

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF OREGON

Justin Denley v. Augusta Sportswear, Inc. d/b/a Momentec Brands

Denley · No. 6:25-cv-02018-MC · Decided March 24, 2026

SUMMARY

The United States District Court for the District of Oregon denied Defendant Augusta Sportswear, Inc.'s motion to dismiss overtime claims accruing before September 9, 2023. The court held that Plaintiff had pleaded facts potentially supporting equitable tolling of Oregon's two-year statute of limitations because he allegedly lacked notice of his misclassification until February 14, 2025. The court concluded that the claims therefore survived dismissal under Federal Rule of Civil Procedure 12(b)(6).

CASE DETAILS

COURT	United States District Court for the District of Oregon
WRITING FOR THE COURT	Michael McShane
JURISDICTION	United States District Court for the District of Oregon
DECIDED	March 24, 2026
DOCKET	6:25-cv-02018-MC
DISPOSITION	other
PROCEDURAL POSTURE	Defendant moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss overtime claims accruing before September 9, 2023, as barred by Oregon's two-year statute of limitations. The court denied the motion.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded allegations of material fact as true and construes them in the light most favorable to the nonmovant. A statute-of-limitations defense may support dismissal at the pleading stage only if no set of facts would permit the plaintiff to prove tolling.
PRECEDENTIAL VALUE	unpublished district court opinion; persuasive authority only
PARTIES	Justin Denley v. Augusta Sportswear, Inc., doing business as Momentec Brands

TOPICS

wage and hour

flsa

statute of limitations

motions to dismiss

civil procedure

PRACTICE AREAS

employment law

wage and hour

civil procedure

QUESTIONS PRESENTED

1. Whether Denley's overtime claims accruing before September 9, 2023, could be dismissed under ORS § 12.110(3) as untimely at the pleading stage.
2. Whether equitable tolling could apply to ORS § 12.110(3) where the plaintiff alleged that he lacked actual or constructive notice of a possible overtime claim until his employer disclosed his misclassification.

HOLDINGS

1. A claim may not be dismissed on statute-of-limitations grounds under Rule 12(b)(6) when the complaint pleads facts that could permit the plaintiff to prove that the limitations period was tolled.
2. Equitable tolling may apply to claims subject to ORS § 12.110(3) when mechanical application of the limitations period would cause injustice and the plaintiff diligently pursued his rights but reasonably lacked notice of a possible claim.

KEY QUOTATIONS

“A court may dismiss a claim based on the statute of limitations only if no set of facts would “permit the plaintiff to prove that the statute was tolled.”” (Discussion)

“If a “reasonable plaintiff would not have known of the existence of a possible claim within the limitations period, then equitable tolling will serve to extend the statute of limitations.”” (Discussion)

FACTUAL BACKGROUND

Denley worked for Defendant and its predecessors from August 2014 through February 2025 as an Information Technology Coordinator. He was classified as exempt, worked approximately 60 hours per week, and received a fixed monthly salary without overtime compensation. On February 14, 2025, Defendant informed him that he had been improperly classified and was entitled to overtime pay. Denley alleged that he had received no overtime compensation for work performed above 40 hours per week from August 2014 through February 2025.

PROCEDURAL HISTORY

Denley filed an action in Lane County Circuit Court on September 9, 2025, asserting state-law and Fair Labor Standards Act overtime claims. Defendant removed the action and moved to dismiss claims accruing before September 9, 2023, under ORS § 12.110(3). After previously concluding that the statute did not contain a discovery rule, the court requested supplemental briefing on equitable tolling and denied the motion.

