California Employment Law Notes

September 2026

California Law Does Not Apply To Remote Worker

[*Saberin v. Alation, Inc.*](), 122 Cal. App. 5th 165 (2026)

Pejman Saberin who lived in Utah and worked remotely for a California-based software company sued the employer under California law after his employment was terminated following his arrest while he was vacationing in Florida. An arbitrator concluded that FEHA (Cal. Gov't Code § 12952) and Cal. Lab. Code § 432.7 — California statutes restricting employment action based on an arrest without a conviction — did not apply because the employee, the arrest, and the decisionmakers involved in the termination were all outside the jurisdiction of California. The Court of Appeal affirmed the order in favor of the employer. The fact that the employer's headquarters was located in California and an inventions agreement Saberin had signed applied California law were not enough to overcome the presumption against extraterritorial application of California law where the employee performs his work and the termination decision is made out of state.

Hundreds Of Employees May Join Their Racial-Harassment Claims

Smith v. Superior Court, 121 Cal. App. 5th 607 (2026)

Hundreds of current and former employees alleged racial harassment and discrimination at a single factory, including a companywide practice of ignoring complaints and conducting inadequate investigations. After a related class action proceeding was narrowed, the employees filed five lawsuits, each joining dozens of plaintiffs. The trial court dismissed all but the first plaintiff in each action on misjoinder and manageability grounds and determined that each plaintiff must file their own individual complaints. The Court of Appeal granted plaintiffs' petitions for writ of mandate and ordered the multi-plaintiff actions to proceed as originally filed. California's permissive-joinder statute allowed the employees to sue together because their claims allegedly arose from the same company policy or practice and shared common legal and factual questions.

Although trial courts may sever trials or use other case-management tools, they may not dismiss properly joined plaintiffs merely because a mass action will be difficult to manage.

"Garden-Variety" Emotional-Distress Award Can Be Worth Millions Of Dollars

Glick v. City of Los Angeles, 121 Cal. App. 5th 151 (2026)

Two male LAPD officers (Stephen Glick and Alfred Garcia) obtained a jury verdict for gender discrimination and retaliation after they were treated more harshly than their female partners during an investigation into the alleged mistreatment of a suspect who had been in police custody. When a police union representative complained to a high-ranking LAPD official about the disparate treatment of the male vs. female officers, the official allegedly responded, "This is something guys do, not females." Although the officers had stipulated that they were making "no claim for mental and emotional distress over and above that usually associated with the physical injuries claimed" (sometimes referred to as "garden-variety emotional distress damages"), the jury awarded Glick approximately $8.6 million and Garcia $4.5 million, principally for emotional distress damages.

The trial court ordered a new trial unless Glick and Garcia accepted reductions to $250,000 and $125,000, respectively, reasoning that "garden-variety" emotional-distress damages should remain comparatively modest. The Court of Appeal reversed and reinstated the original judgment, holding that there is no fixed ceiling on emotional distress damages and that expert or medical testimony is not required when the alleged distress is within ordinary jurors' experience. The Court also reinstated Glick's future economic damages because his testimony about changing his plans to retire at age 50 instead of 55 was admissible and supported by an economist's calculation.

$40 Million Trade Secrets Award Vacated Due To Trial Court Error

Comet Technologies USA, Inc. v. XP Power, LLC, 181 F.4th 988 (9th Cir. 2026)

Three senior engineers left Comet Technologies for competitor XP Power and allegedly misappropriated thousands of confidential files concerning Comet's products, research strategy, and technology. Comet contended the engineers used that material to deliver designs and a development plan for XP's competing product lines. A jury found that XP misappropriated three trade secrets under the federal Defend Trade Secrets Act (DTSA) and awarded Comet $20 million in compensatory damages and $20 million in punitive damages. The district court also entered a permanent injunction against any further use of the trade secrets and awarded Comet more than $17 million in attorneys' fees. The Ninth Circuit vacated the judgment and ordered a new trial because the district court incorrectly instructed the jury that XP had to prove the asserted trade secrets were readily ascertainable through proper means. Under the DTSA, however, the plaintiff bears the burden of proving that its information was not readily ascertainable, and the error was not harmless given the conflicting evidence and its effect on damages.

