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United States District Court
Northern District of California

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

SHEILA MASON,
Plaintiff,
v.
MEDIFIT CORPORATE SERVICES, INC.
DBA EXOS,
Defendant.

Case No. 17-cv-02542-JST

ORDER GRANTING MOTION TO ENFORCE SETTLEMENT

Re: ECF No. 43

Before the Court is Defendant MediFit Corporate Services, Inc.’s motion to enforce settlement. ECF No. 43. The Court will grant the motion.

I. BACKGROUND

Plaintiff Sheila Mason brought this discrimination and wage-and-hour action against her former employer, Defendant MediFit. The parties attended a mediation with a court-appointed mediator on November 16, 2017. ECF No. 43-1 ¶ 3. The mediator presented to the parties a written mediator’s proposal that provided for a payment by MediFit to Mason within thirty days of acceptance, allowed Plaintiff to “designate a reasonable portion of this amount as compensation for emotional distress damages,” and stated that “defendant shall not bear any risk of a taxing authority overturning such designation.”¹ ECF No. 43-2. The proposal further provided that “Defendant will provide plaintiff an acceptable letter of reference for her use in seeking new employment, and it will designate an individual in a management position to be the only contact person for potential employers seeking a reference for basic information regarding plaintiff.” Id. The proposal provided for “mutual general releases” and stated that its “terms, if acceptable to the parties, shall be binding, and either party can move to enforce these terms pursuant to California

¹ The amount of the settlement is confidential and has been filed under seal.

1 Code of Civil Procedure section 664.6.”² Id. The proposal advised the parties that, “[i]f the terms
2 of this Proposal are acceptable, please sign below where indicated. If the terms of this Proposal
3 are not acceptable, do not sign below, and indicate to the Mediator that you do not agree to this
4 Proposal.” Id. (emphasis in original). Both parties signed the proposal. Id.

5 Mason has filed a declaration stating that she and her attorney “told the mediator . . . that,
6 as a term of any settlement I be reemployed by Defendant. The mediator then conveyed to us
7 Defendant’s response to my proposal, namely that Defendant would not agree to reemploy me as a
8 term of any settlement, but that I was free to apply online for any positions that Defendant was
9 seeking to fill.” ECF No. 53 ¶ 3. She states that this “response was unsatisfactory to me in that it
10 did not provide me with any guarantee that Defendant would reemploy me, or even consider
11 openmindedly any online application that I might submit.” Id. Nonetheless, she “signed the
12 Mediator’s Proposal in the belief that it was merely a preliminary outline of points of agreement to
13 be included in a full settlement agreement. I therefore hoped that a more favorable provision
14 regarding my reemployment by Defendant might still be negotiated in a full settlement
15 agreement.” Id. ¶ 4.

16 After Mason signed the mediator’s proposal, MediFit’s counsel presented her with a
17 proposed written settlement agreement that incorporated the terms of the mediator’s proposal but
18 included additional terms, including that Mason agree not to apply for reemployment by MediFit.
19 Id. ¶ 5. The proposed agreement included a provision that Mason “had 21 days to think further
20 about whether or not I wanted to settle along the lines presented in their draft.” Id. Mason opted
21 not to sign the proposed agreement.³ Id.

22 Within thirty days after the parties signed the mediator’s proposal, MediFit sent Mason a

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² Section 664.6 provides: “If parties to pending litigation stipulate, in a writing signed by the
24 parties outside the presence of the court or orally before the court, for settlement of the case, or
25 part thereof, the court, upon motion, may enter judgment pursuant to the terms of the settlement.
26 If requested by the parties, the court may retain jurisdiction over the parties to enforce the
27 settlement until performance in full of the terms of the settlement.” Cal. Code Civ. Proc. § 664.6.

28 ³ Mason states that she “was quite fatigued and no longer able to think clearly when, at the nearly
the end of this day-long mediation session, I was presented in rather rapid succession with the
Mediator’s Proposal and then Defendant’s draft of a full settlement agreement.” ECF No. 53 at 3
n.3. However, she does not argue that the signed mediator’s proposal should be voided based on
this assertion.

1 check and the reference letter described in the proposal. ECF No. 43-1 ¶ 7; ECF No. 43-4.
2 Because Mason did not designate an amount of the payment she wished to be considered as
3 compensation for emotional distress damages, MediFit processed the entire payment as if it were
4 “subject to W-2 withholdings.” ECF No. 43-4 at 1. MediFit also designated its People Operations
5 Shared Services Manager as the appropriate point of contact for potential employers. *Id.* at 4.