DISPOSITION

CASES CITED

- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555, 570 (2007)
- Ashcroft v. Iqbal, 556 U.S. 662, 678-79 (2009)
- Burgert v. Lokelani Bernice Pauahi Bishop Tr., 200 F.3d 661, 663 (9th Cir. 2000)
- Papasan v. Allain, 478 U.S. 265, 286 (1986)
- Supermail Cargo, Inc. v. U.S., 68 F.3d 1204, 1206-07 (9th Cir. 1995)
- Holland v. Fla., 560 U.S. 631, 649-50 (2010)
- Bent v. Garland, 115 F.4th 934, 942 (9th Cir. 2024)
- Avagyan v. Holder, 646 F.3d 672, 680 (9th Cir. 2011)
- Santa Maria v. Pac. Bell, 202 F.3d 1170, 1178 (9th Cir. 2000)
- Socop-Gonzalez v. I.N.S., 272 F.3d 1176, 1194-96 (9th Cir. 2001)
- Leorna v. U.S. Dep't of State, 105 F.3d 548, 551 (9th Cir. 1997)
- Partlow v. Jewish Orphans' Home of S. Cal., Inc., 645 F.2d 757, 760 (9th Cir. 1981)
- Hoffman-LaRoche, Inc. v. Sperling, 493 U.S. 165 (1989)
- Hemming v. Decibels of Or., Inc., No. 1:17-cv-01624-MC, 2018 WL 664792, at *7-8 (D. Or. Feb. 1, 2018)

OPINION

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF OREGON EUGENE DIVISION JUSTIN DENLEY, Case No. 6:25-cv-02018-MC Plaintiff, OPINION and ORDER v. AUGUSTA SPORTSWEAR, INC., doing business as Momentec Brands, Defendant. _____ MCSHANE, Judge: Plaintiff Justin Denley seeks unpaid overtime wages and penalties from his employer, Defendant Momentec Brands.

Defendant moved to dismiss Plaintiff's overtime claim for pay periods prior to September 9, 2023, arguing they are time-barred under the two-year statute of limitations in ORS § 12.110(3). The Court requested supplemental briefing on whether equitable tolling saves what would otherwise be time-barred claims.

Because equitable tolling is appropriate in light of the facts presented, Defendant's Motion to Dismiss Plaintiff's overtime claim for pay periods prior to September 9, 2023, Motion 1 in ECF No. 3, is DENIED. BACKGROUND Plaintiff Justin Denley began working for Defendant's predecessors in interest in August 2014 as an Information Technology Coordinator. Notice of Removal, Ex. A ¶ 4, ECF No. 1-1 ("Compl.").

Defendant hired Plaintiff as a salaried employee, exempt from overtime wages. Id. Between August 2014 and February 2025, Plaintiff worked an average of 60 hours per week and received a consistent salary each month. Id. ¶¶ 4, 7.

On February 14, 2025, Defendant notified Plaintiff that he had been “improperly classified” as an exempt employee and that he was entitled to overtime wages going forward. Id. ¶ 13. Defendant confirmed that Plaintiff’s job duties would remain the same, but he would receive “time and a half for the hours worked over 40 per week.” Id. ¶ 18. Plaintiff alleges that Defendant failed to compensate him for any work performed beyond 40 hours per work week from August 2014 through February 15, 2025.

Id. ¶ 28. Plaintiff brought this action on September 9, 2025, asserting claims under state law and the Fair Labor Standards Act (“FLSA”), 29 U.S.C. §§ 203–19. Id. ¶¶ 27–42. Defendant moved to dismiss pursuant to Federal Rule of Civil Procedure 12(b)(6), asserting that the two-year statute of limitations in ORS § 12.110(3) had run on pay periods prior to September 9, 2023.

Mot. Dismiss 1–2, 4, ECF No. 3. The Court held that § 12.110(3) does not contain a “discovery rule” and requested supplemental briefing on whether equitable tolling applies to Plaintiff’s overtime claims for pay periods prior to September 9th, 2023. Op. & Order 4–7, Jan. 28, 2026, ECF No. 12. LEGAL STANDARD To survive a motion to dismiss under Fed. R. Civ. P. 12(b)(6), a complaint must contain “enough facts to state a claim to relief that is plausible on its face.” Bell Atl.

Corp. v. Twombly, 550 U.S. 544, 570 (2007). A claim is plausible on its face when the “factual content” allows the court to reasonably infer that the defendant is liable for the alleged misconduct. Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009).

