

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA

Roberts v. IFS Topco, LLC

No. 24-CV-2433-BEN-BLM (S.D. Cal. Apr. 3, 2025) · No. 24-CV-2433-BEN-BLM · Decided April 3, 2025

SUMMARY

The United States District Court for the Southern District of California grants Plaintiff Jeffrey Roberts’s motion to remand. The court holds that the breach-of-contract claim arising from a separately negotiated severance agreement was not completely preempted by ERISA under the two-part Davila test because the claim could not have been brought under 29 U.S.C. § 1132(a) and arose from an independent legal duty. The case is remanded to the Superior Court of California for the County of San Diego.

CASE DETAILS

COURT	United States District Court for the Southern District of California
WRITING FOR THE COURT	Roger T. Benitez
JURISDICTION	United States District Court for the Southern District of California
DECIDED	April 3, 2025
DOCKET	24-CV-2433-BEN-BLM
DISPOSITION	remanded
PROCEDURAL POSTURE	Plaintiff moved to remand the removed action to California state court and requested attorney's fees and costs under 28 U.S.C. § 1447(c).
STANDARD OF REVIEW	The removing party bears the burden of establishing federal jurisdiction; removal statutes are strictly construed against removal, and doubts are resolved in favor of remand.
PRECEDENTIAL VALUE	Unknown
PARTIES	Jeffrey Roberts v. IFS Topco, LLC, BradyIFS Manafement Holdco, LLC, Does 1 through 25

TOPICS

- subject matter jurisdiction
- civil procedure
- breach of contract
- contracts

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the breach-of-contract claim concerning the separately negotiated Severance Agreement was completely preempted by ERISA so as to create federal-question removal jurisdiction.
2. Whether the plaintiff could have brought the severance claim under ERISA's civil-enforcement provision, 29 U.S.C. § 1132(a).
3. Whether the severance claim arose from an independent legal duty apart from ERISA.

HOLDINGS

1. The breach-of-contract claim was not completely preempted by ERISA because it failed both parts of the Davila test: it could not have been brought under 29 U.S.C. § 1132(a), and it arose from duties independently imposed by the negotiated Severance Agreement.
2. Removal was improper because the complaint did not present a removable federal question and ERISA complete preemption did not apply.

KEY QUOTATIONS

“to do little more than write a check hardly constitutes the operation of a benefit plan.” (Discussion § II.a)

FACTUAL BACKGROUND

Roberts's original state-court complaint challenged noncompete and forum-selection clauses through four California-law claims. His later breach-of-contract claim alleged that defendants failed to pay benefits promised in a separately negotiated Severance Agreement, which provided fixed severance payments, a prorated bonus, a COBRA offset, and outplacement services. The agreement did not reference ERISA, a plan administrator, a claims process, or fiduciary obligations, and the court found that the benefits required no discretionary or ongoing plan administration.

PROCEDURAL HISTORY

Roberts initially filed four California state-law claims in San Diego Superior Court on October 16, 2024. He filed a first amended complaint on November 26, 2024, adding a breach-of-contract claim concerning severance benefits, but the state court did not accept the amended filing until January 2, 2025. Defendants removed the action on December 23, 2024, relying solely on alleged ERISA complete preemption of the original claims. The federal district court held removal improper and remanded the action.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The action was remanded to the Superior Court of the State of California for the County of San Diego.

