

Hospitals Defeat Class Certification on Road to Compete Victory

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After years of litigation, Sheppard Mullin obtained a favorable Court of Appeal ruling on June 2, 2025, affirming a California trial court's order *decertifying* all claims asserted for a class of thousands of registered nurses (RN). The Court of Appeal agreed that the evidence produced by Sheppard Mullin's team after class claims were initially certified in 2022 showed that individualized issues "swamped" the common issues and rendered class adjudication inappropriate. The Court's 36-page opinion agreed that our team masterminded a plan that eviscerated the plaintiff's expert, the survey they wished to use, and their false representations that they could avoid the need for individualized inquiries through the use of records that simply could not deliver the conclusions the plaintiffs and their experts promised. Our client, one of the largest healthcare providers in the country, achieved a complete victory.

Background of the Case

In 2022, the San Francisco County Superior Court certified a class encompassing 3,036 RNs at three of our client's Northern California hospitals. The certified theories included (1) overtime claims; (2) a meal period claim predicated on the contention that time records showing noncompliant meal periods create a rebuttable presumption of meal period violations under a Supreme Court decision; (3) meal and rest period claims premised on plaintiffs' theory that RNs had to carry phones during breaks and were thus "on duty" as a matter of law; (4) a "forced meal period waiver" claim tied to the theory that RNs were "pressured" to sign meal period waivers included in a "large stack" of new-hire paperwork; and (5) claims for waiting time penalties, pay stub violations and unfair business practices. Our client disputed the validity of the claims and the ability to adjudicate them on a class-wide basis.

The Motion to Decertify the Claims Followed

The case did not end when the first judge elected to certify the plaintiffs' theories. Instead, we were asked to mastermind and launch a massive discovery and evidence-gathering campaign to develop a fuller and more accurate record. Our team deposed 44 class members, obtained new declarations refuting the plaintiffs' and their experts' representations and presented a large volume of additional evidence. Sheppard Mullin's motion to decertify the class claims demonstrated that class members had **vastly different experiences** that required multiple levels of individualized inquiries. As an example, many RNs who were deposed testified they *voluntarily* chose to delay, skip or shorten meal periods they had been provided so they could go home early or because they were not hungry or preferred to eat with a friend. Others had voluntarily waived their meal periods as the law allowed.

We also demonstrated the plaintiffs had misrepresented that the client's phone and medical records systems provided a suitable substitute for common proof of their meal and rest period claims and had overlooked California's unique legal standards for "health care employees" in formulating their theories. We asserted that

the plaintiffs had also falsely stated that no conflicts of interest or antagonism between class members existed.

On November 27, 2023, the trial court issued a detailed order granting our client's motion to decertify the class. The order closely followed the arguments Sheppard Mullin raised regarding the vast differences in the experiences of class members based on their deposition testimony, declarations and other evidence. It also recognized the unique healthcare rules governing the "hours worked" standards, including opinions of the state enforcement agency concluding that it was inappropriate to assume healthcare employees were on duty during meal and rest breaks merely because some chose to carry phones despite written instructions they had received to turn the phones off or over to other nurses covering their meal and rest breaks. Sheppard Mullin was uniquely positioned to address California's unique healthcare employee rules as the firm drafted them for the California Hospital Association.

The Court of Appeal Affirmed the Client's Victory

The plaintiffs appealed the trial court's order decertifying all the certified claims. On June 2, 2025, the Court of Appeal for the First Appellate District issued a unanimous decision affirming the trial court's order. In an opinion that journeyed into many new and uncharted legal waters, the Court of Appeal rejected the plaintiffs' claims while simultaneously criticizing their expert's survey as "unreliable," "unworkable," "unhelpful" and inadmissible. The Court agreed with the trial court's conclusions that plaintiffs' claims and our clients' affirmative defenses necessitated numerous individualized analyses that were fundamentally inconsistent with class litigation. The wide variations in the RNs' experiences swamped the common issues and made class adjudication unmanageable. The Court thus agreed that none of the claims asserted against the hospitals should have been certified. Finally, the Court awarded our client its costs on appeal.

The Sheppard Mullin team was led by Richard Simmons, Bryanne Lewis, Hilary Habib, Jason Kearnaghan and Heather Ross.

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