Employee Gave Adequate Notice Of Religious Belief In Refusing COVID Vaccination

Weiss v. The Permanente Med. Grp., Inc., 182 F.4th 1139 (9th Cir. 2026)

Permanente initially granted employee Mimi Weiss a religious exemption from its COVID-19 vaccine mandate, then requested supplemental information after learning that some employees had submitted insincere requests. When Weiss did not fully answer, the employer revoked the exemption and terminated her employment. The district court dismissed Weiss's Title VII and FEHA failure-to-accommodate claims because she failed to allege she gave the employer adequate notice of the conflict between her religious beliefs and the vaccine mandate. The Ninth Circuit reversed the dismissal, holding that Weiss had plausibly alleged she had informed the employer of a bona fide religious belief that conflicted with the vaccination mandate. At the pleading stage, an employee need only allege they provided enough information for the employer to understand that an actual conflict exists between a religious practice or belief and a job requirement, not the validity of those beliefs or practices. *See also* *Cherry v. Washington Dep't of Fish & Wildlife*, 2026 WL 2451427 (9th Cir. 2026) (under Title VII, employers offering employees access to a process that provided only a limited possibility of reassignment was not necessarily a reasonable accommodation of religious beliefs and practices).

Employee Who Made No Protected Disclosure Was Not A Whistleblower

Krzesni v. Wellpinit Sch. Dist., 182 F.4th 1147 (9th Cir. 2026)

David Krzesni, a school-district project director, claimed his fixed-term contract was not renewed because he reported that federal grant money had been used for a trip to Hawaii without authorization. Krzesni alleged whistleblower retaliation under the National Defense Authorization Act (NDAA) and Washington state law. The district court granted summary judgment in favor of the defendants on the ground that Krzesni had not made a protected disclosure. The Ninth Circuit affirmed summary judgment for the district. Krzesni's annual report merely described the trip, and a rhetorical question he asked of a supervisor ("So this is how we do things?") did not objectively communicate suspected misconduct; neither qualified as a protected disclosure under the NDAA. Further, a later call to the federal grant contact could not have caused the nonrenewal because the decision had already been made.

Prevailing-Party Attorneys' Fees Include Reasonable Paralegal Fees (And AI-Hallucinations Are Bad!)

Del Biaggio v. Bansen, 121 Cal. App. 5th 831 (2026)

Daniel Del Biaggio sued Pete and Mary Bansen for breach of a personal services contract when they allegedly failed to provide the full benefit of the bargain under the contract after Del Biaggio worked for them for four years at Bancrest Dairy. The jury awarded Del Biaggio $52,850. As the prevailing party, Del Biaggio also sought recovery of $115,533 in attorneys' fees and paralegal fees under a contractual provision authorizing reasonable "attorneys' fees." The trial court reduced the number of compensable hours of attorney time and denied reimbursement for the paralegal hours. Although the Court of Appeal upheld a substantial reduction in the attorneys' hours based on the use of block billing, duplication, and work on unsuccessful and unsupported claims, it held that the ordinary contractual language allowing attorneys' fees encompasses reasonable paralegal fees. The Court held that excluding paralegal time would discourage cost-effective delegation and increase litigation costs and remanded the case for the trial court to determine a reasonable award for the paralegal time spent. Although the court vacated a sanctions award against Del Biaggio for filing an unauthorized reconsideration motion, it sanctioned his attorney for filing a brief containing AI-fabricated case quotations and ordered notification to the State Bar (Cal. Bus. & Prof. Code § 6086.7(a)(3)) and the client.