CASES CITED

- Williams v. Costco Wholesale Corp., 471 F.3d 975, 976 (9th Cir. 2006)
- Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992)
- Caterpillar, Inc. v. Williams, 482 U.S. 386, 392 (1987)
- Aetna Health Inc. v. Davila, 542 U.S. 200, 207-10 (2004)
- Beneficial Nat'l Bank v. Anderson, 539 U.S. 1, 8 (2003)
- Fossen v. Blue Cross & Blue Shield of Mont., Inc., 660 F.3d 1102, 1107-08 (9th Cir. 2011)
- Marin Gen. Hosp. v. Modesto & Empire Traction Co., 581 F.3d 941, 946-50 (9th Cir. 2009)
- Fort Halifax Packing Co. v. Coyne, 482 U.S. 1, 12 (1987)
- Bogue v. Ampex Corp., 976 F.2d 1319, 1323 (9th Cir. 1992)
- Graham v. Balcor Co., 146 F.3d 1052, 1055 (9th Cir. 1998)
- Gresham v. Lumbermen's Mut. Cas. Co., 404 F.3d 253, 259 (4th Cir. 2002)
- Rodowicz v. Mass. Mut. Life Ins. Co., 192 F.3d 162, 170-72 (1st Cir. 1999)
- Wells v. Gen. Motors Corp., 881 F.2d 166, 176 (5th Cir. 1989)
- Delaye v. Agripac, Inc., 39 F.3d 235, 237 (9th Cir. 1994)
- Velarde v. PACE Membership Warehouse, Inc., 105 F.3d 1313, 1317 (9th Cir. 1997)
- Bowles v. Quantum Chem. Co., 266 F.3d 622, 631 (7th Cir. 2001)
- Fitzgerald v. Celergy Networks Inc., 67 F. App'x 390, 392 (9th Cir. 2003)
- Damon v. Korn/Ferry Int'l, No. CV 15-2640-R, 2015 WL 2452809, at *3 (C.D. Cal. May 19, 2015)
- Marks v. Newcourt Credit Grp., Inc., 342 F.3d 444, 452 (6th Cir. 2003)

OPINION

1 2 3 4 5 6 7 8 UNITED STATES DISTRICT COURT 9 SOUTHERN DISTRICT OF
CALIFORNIA 10 11 JEFFREY ROBERTS, an individual, Case No.: 24-CV-2433-BEN-BLM 12
Plaintiff, ORDER 13 v. 14 IFS TOPCO, LLC., a Delaware limited liability company, BradyIFS 15
MANAFEMENT HOLDCO, LLC, a 16 Delaware limited liability company, and DOES 1 through
25, inclusive, 17 Defendant. 18 19 I. INTRODUCTION 20 Before the Court is Plaintiff Jeffrey
Robert's Motion to Remand this action to the San 21 Diego Superior Court and request for
attorney's fees and costs under 28 U.S.C. § 22 1447(c)1.

Having reviewed the parties' briefing, declarations, and supporting exhibits, the 23 24 25 1 "A
motion to remand the case on the basis of any defect other than lack of subject 26 matter
jurisdiction must be made within 30 days after the filing of the notice of removal 27 under section
1446(a)[28USCS § 1446(a)]. If at any time before final judgment it appears that the district court
lacks subject matter jurisdiction, the case shall be remanded.

An 28 1 Court finds that removal was improper. Accordingly, the motion to remand is 2 GRANTED. 3 II. FACTUAL BACKGROUND/ PROCEDURAL HISTORY 4 Plaintiff initially filed suit in state court on October 16, 2024, asserting four 5 California state law claims challenging non-compete and forum-selection clauses: (1) 6 declaratory relief, (2) injunctive relief, (3) violation of California Labor Code § 925, and 7 (4) California Unfair Competition Law, California Business and Professional Code § 8 17200.

The Plaintiff did not plead any claim under federal law. 9 On November 26, 2024, Plaintiff filed his First Amended Complaint (FAC) in state 10 court, adding a fifth cause of action for breach of contract based on an alleged failure to 11 pay severance benefits under a Severance Agreement.

However, the state court did not 12 accept the filing until January 2, 2025. 13 Defendant filed a Notice of Removal on December 23, 2024. The Notice was 14 based solely on the Employee Retirement Income Security Act of 1974 (ERISA) 15 preemption of the original four state-law claims.

