See *Estorga v. Santa Clara Valley*
25 *Transp. Auth.*, No. 16-cv-02668-BLF, 2017 WL 2604665, at *5 (N.D. Cal. June 15, 2017)
26 (finding that a class settlement's release precluded future wage and hour claims based
27 on a stipulation that the defendant was in compliance with all wage and hour laws);
28 *Larson v. Liberty Mut. Fire Ins. Corp.*, 2020 WL 3714526, at *7-8 (D. Haw. July 6, 2020)

1 (finding that language in a settlement agreement that unambiguously covers future
2 claims can release future claims “based on conduct subsequent to the date of a
3 settlement agreement”); see also *In re Western States Wholesale Natural Gas Antitrust*
4 *Litig.*, 725 Fed. Appx. 560, 563 (9th Cir. 2018) (“A settlement agreement may preclude
5 a party from bringing a related claim in the future even though the claim was not
6 presented and might not have been presentable in the class action, but only where
7 the released claim is based on the identical factual predicate as that underlying the
8 claims in the settled class action.” (citations omitted)). However, state law may also
9 disallow a settlement agreement from releasing liability for future conduct. See
10 *Larson*, 2020 WL 3714526, at *7 (citing *W. Chance # 2, Inc. v. KFC Corp.*, 957 F.2d
11 1538, 1543 (9th Cir. 1992)).

12 Here, the state court’s preliminary approval order stated in part that the
13 measures and policy changes that Defendants were expected to implement in order
14 to ensure employees were properly compensated “reasonably, fairly and adequately
15 address the concerns that caused [the lawsuits] and [plaintiffs] agree on behalf of
16 themselves, the Settlement Class Members, the PAGA Settlement Class Members, and
17 the State of California that the change in practices satisfies the Defendant’s obligations
18 under the Labor Code and Wage order provisions at issue in these Lawsuits.”

19 (Revised Order on Mot. for Final Approval of Class Action Settlement (RJN, Ex. 7) at 9;
20 see Second Amended Stipulation of Class Action Settlement (RJN, Ex. 4) at 4.) It is
21 possible that this portion of the order might preclude future claims on this basis but
22 due to minimal factual support in the FAC for Plaintiff’s narrowed claims, determining
23 whether the language of the above order in the *Navarro* case actually bars this action
24 as a whole is challenging. While the portion of the order quoted above does appear
25 to establish a basis for barring some future claims, on its face, that order alone does
26 not appear to bar *all* possible future claims. Without additional factual allegations to
27 elucidate the nature of Plaintiff’s claims beginning on August 2, 2021, it is difficult for
28

1 the Court to find at this stage that Plaintiff's claims are entirely precluded by the
2 *Navarro* settlement agreement.

3 Accordingly, the Court will dismiss Plaintiff's FAC but will grant Plaintiff leave to
4 file an amended complaint as it is not clear that amendment would be futile. See
5 *Preston v. Am. Honda Motor Co., Inc.*, 783 F. App'x 669, 671 (9th Cir. 2019).

6 **VI. Conclusion**

7 In accordance with the above, IT IS HEREBY ORDERED that Defendant's Motion
8 to Dismiss (ECF No. 19) is GRANTED. The First Amended Complaint is dismissed with
9 leave to amend. Within twenty-one days of this order, Plaintiff may file a Second
10 Amended Complaint.

11
12
13 IT IS SO ORDERED.

14 Dated: February 2, 2024


15 Hon. Daniel J. Calabretta
16 UNITED STATES DISTRICT JUDGE

17
18
19
20 DJC1 – todd23cv02398.mtd
21
22
23
24
25
26
27
28