6 Mason has not cashed the check. She argues that there is no settlement in this case because
7 she did not sign the proposed agreement drafted by MediFit. MediFit moves to enforce the terms
8 of the signed mediator’s proposal and to dismiss this case.

9 **II. LEGAL STANDARD**

10 A district court may “enforce summarily an agreement to settle a case pending before it.
11 However, the district court may enforce only complete settlement agreements. Where material
12 facts concerning the existence or terms of an agreement to settle are in dispute, the parties must be
13 allowed an evidentiary hearing.” *Callie v. Near*, 829 F.2d 888, 890 (9th Cir. 1987) (citations
14 omitted). Ordinary contract principles apply to the “construction and enforcement of settlement
15 agreements.” *Jeff D. V. Andrus*, 899 F.2d 753, 759 (9th Cir. 1989). “Under California law, the
16 intent of the parties determines the meaning of the contract. The relevant intent is ‘objective’ –
17 that is, the intent manifested in the agreement and by surrounding conduct – rather than the
18 subjective beliefs of the parties.” *United Commercial Ins. Serv., Inc. v. Paymaster Corp.*, 962
19 F.2d 853, 856 (9th Cir. 1992) (citations omitted).

20 **III. DISCUSSION**

21 The parties do not dispute that they each signed the mediator’s proposal. Nor do they
22 dispute the contents of the proposal, including the provision that the terms listed in the proposal
23 shall be binding if accepted by the parties. Indeed, both parties submitted the same signed
24 mediator’s proposal as part of their briefing. ECF No. 43-2 (MediFit); ECF No. 53 at 5 (Mason).
25 Consequently, there is “no need for an evidentiary hearing on whether an agreement existed, or
26 what its terms were.” *Doi v. Halekulani Corp.*, 276 F.3d 1131, 1138-39 (9th Cir. 2002).

27 Mason contends that the signed document cannot be enforced because it is not a complete
28 settlement agreement. In particular, she argues that the signed mediator’s proposal failed to

1 address two material terms: the amount of the payment that would be subject to W-2 withholdings
2 and “whether or on what basis Mason might be reemployed by Medifit.” ECF No. 52 at 3-4. Her
3 arguments are not persuasive.

4 The Ninth Circuit has explained that

5 a term may be “material” in one of two ways: It may be a necessary
6 term, without which there can be no contract; or, it may be an
7 important term that affects the value of the bargain. Obviously,
8 omission of the former would render the contract a nullity. But a
9 contract that omits terms of the latter type is enforceable under
California law, so long as the terms it does include are sufficiently
definite for a court to determine whether a breach has occurred,
order specific performance or award damages. This is not a very
demanding test

10 Facebook, Inc. v. Pac. Nw. Software, Inc., 640 F.3d 1034, 1037-38 (9th Cir. 2011). As in
11 Facebook, the agreement here “easily passes” that test. Id. at 1038. The document provides that
12 MediFit will pay Mason a certain amount within 30 days, provide a letter of reference, and
13 designate a manager to be the only contact person for potential employers seeking a reference. In
14 return, Mason will release all claims, including a waiver of California Civil Code section 1542.⁴
15 These terms are “sufficiently definite . . . to determine whether a breach has occurred, order
16 specific performance or award damages.” Id. Neither of the terms raised by Mason necessitates
17 that “there can be no contract”; to the contrary, they go only to “the value of the bargain.” Id. at
18 1037.

19 If the terms were “crucial and material to [the] end bargain,” Mason – who was advised by
20 counsel throughout these proceedings – would have placed those terms on the record. U.S.
21 E.E.O.C. v. Hosp. Housekeeping Sys. of Houston, Inc., No. 1:11-CV-1658-LJO-SAB, 2013 WL
22 5817726, at *7 (E.D. Cal. Oct. 29, 2013), report and recommendation adopted sub nom. E.E.O.C.
23 v. Hosp. Housekeeping Sys. of Houston, Inc., No. 1:11-CV-1658-LJO-BAM, 2013 WL 6134175
24 (E.D. Cal. Nov. 21, 2013). Mason proposed reemployment by MediFit as a term of the settlement,
25 and MediFit rejected that proposal. ECF No. 53 ¶ 3. The mediator’s proposal did not include any

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27 ⁴ Section 1542 provides that “[a] general release does not extend to claims which the creditor does
28 not know or suspect to exist in his or her favor at the time of executing the release, which if known
by him or her must have materially affected his or her settlement with the debtor.” Cal. Civ. Code
§ 1542.

