

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

Nicholas Stephens v. Liberty Mutual Insurance Company

Stephens · No. 24-cv-04218-HSG · Decided October 28, 2025

SUMMARY

The United States District Court for the Northern District of California declined to adopt a report and recommendation recommending dismissal for failure to prosecute because Nicholas Stephens timely filed an amended complaint. The court screened the amended complaint under 28 U.S.C. § 1915(e) and dismissed claims based on HIPAA, the Fourth and Fourteenth Amendments, and 18 U.S.C. § 1001 with prejudice, while dismissing the intentional-infliction-of-emotional-distress and invasion-of-privacy claims without prejudice. The court granted leave to amend those remaining claims by December 15, 2025.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Haywood S. Gilliam, Jr.
JURISDICTION	United States District Court for the Northern District of California
DECIDED	October 28, 2025
DOCKET	24-cv-04218-HSG
DISPOSITION	dismissed
PROCEDURAL POSTURE	Pro se plaintiff filed an amended complaint after the magistrate judge granted in forma pauperis status, screened the original complaint under 28 U.S.C. § 1915(e), and recommended dismissal for failure to prosecute. The district court declined to adopt the report and recommendation and independently screened the amended complaint, dismissing it with leave to amend certain claims.
STANDARD OF REVIEW	The court applied the Federal Rule of Civil Procedure 12(b)(6) standard in screening under 28 U.S.C. § 1915(e)(2)(B)(ii), accepting well-pleaded factual allegations as true and determining whether the complaint stated a plausible claim for relief.
PRECEDENTIAL VALUE	unpublished

TOPICS

motions to dismiss

pleadings

subject matter jurisdiction

medical records privacy

invasion of privacy

PRACTICE AREAS

civil procedure

constitutional law

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QUESTIONS PRESENTED

1. Whether the district court should adopt the magistrate judge's report and recommendation recommending dismissal for failure to prosecute when the plaintiff had timely filed an amended complaint that was docketed late.
2. Whether the amended complaint adequately alleged diversity subject matter jurisdiction.
3. Whether the amended complaint stated a claim under HIPAA.
4. Whether the amended complaint stated a claim for intentional infliction of emotional distress.
5. Whether the amended complaint stated constitutional claims against a private insurance company.
6. Whether the amended complaint stated a California invasion-of-privacy claim based on alleged access to medical records after withdrawal of consent.

HOLDINGS

1. The court declined to adopt the report and recommendation because plaintiff timely filed his amended complaint, even though docketing was delayed.
2. The amended complaint sufficiently alleged federal diversity jurisdiction under 28 U.S.C. § 1332 at the pleading stage.
3. HIPAA does not provide a private right of action; plaintiff's HIPAA claim was dismissed with prejudice.
4. The amended complaint did not adequately allege severe or extreme emotional distress, and the intentional-infliction-of-emotional-distress claim was dismissed without prejudice.
5. Plaintiff failed to state Fourth or Fourteenth Amendment claims against the private insurance company, and those claims were dismissed with prejudice.
6. The amended complaint did not adequately state a California invasion-of-privacy claim as pleaded, but allegations that defendant accessed full medical records, including images of plaintiff's naked body, after withdrawal of authorization could theoretically support an intrusion-upon-seclusion claim; dismissal was therefore without prejudice.

KEY QUOTATIONS

“The standard for determining whether a plaintiff has failed to state a claim upon which relief can be granted under § 1915(e)(2)(B)(ii) is the same as the Federal Rule of Civil Procedure 12(b)(6) standard for failure to state a claim.” (at 2)

“There must be an “objectively reasonable expectation of seclusion or solitude in the place, conversation or data source.” (at 5)

“For the reasons above, the Court DECLINES to adopt the report and recommendation, Dkt. No. 10, and DISMISSES Plaintiff’s amended complaint, Dkt. No. 11, with leave to amend Plaintiff’s claims for intentional infliction of emotional distress and invasion of privacy.” (at 7)

FACTUAL BACKGROUND

Nicholas Stephens alleged that Liberty Mutual obtained his medical records during a workers' compensation investigation after he withdrew an earlier authorization, including records and images he considered private. He asserted claims under HIPAA, for intentional infliction of emotional distress, under the Fourth and Fourteenth Amendments, and under California Civil Code §§ 1708 and 3281. He alleged that Liberty Mutual was incorporated and had its principal place of business in Massachusetts, while he was born in and resided in California, and he claimed at least \$1 million in damages.

PROCEDURAL HISTORY

Plaintiff initially sued Liberty Mutual Insurance Company and applied to proceed in forma pauperis. Magistrate Judge Donna Ryu granted the application but found the complaint deficient under 28 U.S.C. § 1915(e) and allowed amendment. Plaintiff timely filed an amended complaint, but it was docketed after the magistrate judge issued a report and recommendation recommending dismissal for failure to prosecute. The district court declined to adopt that recommendation, found that the amended complaint adequately alleged diversity jurisdiction, but dismissed the amended complaint after screening.

DISPOSITION

dismissed

CASES CITED

- Watison v. Carter, 668 F.3d 1108, 1112 (9th Cir. 2012)
- Lopez v. Smith, 203 F.3d 1122, 1127-31 (9th Cir. 2000)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555 (2007)
- Karim-Panahi v. L.A. Police Dep't, 839 F.2d 621, 623 (9th Cir. 1988)
- Sprewell v. Golden State Warriors, 266 F.3d 979, 988 (9th Cir. 2001)
- Naffe v. Frey, 789 F.3d 1030, 1040 (9th Cir. 2015)
- Kanter v. Warner-Lambert Co., 265 F.3d 853, 857 (9th Cir. 2001)
- Mondragon v. Cap. One Auto Fin., 736 F.3d 880, 887 (9th Cir. 2013)
- Webb v. Smart Document Sols., LLC, 499 F.3d 1078, 1081 (9th Cir. 2007)
- Hailey v. Cal. Physicians' Serv., 158 Cal. App. 4th 452, 473-74 (2007)
- Lawler v. Montblanc N. Am., LLC, 704 F.3d 1235, 1246 (9th Cir. 2013)
- Hughes v. Pair, 46 Cal. 4th 1035, 1051 (2009)
- Landucci v. State Farm Ins. Co., 65 F. Supp. 3d 694, 711-12 (N.D. Cal. 2014)

- Brentwood Acad. v. Tennessee Secondary Sch. Athletic Ass'n, 531 U.S. 288, 295 (2001)
- United States v. Rosenow, 50 F.4th 715, 728-29 (9th Cir. 2022)
- Linda R.S. v. Richard D., 410 U.S. 614, 619 (1973)
- Christensen v. Superior Ct., 54 Cal. 3d 868, 903 (1991)
- Caraccioli v. Facebook, Inc., 167 F. Supp. 3d 1056, 1063 (N.D. Cal. 2016), aff'd, 700 F. App'x 588 (9th Cir. 2017)
- Shulman v. Grp. W Prods., Inc., 18 Cal. 4th 200, 231-32 (1998), as modified on denial of reh'g (July 29, 1998)
- Miller v. Nat'l Broad. Co., 187 Cal. App. 3d 1463, 1483-84 (1986)
- Opperman v. Path, Inc., 87 F. Supp. 3d 1018, 1061 (N.D. Cal. 2014)

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