

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA

Pierre v. Community Regional Medical Center

Pierre · No. 1:25-cv-00322-KES-SKO · Decided July 9, 2025

SUMMARY

The United States District Court for the Eastern District of California grants Fresno Community Hospital and Medical Center’s motion to set aside the Clerk’s entry of default in a putative wage-and-hour class and collective action. Applying Federal Rule of Civil Procedure 55(c), the court finds no culpable conduct, a potential meritorious defense based on arbitration, and no tangible prejudice to the plaintiff. The court vacates the scheduled hearing, sets aside the default, and deems the defendant’s lodged answer filed as of the order’s date.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
WRITING FOR THE COURT	Sheila K. Oberto
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	July 9, 2025
DOCKET	1:25-cv-00322-KES-SKO
DISPOSITION	other
PROCEDURAL POSTURE	Defendant moved to set aside the Clerk's entry of default in a putative FLSA collective and California wage-and-hour class action. The court construed the motion, styled under Federal Rule of Civil Procedure 60, as a motion under Rule 55(c) because no default judgment had been entered.
STANDARD OF REVIEW	The court applied Federal Rule of Civil Procedure 55(c)'s good-cause standard and exercised discretion in evaluating culpable conduct, the existence of a meritorious defense, and prejudice. The standard is applied more liberally to an entry of default than to a default judgment, consistent with the preference for resolving cases on the merits.
PRECEDENTIAL VALUE	unpublished district court order; nonprecedential

TOPICS

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civil procedure

flsa

class actions

arbitration

PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether the Hospital showed good cause under Federal Rule of Civil Procedure 55(c) to set aside the Clerk's entry of default.
2. Whether the Hospital's failure to respond was culpable or resulted from intentional, willful, deliberate, or bad-faith conduct.
3. Whether the Hospital presented specific facts constituting a potentially meritorious defense.
4. Whether setting aside the entry of default would cause Plaintiff tangible prejudice beyond delay.

HOLDINGS

1. Good cause existed to set aside the Clerk's entry of default because the Hospital was not culpable, presented facts supporting a potentially meritorious defense, and Plaintiff failed to show tangible prejudice.
2. The Hospital's failure to respond was not culpable because the record did not establish an intentional, willful, deliberate, or bad-faith failure to answer.
3. The Hospital satisfied the minimal meritorious-defense requirement by presenting specific facts supporting a potential defense based on an arbitration agreement that it might enforce as a third-party beneficiary under equitable estoppel.
4. Setting aside the entry of default would not cause cognizable prejudice because Plaintiff showed no tangible harm beyond delay.

KEY QUOTATIONS

"Rule 55 requires a "two-step process" consisting of: (1) seeking a clerk's entry of default, and (2) filing a motion for the entry of default judgment." (at 2)

"judgment by default is a drastic step appropriate only in extreme circumstances; a case should, whenever possible, be decided on the merits" (at 3)

"The Hospital's failure to answer resulted from excusable neglect and not from an attempt to manipulate the legal process or take advantage of Plaintiff" (at 5)

"An entry of default acts as a "windfall," and setting aside that default "merely restores the parties to an even footing in the litigation." (at 8)

FACTUAL BACKGROUND

Plaintiff alleged that the Hospital misclassified nursing staff as independent contractors and thereby violated the FLSA, California Labor Code, and California unfair-competition laws concerning overtime, meal and rest

breaks, wage statements, and termination pay. The Hospital's service agent inadvertently failed to calendar the response deadline, and the Hospital did not retain outside counsel until a potential third-party conflict was resolved. After learning of the default, the Hospital promptly sought to have it withdrawn and later presented a potential arbitration-based defense.

PROCEDURAL HISTORY

Plaintiff filed the action on March 17, 2025, and served the Hospital's agent on March 20, 2025. After the Hospital failed to timely respond, the Clerk entered default on April 30, 2025. The Hospital learned of the default on May 1, sought Plaintiff's agreement to set it aside, retained counsel after resolving a potential conflict, and filed the motion on June 9, 2025. The court vacated the hearing, granted the motion, set aside the entry of default, and deemed the Hospital's lodged answer filed as of July 9, 2025.

