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A Glimmer of Hope for Employers Defending Against PAGA Claims

California Employment Law Update on **November 11, 2024**

The future of PAGA continues to look a bit brighter for employers as new favorable case law emerges. We previously reported on *Turrieta v. Lyft, Inc.* wherein the California Supreme Court ruled that PAGA plaintiffs have no standing to intervene in parallel PAGA lawsuits. We are now happy to report that another "win" for employers has come out of Second Appellate District of the Los Angeles Superior Court.

In *Rodriguez v. Lawrence Equipment, Inc.*, the Court of Appeal held that an employee who loses an individual PAGA arbitration is precluded from continuing to litigate a PAGA representative action in court. After prevailing on all the plaintiff's individual Labor Code claims in arbitration, the defendant, Lawrence Equipment, Inc., brought a motion for judgment on the pleadings arguing that the representative PAGA action was barred by issue preclusion. Lawrence Equipment, Inc. reasoned that Rodriguez's standing as an aggrieved employee was predicated on the disproved wage and hour violations. The trial court agreed, and the Court of Appeal affirmed.

In reaching its decision, the Court of Appeal adopted the approach taken in *Rocha v. U-Haul Co. of California* (2023) 88 Cal.App.5th 65. In *Rocha*, the Court of Appeal held that issue preclusion applied after the plaintiff's individual PAGA claims were compelled to arbitration where the plaintiff subsequently lost on all causes of action. In addition, the Court of Appeal found that *Adolph v. Uber Technologies, Inc.* (2023) 14 Cal. 5th 1104,which was decided after *Rocha*, supported this conclusion as "the clear implication of *Adolph*'s analysis is that arbitral findings have a preclusive effect on standing in a stayed PAGA claim." Further, the *Rodriguez* Court specifically rejected the plaintiff's argument that issue preclusion did not apply because, as a PAGA plaintiff, he was serving in a different "capacity" (*i.e.*, as a representative of the State) than when he prosecuted his individual claims in arbitration. This decision provides further assurance that employers with arbitration agreements can leverage those agreements to potentially limit PAGA lawsuits. However, it bears noting that California courts are continuing to whittle away an employer's ability to compel claims to arbitration.

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