

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

Watts v. Gateway Public Schools

Watts · No. 24-cv-09417-LB · Decided July 2, 2025

SUMMARY

The United States District Court for the Northern District of California granted Gateway Public Schools’ motion to dismiss the plaintiff’s claim for wrongful termination in violation of public policy and request for punitive damages. The court held that Gateway, a public charter school and nonprofit public-benefit corporation, is a public entity under California law and therefore is not subject to a Tameny claim or punitive damages. The dismissal was with prejudice because the legal theory was not cognizable.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Laurel Beeler
JURISDICTION	United States District Court for the Northern District of California
DECIDED	July 2, 2025
DOCKET	24-cv-09417-LB
DISPOSITION	dismissed
PROCEDURAL POSTURE	Defendant moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss the wrongful-termination-in-violation-of-public-policy claim and the request for punitive damages. The court granted the motion as to those claims and dismissed them with prejudice.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, a complaint must provide a short and plain statement giving fair notice of the claims and grounds for relief. A complaint may be dismissed when it lacks either a cognizable legal theory or sufficient facts under a cognizable theory. When dismissal rests on a legally noncognizable theory, leave to amend should not be granted.
PRECEDENTIAL VALUE	unpublished district-court opinion; persuasive only
PARTIES	Ashli Watts v. Gateway Public Schools

TOPICS

employment law

wrongful termination

damages

motions to dismiss

civil procedure

PRACTICE AREAS

employment law

civil procedure

California public-entity liability

remedies

QUESTIONS PRESENTED

1. Whether Gateway Public Schools is a public entity under California law for purposes of California Government Code sections 811.2 and 818.
2. Whether Gateway's public-entity status bars Watts's California Tameny claim for wrongful termination in violation of public policy.
3. Whether Gateway's public-entity status bars Watts's request for punitive damages.

HOLDINGS

1. Gateway, a California public-charter school and nonprofit public-benefit corporation, is a public entity for purposes of the California Government Claims Act and the statutory limits on liability applicable to public entities.
2. A public entity is not liable for a Tameny claim alleging wrongful termination in violation of public policy; Watts's Tameny claim against Gateway is therefore not legally cognizable.
3. California Government Code section 818 bars punitive or exemplary damages against a public entity. Watts's punitive-damages request was therefore dismissed with prejudice.

KEY QUOTATIONS

“Because Gateway is a public entity under California law, the court grants the motion to dismiss.”

(Introduction)

“Public entities — such as the state, counties, cities, public authorities, political subdivisions, and public corporations — are not liable for Tameny claims of wrongful termination in violation of public policy.”

(Analysis)

“Because the legal theory is not cognizable, the dismissal is with prejudice.” (Conclusion)

FACTUAL BACKGROUND

Ashli Watts sued Gateway Public Schools, a public-charter school and nonprofit public-benefit corporation, alleging retaliation and termination connected to pregnancy leave and complaints about race and pregnancy discrimination. She sought punitive damages and asserted a California Tameny claim for wrongful termination in violation of public policy. Gateway argued that its status as a public entity barred both forms of relief, and the court relied on California's statutory treatment of charter schools as part of the public-school system, subject to public-school jurisdiction and control and entitled to public funding.

PROCEDURAL HISTORY

Watts sued her former employer, Gateway Public Schools, alleging pregnancy-related retaliation and termination, race and pregnancy discrimination, and related state and federal claims. Gateway argued that it was a public entity and therefore could not be liable for a California Tameny wrongful-termination claim or punitive damages. The court granted the motion to dismiss the Tameny claim and punitive-damages request with prejudice, while indicating that other punitive-damages pleading issues were moot because the request was dismissed on public-entity grounds.