1 term regarding reemployment, and Mason could have chosen not to sign the proposal if she did
2 not want to be bound by its terms. But she chose to sign the proposal, which explicitly stated that
3 its terms would be binding. She “now believes the terms of the . . . settlement are not as
4 comprehensive as [she] would like, but after-settlement revisions cannot alter the terms agreed to
5 at the settlement conference. A dispute over additional nonmaterial terms does not alter the fact
6 that an agreement was reached on the material terms at the [mediation].” Hosp. Housekeeping
7 Sys., 2013 WL 5817726, at *7.

8 Moreover, on the question of what portion of the monetary award should be subject to W-2
9 withholdings, the agreement “specifies how to fill in the ‘material’ term[.]” that Mason asserts is
10 “missing from the deal.” Facebook, 640 F.3d at 1038. The agreement provides that, “Plaintiff
11 may designate a reasonable portion of this amount as compensation for emotional distress
12 damages, but defendant shall not bear any risk of a taxing authority overturning such designation.”
13 ECF No. 43-2. This was permissible under California law, which “allows parties to delegate
14 choices over terms, so long as the delegation is constrained by the rest of the contract and subject
15 to the implied covenant of good faith and fair dealing.” Facebook, 640 F.3d at 1038 (upholding
16 agreement that allowed Facebook to determine “the form & documentation of the acquisition of
17 ConnectU’s shares [] consistent with a stock and cash for stock acquisition”). Mason chose not to
18 make any designation decision, which left MediFit to decide by default what portion of the
19 monetary settlement should be designated as emotional distress damages.⁵

20 The cases relied on by Mason are distinguishable. For example, in *Janosz v. J.D. Ott Co.*,
21 the plaintiff wrote a letter to the defendant stating that he would be willing to accept 20% or some
22 other percentage of withholding, and the defendant responded with an offer of 28%. No. C09-
23 952JLR, 2011 WL 219598, at *4 (W.D. Wash. Jan. 24, 2011). There was nothing in the record
24 indicating that the plaintiff agreed to the 28% figure, and the court found that there was neither an
25 offer nor an acceptance. *Id.* In addition, both parties indicated an intent to revise terms of the
26 settlement. *Id.* Here, by contrast, there is no question that the parties agreed on written settlement

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28 ⁵ MediFit remains open to changing the withholding designation: “If MediFit’s withholdings
choice should be changed, then that is easy to cure. Whatever the reasonable withholdings should
be, new settlement checks can be generated by a clerk.” ECF No. 55 at 3-4.

1 terms, including that Mason could designate the portion of the settlement payment that would be
2 subject to withholding as wages. The actual amount of Mason’s withholdings is not material.

3 Mason also relies on *Golden v. California Emergency Physicians Medical Group*, which
4 concerned the applicability of California Business and Professions Code section 16600 to a
5 settlement agreement in which the plaintiff “waive[d] any and all rights to employment with
6 [defendants] or at any facility that [defendants] may own or with which it may contract in the
7 future.”⁶ 782 F.3d 1083, 1083 (9th Cir. 2015). That statute has no application to this case because
8 the agreement contains no restrictions on Mason’s future employment.

9 **CONCLUSION**

10 MediFit’s motion to enforce the signed mediator’s proposal and enter judgment under
11 California Code of Civil Procedure section 664.6 is granted. The Clerk shall enter judgment and
12 close the file.

13 Because the parties have not requested that the Court “retain jurisdiction over the parties to
14 enforce the settlement until performance in full of the terms of the settlement,” the Court does not
15 do so. Cal. Code Civ. Proc. § 664.6.

16 **IT IS SO ORDERED.**

17 Dated: April 3, 2018

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20 JON S. TIGAR
21 United States District Judge
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28 ⁶ Section 16600 provides that, “[e]xcept as provided in this chapter, every contract by which
anyone is restrained from engaging in a lawful profession, trade, or business of any kind is to that
extent void.” Cal. Bus. & Prof. Code § 16600.