The removal did not reference the FAC 16 or the breach of contract claim. 17 III. LEGAL STANDARD 18 A. Removal Jurisdiction 19 Under 28 U.S.C. § 1441(a), a defendant may remove a civil action from a state to a 20 federal court if the federal court has original jurisdiction. Federal question jurisdiction, 21 defined under 28 U.S.C. § 1331, applies to cases “arising under” federal law.

Courts 22 determine removal jurisdiction based on the operative complaint at the time of removal. 23 As the Ninth Circuit held in *Williams v. Costco Wholesale Corp.*, 471 F.3d 975, 976 (9th 24 Cir. 2006), post-removal amendments do not affect removability.

The removing party 25 26 27 including attorney fees, incurred as a result of the removal. A certified copy of the order of remand shall be mailed by the clerk to the clerk of the State court. The State court may 28 1 bears the burden of establishing jurisdiction, and courts strictly construe the removal 2 statute against removal, resolving any doubts in favor of remand.

Gaus v. Miles, Inc., 980 3 F.2d 564, 566 (9th Cir. 1992). 4 The “well-pleaded complaint rule” governs federal question jurisdiction, requiring 5 a federal question to appear on the face of the plaintiff’s complaint. *Caterpillar, Inc. v. 6 Williams*, 482 U.S. 386, 392 (1987). An exception applies when a federal statute, such as 7 ERISA, completely preempts a state law claim, making the claim removable.

Aetna 8 Health Inc. v. Davila, 542 U.S. 200, 207–08 (2004); *Beneficial Nat’l Bank v. Anderson*, 9 539 U.S. 1, 8 (2003). 10 B. ERISA complete Preemption 11 ERISA preempts state law claims that fall within its civil enforcement provisions 12 under 29 U.S.C. § 1132(a). *Davila*, 542 U.S. at 208–09.

The Ninth Circuit Court applies the two-part test from *Davila*, 542 U.S. at 210, to determine complete preemption. A state law claim is wholly preempted only if: (1) the plaintiff could have brought the claim under ERISA section 1132(a), and (2) the defendant's actions implicate no independent legal duty. *Fossen v. Blue Cross & Blue Shield of Mont., Inc.*, 660 F.3d 1102, 1107–08 (9th Cir. 2011); *Marin Gen. Hosp. v. Modesto & Empire Traction Co.*, 581 F.3d 941, 946 (9th Cir. 2009). Both prongs must be met for removal to be proper. *Fossen*, 660 F.3d at 19, 1108. A claim merely “relating to” an ERISA plan under 29 U.S.C. § 1144(a) does not suffice for complete preemption unless section 1132(a) applies. *Marin Gen. Hosp.*, 581 F.3d at 950. A severance arrangement qualifies as an ERISA plan only if it requires an “ongoing administrative scheme” involving discretionary decisions beyond ministerial tasks like calculating lump-sum payments.

Fort Halifax Packing Co. v. Coyne, 482 U.S. 1, 12 (1987); *Bogue v. Ampex Corp.*, 976 F.2d 1319, 1323 (9th Cir. 1992). Individualized agreements fall outside ERISA if they do not require plan administration. *Graham v. Balcors Co.*, 146 F.3d 1052, 1055 (9th Cir. 1998). Both prongs must be met for complete preemption to apply. *Marin Gen. Hosp.*, 581 F.3d at 947.

Fort Halifax Packing Co. v. Coyne, 482 U.S. 1, 12 (1987); *Bogue v. Ampex Corp.*, 976 F.2d 1319, 1323 (9th Cir. 1992). Individualized agreements fall outside ERISA if they do not require plan administration. *Graham v. Balcors Co.*, 146 F.3d 1052, 1055 (9th Cir. 1998). Both prongs must be met for complete preemption to apply. *Marin Gen. Hosp.*, 581 F.3d at 947.

IV. DISCUSSION
I. ERISA COMPLETE PREEMPTION ANALYSIS UNDER *DAVILA*
Defendants argue that ERISA completely preempts Plaintiff's breach of contract claim, establishing federal subject matter jurisdiction under section 1331. They assert that Plaintiff's claim for unpaid severance benefits arises from the ERISA-governed “Envoy Solutions Severance Plan,” allegedly implemented at the time of his termination.