Unrepresented Party May Be Awarded Discovery Sanctions Even Without Proof Of Actual Expenses

Damak v. Superior Court, 121 Cal. App. 5th 792 (2026)

Self-represented litigant Aziz Damak sued his former employer for a variety of wage and hour and wrongful discharge claims. After defendants ignored multiple discovery requests and communications from Damak, he obtained orders compelling responses but was denied monetary sanctions because he had not shown actual out-of-pocket expenses. The Court of Appeal granted in part Damak's writ petition and ordered the trial court to consider Cal. Code Civ. Proc. § 2023.050, which may require a $1,000 sanction for specified failures involving document-production requests, regardless of whether the requesting party incurred compensable fees or costs. The court directed the trial court to reconsider whether the findings required for the mandatory sanction were satisfied and stressed counsel's professional obligation to communicate civilly and respond to discovery — as well as to refrain from making knowingly false statements of fact or law or to seek to mislead a judicial officer.

Employer’s Right To Seek Workplace-Violence Restraining Order Cannot Be Waived By Private Release

Adelanto Elementary Sch. Dist. v. Krause, 121 Cal. App. 5th 699 (2026)

A school district obtained a workplace-violence restraining order (WVRO) on behalf of three female employees against a former superintendent (Michael Krause) who had become an elected member of the district’s governing board of trustees. Krause argued that a separation agreement releasing existing claims against him barred the proceeding. The Court of Appeal held that an employer’s statutory right to seek a WVRO on behalf of employees protects a public interest and therefore is unwaivable under Cal. Civ. Code § 3513 and is not waived by a private release. Substantial evidence of a future threat of harassment supported the order. The Court of Appeal nevertheless modified the order by removing a provision that barred Krause from commenting on the restraining order at public board meetings, which impermissibly restricted his First Amendment rights, and by reducing the order’s duration from four years to the statutory maximum of three.

Corporate Officer Did Not Lose Agent’s Immunity Merely By Acting For Personal Gain

Multiple Energy Technologies, LLC v. Casden, 183 F.4th 1149 (9th Cir. 2026)

Multiple Energy Technologies (MET) previously settled a false-advertising lawsuit against competing manufacturer Hologenix, which agreed to pay $2.5 million and restrict claims that its product had been approved by the FDA. After Hologenix filed for bankruptcy but before completing the payments, MET sued Hologenix’s CEO, Seth Casden, for inducing the company to breach the settlement and for false advertising under the Lanham Act. The district court awarded MET $2.5 million on the interference claim and, after a jury found a Lanham Act violation, treated Casden’s salary as disgorgeable profits, trebled it, and awarded $600,000 in attorneys’ fees to MET.

The Ninth Circuit reversed and remanded the case on the tortious interference claim because California's agent-immunity rule ordinarily protects corporate officers and employees acting for and on behalf of their company. However, an officer does not lose that protection merely because the conduct may increase a bonus or otherwise provide a personal advantage; the relevant question is whether the officer acted outside the scope of the agency relationship, such as for personal benefit at the company's expense. The Court reversed the disgorgement award because Casden's salary was not "profits" under the Lanham Act and affirmed the $600,000 fee award to MET based on the finding of Casden's deliberately or intentionally false representations.

Medical Staffing Company Owed No Duty Of Fair Procedure Before Removing Physician

Stallion Springs Med. Services v. Superior Court, 2026 WL 2593327 (Cal. Ct. App. 2026)

An emergency-room physician (Kuljit S. Hundal) worked at a hospital under an independent-contractor agreement with Stallion Springs, a medical staffing company. After a patient complained about Hundal's conduct, the hospital directed Stallion Springs to remove him from the emergency-department schedule. Stallion Springs complied after conducting its own investigation and terminated Hundal's agreement for cause. Hundal sued, alleging that the company violated his common law right to fair procedure by removing him without notice and a hearing. The trial court denied Stallion Springs's motion for summary adjudication of the common law right of fair procedure claim. The Court of Appeal granted Stallion Springs's petition for writ of mandate and held that the common law right of fair procedure does not apply to a staffing company as a matter of law and directed the trial court to enter summary judgment in its favor. Stallion Springs was neither a statutory peer-review body nor a quasi-public organization with sufficient control over the physician's ability to practice medicine. It merely arranged staffing at one hospital, could not grant or restore medical-staff privileges, and did not prevent the physician from practicing elsewhere.