DISPOSITION

other

CASES CITED

- Eitel v. McCool, 782 F.2d 1470, 1471 (9th Cir. 1986)
- Symantec Corp. v. Global Impact, Inc., 559 F.3d 922, 923 (9th Cir. 2009)
- Franchise Holding II, LLC v. Huntington Rests. Group, Inc., 375 F.3d 922, 925-26 (9th Cir. 2004)
- United States v. Signed Personal Check No. 730 of Yubran S. Mesle, 615 F.3d 1085, 1089, 1091-95 (9th Cir. 2010)
- Brandt v. American Bankers Insurance Co., 653 F.3d 1108, 1111-12 (9th Cir. 2011)
- O'Connor v. State of Nevada, 27 F.3d 357, 364 (9th Cir. 1994)
- Westchester Fire Insurance Co. v. Mendez, 585 F.3d 1183, 1189 (9th Cir. 2009)
- TCI Group Life Insurance Plan v. Knoebber, 244 F.3d 691, 697, 701 (9th Cir. 2001)
- Egelhoff v. Egelhoff, a minor, by and through her natural parent, Breiner, et al., Egelhoff v. Egelhoff ex rel. Breiner, 532 U.S. 141 (2001)
- American Alliance Insurance Co., Ltd. v. Eagle Insurance Co., 92 F.3d 57, 61 (2d Cir. 1996)
- Direct Mail Specialists, Inc. v. Eclat Computerized Technologies, Inc., 840 F.2d 685, 690 (9th Cir. 1988)
- Garner v. Wells Fargo Home Mortgage, Inc., No. 1:10-CV-266, 2011 WL 2413841, at *3 (D. Idaho June 9, 2011)
- Neev v. Abbott Medical Optics Inc., No. SACV 15-01992 JVS(JCGx), 2017 WL 11628868, at *3 (C.D. Cal. Apr. 3, 2017)
- Calleja v. Cannon, No. CV-15-01120-PHX-NVW, 2015 WL 13574284, at *1 (D. Ariz. Nov. 25, 2015)
- Howard v. City of Ridgecrest, No. 1:12-CV-01232 AWI, 2012 WL 4862352, at *2 (E.D. Cal. Oct. 11, 2012)
- Laurino v. Syringa General Hospital, 279 F.3d 750, 753 (9th Cir. 2002)
- Black v. Stafford, No. CIV. S-10-567 FCD, 2011 WL 3925066, at *3 (E.D. Cal. Sept. 7, 2011)

- J & J Sports Productions, Inc. v. Aranda, No. 1:12-CV-1508-AWI-BAM, 2013 WL 3773865, at *4 (E.D. Cal. July 17, 2013)
- Williams v. Dawley, No. 08-799 FCD-EFB, 2008 WL 3540360, at *2 (E.D. Cal. Aug. 12, 2008)
- Mendoza v. Wight Vineyard Management, 783 F.2d 941, 945-46 (9th Cir. 1986)
- Whitmore v. Universal American Mortgage Co. LLC, No. CV-14-01299-PHX-DGC, 2014 WL 5431203, at *3 (D. Ariz. Oct. 27, 2014)
- Drosch v. Wells Fargo Bank, N.A., No. 20-CV-06751-JSC, 2021 WL 2805604, at *1-3 (N.D. Cal. July 6, 2021)
- United States v. Howard, 381 F.3d 873, 876 n.1 (9th Cir. 2004)
- United States v. Wilson, 631 F.2d 118, 119 (9th Cir. 1980)
- Huerta v. Akima Facilities Management, LLC, No. 16-CV-00434-KAW, 2017 WL 783686, at *4 (N.D. Cal. Mar. 1, 2017)