In contrast, Plaintiff maintains that his claim stems solely from a separately negotiated Severance Agreement, which ERISA does not govern. a. Plaintiff Could Not Have Brought His Claim Under § 1132(a) The first prong asks whether the plaintiff seeks to “recover benefits due under the terms of [an ERISA] plan, to enforce rights under the terms of the plan, or to clarify rights to future benefits under the terms of the plan.” 29 U.S.C. § 1132(a)(1)(B).

The Court finds that Plaintiff's breach of contract claim does not meet this standard. A one-time, lump-sum payment triggered by a single event requires no administrative scheme to satisfy the employer's obligation. *Fort Halifax Packing Co.*, 482 U.S. at 12. “[T]o do little more than write a check hardly constitutes the operation of a benefit plan.” *Id.* In *Gresham v. Lumbermen's Mut.*

Cas. Co., 404 F.3d 253, 259 (4th Cir. 2002), the court held that ERISA did not preempt a state-law breach of contract claim where the severance provision operated independently of the ERISA plan, did not reference it, and provided greater benefits without the plan's conditions. Similarly, in *Rodowicz v. Mass. Mut. Life Ins. Co.*, 192 F.3d 162, 170–72 (1st Cir.

1999), the court found that a severance 22 package not labeled or administered as an ERISA plan—and containing no ERISA 23 reference—did not fall under ERISA, as it lacked the necessary ongoing administrative 24 scheme. 25 Here, Plaintiff’s claim arises from a standalone Severance Agreement executed on 26 July 2, 2024.

In exchange for Plaintiff’s mutual release and reaffirmation, the agreement 27 provides: (i) a fixed sum of \$482,669 paid in 26 equal installments; (ii) a prorated bonus 28 1 of \$118,254; (iii) a lump-sum COBRA offset (which Plaintiff waived); and (iv) fully 2 subsidized outplacement services for three months.

The agreement contains no reference 3 to ERISA, no mention of a “plan administrator,” “claims process,” or “fiduciary” 4 obligations. 5 The agreement, governed by California law, includes mutual release, 6 confidentiality, and integration clauses, indicating it was a product of negotiation—not 7 mandated by any plan. 8 Defendants argue that the agreement falls under the Envoy Solutions Severance 9 Plan, adopted in May 2023 as part of the company’s ERISA-governed Health and 10 Benefits Plan.

They rely on plan documents outlining eligibility, severance schedules 11 based on employee level and tenure, and general ERISA language. (Salinas Decl., Exs. 12 A–D). However, these documents do not reference Plaintiff by name or show that his 13 severance payments followed plan terms.

As the Fifth Circuit held in *Wells v. Gen. 14 Motors Corp.*, 881 F.2d 166, 176 (5th Cir. 1989), making payments under a voluntary 15 termination “plan” does not automatically create an ERISA-governed benefit plan. 16 Under Ninth Circuit precedent, an individualized severance agreement is not an 17 ERISA plan when: (a) payments are fixed and determinable; (b) no discretion is needed 18 to calculate or adjudicate benefits; and (c) the employer has no ongoing administrative 19 obligations. see *Delaye v. Agripac, Inc.*, 39 F.3d 235, 237 (9th Cir.

1994); *Velarde v. 20 PACE Membership Warehouse, Inc.*, 105 F.3d 1313, 1317 (9th Cir. 1997). 21 Here, the Severance Agreement lacks ERISA’s defining features. The severance 22 terms were predetermined, required no discretion, and involved only a finite series of 23 payments. Even if Defendants maintain a broader ERISA plan for other employees, 24 Plaintiff’s legal claim arises solely from the Severance Agreement—not that plan.

