

When Headless PAGAs Attack!

California Employment Law Update on April 21, 2025

As we reported here, a split in authority has developed in the California Court of Appeal regarding what to do when an employer moves to compel arbitration of a Private Attorneys General Act (PAGA) that is "headless"—that is, a claim seeking penalties on behalf of all allegedly aggrieved employees *except* the named plaintiff. (This is the latest trick the plaintiff's bar has come up with in an effort to thwart enforceable arbitration agreements, because if there's one thing plaintiffs' lawyers hate, it's arbitration!)

In <u>Leeper v. Shipt, Inc.</u> the court held that a PAGA claim cannot be headless, so in this circumstance, the "individual" PAGA claim is implied, and can be compelled to arbitration. On the other hand, <u>Parra Rodriguez v. Packers Sanitation, Inc.</u> held that a court must take the complaint as it finds it and cannot "imply" an individual PAGA claim that was not pled.

The California Supreme Court has granted review of *Leeper* to answer two questions:

- Does every PAGA action necessarily include both individual and non-individual PAGA claims, regardless of whether the complaint specifically alleges individual claims?
- 2. Can a plaintiff choose to bring only a non-individual PAGA action?

As we previously noted, *Leeper* held that a plaintiff could not bring a headless PAGA claim, while *Parra Rodriguez* simply avoided the question altogether. The California Supreme Court is now poised to answer that underlying question. The stakes are high, because if the California Supreme Court blesses the headless PAGA device, it will provide yet another avenue for arbitration-bound employees to avoid their arbitration agreements completely.

It is perhaps notable that the Supreme Court denied a motion to de-publish *Leeper* pending review—i.e., it can still be cited as authority to trial courts pending the Supreme Court's ruling. Thus, *Leeper* remains persuasive authority, and litigants may continue to cite it in lower courts and may argue that courts should follow *Leeper* and not *Parra Rodriguez* (to the extent those decisions conflict).

We will monitor this case closely and report on further developments.

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Related Professionals

Jonathan P. Slowik

Senior Counsel