DISPOSITION

dismissed

CASES CITED

- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555 (2007)
- Woods v. U.S. Bank N.A., 831 F.3d 1159, 1162 (9th Cir. 2016)
- United States v. United Healthcare Ins. Co., 848 F.3d 1161, 1184 (9th Cir. 2017)
- Miklosy v. Regents of the University of California, 44 Cal. 4th 876, 898–900 (2008)
- Tameny v. Atlantic Richfield Co., 27 Cal. 3d 167 (1980)
- Lozada v. City & County of San Francisco, 145 Cal. App. 4th 1139, 1160 n.10 (2006)
- Thomas v. Excelsior Education Center, No. EDCV 10213 PSG (OPx), 2010 WL 11596137, at *3–4 (C.D. Cal. Nov. 9, 2010)
- United National Maintenance, Inc. v. San Diego Convention Center, Inc., 766 F.3d 1002, 1005, 1012 (2014)
- Hagman v. Meher Mount Corp., 215 Cal. App. 4th 82, 87–88 (2013)
- L.A. Leadership Acad., Inc. v. Prang, 146 Cal. App. 5th 270, 291 (2020)
- Dubose v. Excelsior Education Center, No. EDCV 10-0214 GAF (OPx), 2010 WL 11556752, at *11–12, *14 (C.D. Cal. Sept. 22, 2010)
- Wells v. One2One Learning Foundation, 39 Cal. 4th 1164, 1178–79, 1213–14 (2006)
- Doe ex rel. Kristen D. v. Willits Unified School District, No. C 09-03655, 2010 WL 890158, at *3, *6–7 (N.D. Cal. Mar. 8, 2010)
- Mitchell v. L.A. Community College District, 861 F.2d 198, 201 (9th Cir. 1988)
- Kohn v. State Bar of California, 87 F.4th 1021, 1031–32 (9th Cir. 2023) (en banc)
- Belanger v. Madera Unified School District, 963 F.2d 248, 251 (9th Cir. 1992)
- A/. Marc & Eva Stern Math & Sci. High Sch. v. Pub. Emp. Rels. Bd., 107 Cal. App. 5th 930, 941–42, 955–57 (2024)
- Dubose v. Excelsior Education Center, 2010 WL 11556752, at *14 (C.D. Cal. Sept. 22, 2010), distinguishing Wells v. One2One Learning Foundation, 39 Cal. 4th 1164, 1214 (2006)

OPINION

Plaintiff, ORDER GRANTING MOTION TO DISMISS 13 v. Re: ECF No. 14 14 GATEWAY PUBLIC SCHOOLS, 15 Defendant. 16 17 INTRODUCTION 18 Plaintiff Ashli Watts sued her former employer, Gateway Public Schools, alleging retaliation 19 and termination due to her pregnancy leave and complaints about race and pregnancy 20 discrimination, in violation of state and federal law, and seeking punitive damages (among other 21 remedies).¹ Gateway — a public-charter school and a nonprofit public-benefit corporation² — 22 argues that as a public entity, it is not liable for punitive damages or subject to a claim for wrongful 23 24 25 1 Compl. – ECF No. 1 at 2 (§§ 5–6), 17–22 (§§ 156–201).

Citations refer to material in the Electronic 26 Case File (ECF); pinpoint citations are to the ECF-generated page numbers at the top of documents. 2 Id. (§ 12) (public charter school); Inc. Docs., Exs. 1–2 to Req. for Jud. Notice – ECF No. 14–2 at 4– 27 8.

The request for judicial notice is unopposed. Opp’n – ECF No. 18 at 12 (acknowledging that 1 termination in violation of public policy.³ The plaintiff agrees that public entities are not liable for 2 punitive damages or the wrongful-termination claim but disputes that Gateway is a public entity.⁴ 3 Because Gateway is a public entity under California law, the court grants the motion to dismiss.⁵ 4 5 LEGAL STANDARD 6 A complaint must contain a “short and plain statement of the claim showing that the pleader is 7 entitled to relief” to give the defendant “fair notice” of (1) what the claims are and (2) the grounds 8 upon which they rest.

Fed. R. Civ. P. 8(a)(2); *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 9 (2007). Thus, “[a] complaint may fail to show a right to relief either by lacking a cognizable legal 10 theory or by lacking sufficient facts alleged under a cognizable legal theory.” *Woods v. U.S. Bank* 11 N.A., 831 F.3d 1159, 1162 (9th Cir. 2016). 12 Because the parties do not dispute the relevant facts, the motion turns on whether the plaintiff’s 13 theory is legally cognizable.

If a court dismisses a complaint because its legal theory is not 14 cognizable, the court should not grant leave to amend. *United States v. United Healthcare Ins. Co.*, 15 848 F.3d 1161, 1184 (9th Cir. 2016). 16 ANALYSIS 17 Public entities — such as the state, counties, cities, public authorities, political subdivisions, and 18 public corporations — are not liable for Tameny claims of wrongful termination in violation of 19 public policy.

Cal. Gov’t Code § 811.2 (defining public entities); *Miklosy v. Regents of the Univ. of* 20 Cal., 44 Cal. 4th 876, 898–900 (Cal. 2008) (citing *Tameny v. Atl. Richfield Co.*, 27 Cal. 3d 167 (Cal. 21 1980) (defining claim for a discharge that violates fundamental principles of public policy)). Public 22 entities also are not liable for punitive damages. Cal. Gov’t Code § 818 (“Notwithstanding any other 23 provision of law, a public entity is not liable for damages awarded under Section 3294 of the Civil 24 25 3 Mot. – ECF No. 14 at 1–2.