25 As the Seventh Circuit stated in *Bowles v. Quantum Chem. Co.*, 266 F.3d 622, 631 26 (7th Cir. 2001), ERISA preempts a state-law breach of contract claim only if adjudicating 27 the claim requires interpreting or applying an ERISA plan. A severance arrangement falls 28 under ERISA only if it demands an ongoing administrative program.

Here, Plaintiff’s 1 state-law claim, at most, bears a tangential relation to any benefits plan and does not 2 support federal removal. See *Fitzgerald v. Celergy Networks Inc.*, 67 F. App’x 390, 392 3

(9th Cir. 2003). 4 Accordingly, the Court concludes that Plaintiff could not have brought this claim 5 under section 1132(a), and the first Davila prong is not satisfied.

6 b. Plaintiff's Claim Arises from an Independent Legal Duty 7 Even if Plaintiff's claim bore a tangential relationship to an ERISA plan, it still 8 would not be wholly preempted without satisfying the second prong of Davila: that no 9 independent legal duty underlies the claim. 10 The Ninth Circuit has consistently held that breach of contract claims based on 11 individually negotiated agreements arise from state law, not ERISA. see *Marin Gen.*, 581 12 F.3d at 950 ("a claim that arises from a separate agreement does not fall under ERISA 13 preemption"); *Graham*, 146 F.3d at 1055 (ERISA did not preempt a severance agreement 14 concerning a single employee and operating outside the plan's administration).

15 Plaintiff seeks to enforce obligations—timely severance payment, COBRA 16 reimbursement, and outplacement services—that the Severance Agreement expressly 17 outlines. These obligations do not depend on or derive from ERISA plan language, nor do 18 they require interpreting any plan provisions.

As in *Damon v. Korn/Ferry Int'l*, No. CV 19 15-2640-R, 2015 WL 2452809, at *3 (C.D. Cal. May 19, 2015), where the plaintiff's 20 breach of contract and UCL claims were rooted in an employment agreement 21 independent of an ERISA plan, Plaintiff's claims rely solely on state law. They do not 22 require the interpretation of an ERISA plan and therefore stem from an independent legal 23 duty.

24 25 The Severance Agreement also imposes obligations not found in any plan 26 documents, including a mutual release of claims, post-termination reaffirmation, 27 confidentiality, and a California choice-of-law clause. California law, not ERISA, 28 governs both the existence and breach of these obligations. see *Marin Gen.*, 581 F.3d at 1 || 943 (state-law claims based on an independent oral contract were not completely 2 || preempted by ERISA).

3 Defendants cite *Bogue*, where the court found complete preemption due to a 4 severance plan requiring an individualized inquiry into "substantially equivalent 5 employment." But *Bogue* is distinguishable. Here, no discretionary eligibility 6 determination or factual assessment was needed—Plaintiff became entitled to severance upon termination, conditioned only on executing standard documents.

8 9 Even if the plan and agreement overlap in subject matter, Plaintiff's claim arises 10 from duties that neither originate in ERISA nor require enforcement through its civil 11 enforcement scheme. The Sixth Circuit reached a similar conclusion in *Marks v. 2 Newcourt Credit Grp., Inc.*, 342 F.3d 444, 452 (6th Cir. 2003), finding state-law claims 13 || were not preempted when their effect on the plan was merely "tenuous, remote or 14 peripheral.

15 || If. Conclusion 16 The Court finds that Plaintiff's breach of contract claim: 17 18 1. Could not
have been brought under 29 U.S.C. § 1132(a); and 19 2. Arises from a legal duty that exists
independently of ERISA. 20 Because neither prong of the Davila test is satisfied, ERISA does not
completely 21 || preempt the breach of contract claim, and removal based on federal question
jurisdiction 22 improper.

Accordingly, IT IS HEREBY ORDERED that this case is REMANDED 23 the Superior Court of
the State of California for the County of San Diego. 24 | rT IS SO ORDERED. 25 36 DATED:
April 3, 2025 ☐☐ ee HON. ROGER T. BENITEZ 27 United States District Judge 28