

Ninth Circuit Affirms Denial of Class Certification for Wage and Hour Claims on Predominance Grounds

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On October 4, 2019, the Ninth Circuit Court of Appeals affirmed rulings by the District Court for the Northern District of California to decertify a rest break subclass and to deny class certification of meal break and off-the-clock subclasses in a long-running case brought by AutoZone employees. *In re: AutoZone, Inc., Wage and Hour Employment Practices Litigation*, Case No. 3:10-md-02159-CRB.

Background

Plaintiffs brought suit on behalf of a putative class of approximately 30,000 employees challenging AutoZone's wage and hour practices for non-exempt employees in California. On December 12, 2012, the district court granted plaintiffs' motion for class certification as to the rest break subclass, but denied class certification as to all other subclasses. After three and a half years of discovery, on August 10, 2016, the district court decertified the rest break subclass. The class representatives to the putative class subsequently settled their individual claims, but then appealed the district court's class certification rulings to the Ninth Circuit.

Ruling

The Ninth Circuit first rejected AutoZone's challenge that the Court lacked jurisdiction over the named plaintiffs' appeal because they had settled their individual claims against the Company. The Court reasoned that because the parties' settlement agreements expressly reserved claims for attorney's fees and costs relating to class certification, the putative class representatives maintained a sufficient personal stake in the class litigation to appeal the district court's denial of class certification.

Next, the Ninth Circuit affirmed the district court's decision to decertify the rest break subclass because plaintiffs failed to show the existence of a uniform policy denying class members rest breaks. Specifically, the court highlighted the evidence submitted by AutoZone which called into question the existence of a uniform rest break policy that was consistently applied during the class period. That evidence included: (1) statements in AutoZone's employee handbooks that "[rest] breaks are scheduled in accordance with California law"; (2) declarations stating that California's rest break law was posted in AutoZone's stores throughout the class period; (3) a 2011 PowerPoint presentation informing employees of California's rest break requirements; (4) a declaration describing AutoZone's practice of encouraging employees to take breaks every two hours; and (5) declarations by putative class members attesting that they knew they were permitted to take their breaks in accordance with California law. Without substantial evidence of a uniform policy, the Ninth Circuit reasoned that it would become necessary to determine in each individual case why a given employee missed a rest break, and that therefore individual, rather than common, questions would predominate.

The Ninth Circuit also determined that the district court did not abuse its discretion in denying certification of the meal break and off-the-clock subclasses on predominance grounds. With respect to the meal break subclass, the Court noted that plaintiffs' failure to present any evidence of a uniform policy requiring employees to work through their meal periods meant that individualized determinations regarding why any given employee missed a meal period would predominate. With respect to the off-the-clock subclass, the Court similarly noted that because AutoZone had a written policy prohibiting off-the-clock work during the class period, a determination of why some employees were under-compensated would also have entailed an employee-by-employee analysis.

Implications

This decision is a valuable win for employers who are faced with class actions claims that are vulnerable to certification on predominance grounds. It also serves as a cautious reminder to employers who are settling individual claims with a class representative to ensure that the settlement agreement does not leave the door open for the settling plaintiff to continue to challenge class certification rulings.

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