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Trial Courts May Control, But They May Not Dismiss, PAGA Claims On "Manageability" Grounds

California Employment Law Update on **January 22, 2024**

The California Supreme Court has issued its much-anticipated decision in *Estrada v. Royalty Carpet Mills, Inc.*, determining whether Private Attorneys General Act (PAGA) claims can be dismissed as unmanageable. The Court affirmed a lower court's decision, holding that "trial courts lack inherent authority to strike PAGA claims on manageability grounds"—that is, trial courts may not "dismiss [them] with prejudice." Slip op. at 1-2. In so holding, the Supreme Court overruled *Wesson v. Staples the Office Superstore, LLC*, 68 Cal. App. 5th 746 (2021).

The Court was careful to limit its decision to the question of whether trial courts can *dismiss* PAGA claims as unmanageable, but it assiduously avoided interfering with trial judges' discretion to control their dockets. Thus, it expressly "le[ft] undisturbed various case management tools" short of dismissing claims outright. Slip op. at 45. In doing so, the Court expressly endorsed lower court decisions holding that trial courts may "limit the evidence to be presented at trial or otherwise limit the scope of the PAGA claim." *Id.* at 42-43 (quoting *Woodworth v. Loma Linda Univ. Med. Ctr.*, 93 Cal. App. 5th 1038, 1070 (2023)). And it observed that because trial courts have the ability to limit evidence or claims, "it behooves the PAGA plaintiff to ensure that trial of the action is manageable[.]" *Id.* at 43.

Because the California Supreme Court left intact trial courts' inherent authority to control their own dockets in the face of unwieldy PAGA claims, the ultimate impact of *Estrada* may prove to be relatively minor. Many trial courts already proactively work with litigants to manage individualized issues in PAGA cases, including by requiring plaintiffs to submit trial plans at an early practicable time. Nothing in *Estrada* casts any doubt on the propriety of these practices. Thus, employers should take the ruling as a tacit encouragement to continue to be assertive about limiting PAGA claims to a scope that allows parties and courts to manage individualized issues, even if outright dismissal is no longer on the table. As we wrote in an earlier blog post, during oral argument for this case, several California Supreme Court justices expressed concern over denying trial courts the ability to limit (rather than strike) PAGA claims to ensure manageability.

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Related Professionals

- **Anthony J. Oncidi**
  Partner
- **Gregory W. Knopp**
  Partner
- **Jonathan P. Slowik**
  Partner