Employee Did Not Waive Litigation Right By Arbitrating Before "Discovering" She Had Been Sexually Harassed

Ding v. Structure Therapeutics, Inc., 2026 WL 2420555 (9th Cir. 2026)

After her termination, former CFO Dr. Ding Ding filed an arbitration demand, alleging discrimination and harassment based on national origin and her status as a domestic-violence victim. Discovery revealed evidence suggesting that the alleged mistreatment was motivated by her sex (based on a document identifying a male as the "ideal phenotype" for the role for which Dr. Ding was hired). After 17 months of arbitrating her case, Dr. Ding withdrew from arbitration and filed a complaint in federal court, arguing the arbitration agreement under which she had been proceeding was unenforceable pursuant to the Ending Force Arbitration Act (EFAA). The Ninth Circuit affirmed the district court's order finding under the EFAA that Dr. Ding could proceed in court because she did not know she had a plausible sex-based harassment claim when she initiated the arbitration. In reaching this conclusion, the Court held that a sex-based hostile-environment claim under the California Fair Employment and Housing Act (FEHA) qualifies as a "sexual harassment dispute" under the EFAA despite not being "sexual in nature." Once such a claim is plausibly alleged as it was here, the employee may invalidate a predispute arbitration agreement as to the entire case, even after initially arbitrating other claims.

Sexual-Orientation Harassment Claim Was Exempt From Arbitration Under EFAA

Decloedt v. RadNet Mgmt., Inc., 121 Cal. App. 5th 732 (2026)

A male employee alleged that a coworker repeatedly made derogatory comments about his being gay, engaged in threatening and unwelcome physical conduct, and continued such activity despite Decloedt's complaints to supervisors and HR. The employer's motion to compel arbitration was denied. The Court of Appeal affirmed, holding that harassment based on sexual orientation is a form of sexual harassment under the FEHA and that the complaint sufficiently alleged severe or pervasive harassment to invoke the EFAA.

EFAA Did Not Apply To Sexual Harassment Dispute That Arose Before Statute's Effective Date

Combs v. Netflix, Inc., 180 F.4th 1201 (9th Cir. 2026)

Jessica Combs alleged that from 2017 through 2021, she repeatedly complained to Netflix about a sexually charged workplace and specific incidents of harassment, that Netflix failed to correct the situation, and that she was terminated in retaliation for her complaints in December 2021. Combs filed an administrative complaint in August 2023 and later sued, alleging discrimination, harassment, and hostile-work-environment claims. Netflix moved to enforce the arbitration provision in Combs's employment agreement. Although the complaint alleged conduct qualifying as sexual harassment, the Ninth Circuit affirmed the order compelling arbitration because the dispute arose and the claims accrued before the March 3, 2022 effective date of the EFAA.

Employer Waived Arbitration By Litigating Before Seeking To Compel

Mitchell v. Lilac Solutions, Inc., 2026 WL 2443955 (Cal. Ct. App. 2026)

Employees sued for wrongful termination, discrimination, and sexual harassment. The employer answered, pursued extensive discovery over the course of three months, filed cross-claims, and otherwise advanced the court proceedings before moving to compel arbitration shortly after the employees filed an anti-SLAPP motion. Applying the California Supreme Court decision in *Quach v. California Commerce Club, Inc.* 16 Cal. 5th 562 (2024), the Court of Appeal upheld the trial court's finding — by clear and convincing evidence — that the employer had waived its arbitration rights through conduct showing an intent to litigate in court. The employer argued that the EFAA made an earlier arbitration motion impractical because the complaint included sexual harassment allegations that were the focus of the discovery that defendants had pursued. The Court of Appeal was unpersuaded: the employer could have promptly sought a stay or requested limited discovery focused on arbitrability rather than broadly litigating the merits. Merely listing arbitration as an affirmative defense did not preserve that right.