The well-pleaded facts must present more than “the mere possibility of misconduct.” Id. at 679. When considering a motion to dismiss, the court must accept all allegations of material fact as true and construe them in the light most favorable to the non-movant. E.g., Burgert v. Lokelani Bernice Pauahi Bishop Tr., 200 F.3d 661, 663 (9th Cir. 2000). But the court is “not bound to accept as true a legal conclusion couched as a factual allegation.” Twombly, 550 U.S. at 555 (quoting Papasan v. Allain, 478 U.S. 265, 286 (1986)).

DISCUSSION A court may dismiss a claim based on the statute of limitations only if no set of facts would “permit the plaintiff to prove that the statute was tolled.” Supermail Cargo, Inc. v. U.S., 68 F.3d 1204, 1206–07 (9th Cir. 1995) (citation omitted).

Here, because Plaintiff pleads a set of facts that could establish that the statute was equitably tolled, his claims for overtime compensation accruing before September 9, 2023—two years before he filed this action—survive dismissal. Equitable tolling is appropriate when mechanical application of a statute of limitations would render injustice to a plaintiff who failed to comply with the limitations period.

See Holland v. Fla., 560 U.S. 631, 650 (2010). The doctrine applies when a plaintiff has been “pursuing his rights diligently” from the date “a reasonable person in [the plaintiff’s] position

[would have] notice that something was wrong.” Id. at 649; *Bent v. Garland*, 115 F.4th 934, 942 (9th Cir. 2024) (quoting *Avagyan v. Holder*, 646 F.3d 672, 680 (9th Cir. 2011)).

If a “reasonable plaintiff would not have known of the existence of a possible claim within the limitations period, then equitable tolling will serve to extend the statute of limitations.” *Santa Maria v. Pac. Bell*, 202 F.3d 1170, 1178 (9th Cir. 2000), overruled on other grounds by *Socop-Gonzalez v. I.N.S.*, 272 F.3d 1176, 1194–96 (9th Cir. 2001).

For example, in *Leorna v. U.S. Dep’t of State*, the plaintiff filed an untimely complaint after the Department of State terminated her candidacy for employment. 105 F.3d 548, 551 (9th Cir. 1997). The court noted that, because the plaintiff “had neither actual nor constructive notice of the filing period at [the time of termination],” the limitations period was tolled until the plaintiff retained counsel.

Id. At that point, she had constructive notice. Id. Here, accepting the facts in the Complaint as true, Plaintiff lacked actual or constructive notice of a possible overtime claim until Defendant notified him of his misclassification as an exempt employee. Prior to that point, Plaintiff did not have notice of a possible claim because a “reasonable person” in Plaintiff’s position would rely on their employer to correctly classify them.

At this stage, Plaintiff has successfully plead that § 12.110(3) was equitably tolled until Defendant notified him on February 14, 2025, that he was entitled to overtime pay.¹ Plaintiff filed his complaint with the Lane County Circuit Court on September 9, 2025, roughly seven months after he gained actual or constructive notice of a possible overtime claim.

Because seven months is within the two-year statute of limitations mandated by § 12.110(3), Plaintiff’s overtime claims for pay periods prior to September 9, 2023, survive dismissal. // // // // //
// // // // // 1 The 9th Circuit has applied equitable tolling to claims arising under the FLSA. See *Partlow v. Jewish Orphans’ Home of S. Cal., Inc.*, 645 F.2d 757, 760 (9th Cir.

1981), abrogated on other grounds by *Hoffman-LaRoche, Inc. v. Sperling*, 493 U.S. 165 (1989). Because § 12.110(3) was modeled on the FLSA, it follows that equitable tolling may be applied to Plaintiff’s claims subject to § 12.110(3). See Op. & Order 6–7, Jan. 28, 2026; see also *Hemming v. Decibels of Or., Inc.*, No. 1:17-cv-01624-MC, 2018 WL 664792, at *7–8 (D.

Or. Feb. 1, 2018) (explaining this Court would consider equitably tolling § 12.110(3) had plaintiff alleged sufficient supporting facts). CONCLUSION Because Plaintiff pleads a set of facts that could permit him to prove that ORS § 12.110(3) was equitably tolled, Defendant’s Motion to Dismiss, Motion 1, ECF No. 3, is DENIED. IT IS SO ORDERED. DATED this 24th day of March 2026. ____/s/ Michael McShane ____ Michael McShane United States District Judge

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