Second Motion To Compel Arbitration Was Unauthorized Motion For Reconsideration

Hickenbottom v. Medical Solutions LLC, 2026 WL 2511310 (Cal. Ct. App. 2026)

Medical Solutions first moved to compel a travel nurse's wage-and-hour claims under an arbitration provision in its handbook. After the trial court denied the motion because that provision had been superseded, the company filed a second motion relying on a different arbitration agreement. The Court of Appeal held that the second filing was a renewed motion under Cal. Code Civ. Proc. § 1008 because both motions sought the same relief — arbitration of the same claims — even though they were based on different contracts. Because the employer failed to submit the affidavit required by Section 1008 identifying new facts, circumstances, or law and explain why the new basis had not been presented earlier, the trial court lacked jurisdiction to consider the second motion, and the resulting denial was not appealable, so the appeal was dismissed.

Separate Confidentiality Agreement Rendered Arbitration Agreement Unconscionable

Cluck v. GEO Secure Services, LLC, 122 Cal. App. 5th 249 (2026)

A former employee brought a putative wage-and-hour class action, and GEO sought to enforce an arbitration agreement signed during onboarding. The Court of Appeal held that the arbitration agreement had to be read together with a confidentiality agreement that was signed at the same time. Taken as a package, the documents required the employee to arbitrate the claims he was most likely to bring while allowing GEO to litigate its likely confidentiality, competition, and nonsolicitation claims in a Florida court. That one-sided structure made the arbitration arrangement substantively unconscionable. The agreement was also procedurally unconscionable because it was a standardized onboarding document, and its opt-out procedure required a new hire to obtain an employee number, prepare a separate statement, and send it to the legal department within 30 days.

Arbitration Clause Was Too Narrow To Cover Wrongful Termination Claims

Morales v. Superior Court, 122 Cal. App. 5th 239 (2026)

A former employee asserted disability discrimination, failure to accommodate, failure to engage in the interactive process, retaliation under the California Family Rights Act, and common law wrongful termination claims. The trial court granted the employer’s motion to compel arbitration based on an arbitration clause that applied to disputes “regarding any aspect” of the employment agreement or acts allegedly violating it. The Court of Appeal issued a peremptory writ of mandate directing the trial court to vacate its order granting the motion to compel arbitration on the ground that the arbitration clause was too narrow to apply to Morales’s claims because they arose from statutory protections and public policy, not from any disputed interpretation or breach of the agreement. A merger clause made the later, more narrow employment agreement, rather than the earlier hiring documents, controlling. The agreement’s at-will provision did not alter the analysis because public policy limits on terminating an at-will employee exist independently of the employment contract.

Employee Was Bound By Customer Arbitration Agreement For Off-Duty Ride

Wilkins v. Cruise, LLC, 121 Cal. App. 5th 927 (2026)

A Cruise employee was injured while riding in one of the company’s autonomous vehicles, but he was off duty and using the ride-hailing service as a customer. He sued Cruise and related entities, which sought arbitration under both his employment agreement and the Terms of Service associated with his customer account. The trial court denied arbitration, concluding that Cruise had not established assent to the online arbitration provision and that claims against the related entities created a risk of inconsistent rulings. The Court of Appeal reversed and directed the trial court to compel arbitration. Cruise’s sign-in wrap process placed users on inquiry notice because an uncluttered screen stated in prominent type that continuing meant agreement to the Terms of Service, displayed the hyperlinks in contrasting orange text, and required the user to click a conspicuous button to proceed. The related entities were also covered by the arbitration agreement because the complaint alleged that the defendants were agents, joint venturers, and alter egos, and the agreement covered Cruise affiliates.

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