26 4 Opp'n – ECF No. 18 at 12–15. 27 5 The court has federal-question jurisdiction under 28 U.S.C. § 1331 and supplemental jurisdiction 1 Code [exemplary damages] or other damages imposed primarily for the sake of example and by 2 way of punishing the defendant.”); *Lozada v. City & County of San Francisco*, 145 Cal. App. 4th 3 1139, 1160 n.10 (2006); *Thomas v. Excelsior Educ.*

Ctr., No. EDCV 10213 PSG (OPx), 2010 WL 4 11596137, at *3–4 (C.D. Cal. Nov 9, 2010) (collecting cases); *Chappell v. City of Pittsburg*, No. C 5 04-4400 SI, 2005 WL 756617, at *5 (N.D. Cal. Mar. 25, 2005); *Minkley v. Eureka City Sch.*, No. 6 17-CV-3241-PJH, 2017 WL 4355049, at *9 (N.D. Cal. Sept. 29, 2017). 7 The parties agree that the claim for wrongful termination in violation of public policy and the 8 request for punitive damages are not cognizable if Gateway is a public entity but dispute whether 9 it is.

Gateway is a public charter school and a nonprofit public-benefit corporation.⁶ It argues that, 10 by statute, charter schools are part of the public-school system.⁷ The plaintiff concedes that charter 11 schools are part of the public-school system but argues that they are not public entities.⁸ 12 Charter schools are part of the public-school system, as provided by statute: 13 (a) The Legislature finds and declares all of the following: (1) Charter schools are part of the Public School System, as defined in Article 14 IX of the California Constitution.

15 (2) Charter schools are under the jurisdiction of the Public School System and the exclusive control of the officers of the public schools, as provided in 16 this part. 17 (3) Charter schools shall be entitled to full and fair funding, as provided in this part. 18 (b) This part shall be liberally construed to effectuate the findings and declarations 19 set forth in this section.

20 Cal. Educ. Code § 47615. 21 Gateway cites two cases to support that it is a public entity. The first is *United National 22 Maintenance, Inc. v. San Diego Convention Center, Inc.*, which held that a nonprofit public- 23 benefit corporation was a public entity. 766 F.3d 1002, 1005, 1012 (2014).

The second is *Thomas*, 24 which held that a California charter school was a public entity under Cal. Gov't Code § 811.2. 25 26 6 Compl. – ECF No. 1 at 2 (¶ 12) (public charter school); Inc. Docs., Exs. 1–2 to Req. for Jud. Notice – ECF No. 14–2 at 4–8. 27 7 Mot. – ECF No. 8 at 8–9. 1 2010 WL 11596137, at *3–4. *United* involved a corporation wholly owned by a city, unlike the 2 charter school here, and is not dispositive.

Thomas is persuasive but not binding authority. 3 In *United*, the Ninth Circuit recognized that a nonprofit public-benefit corporation was a public 4 entity. San Diego created the corporation under statutory authority to construct convention halls, 5 chose the board, and funded it. By statute, revenues from the corporation's operations funded 6 expenses, with remaining receipts going to the city's general fund.

766 F.3d at 1005 (citing Cal. 7 Gov't Code § 37505). United provides context: a nonprofit public-benefit corporation is a public 8 entity when the government creates it under statutory authority, appoints the board, and controls 9 its funds. But it does not mandate that any public-benefit corporation is a public entity. See, e.g., 10 Hagman v. Meher Mount Corp., 215 Cal. App.

4th 82, 87–88 (2013) (a religious organization, a 11 private-benefit corporation, was not a public entity immune from adverse possession); L.A. 12 Leadership Acad., Inc. v. Prang, 146 Cal. App. 5th 270, 291 (2020) (charter school was not a 13 public entity immune from property taxes or assessments). 14 Thomas, which involved a former teacher's discrimination claims against a charter school, is 15 persuasive authority.

It held that Excelsior Education Center, a charter school like Gateway, was a 16 public entity under Gov't Code § 811.2, barring punitive damages: Excelsior is a 'public entity' within the meaning of Government Code section 17 811.2, and it is this definition which controls the limitations on punitive damages 18 discussed in section 818.

Because 'punitive damages are not available against a public entity pursuant to section 818,' see Lozada v. City & County of San 19 Francisco, 52 Cal. Rptr. 3d 209, 221 (Ct. App. 2006); Curcini v. County of Alameda, 79 Cal. Rptr. 3d 383, 391 (Ct. App. 2008), Excelsior's motion to dismiss 20 the punitive damages allegations is granted. 21 Thomas, 2010 WL 11596137, at *1, 4 (quoting Dubose v. Excelsior Educ.

Ctr., No. EDCV 10- 22 0214 GAF (OPx), 2010 WL 11556752, at *14 (C.D. Cal. Sept. 22, 2010)).⁹ Dubose barred 23 punitive damages and the teacher's Tameny claim against Excelsior for wrongful termination in 24 25 9 The plaintiff dismisses Thomas because the plaintiff there conceded that the charter school was not 26 subject to punitive damages. Opp'n – ECF No. 18 at 13.

Thomas addressed the dispute anyway. The Thomas plaintiff misunderstood the charter school's governing structure, conceding that the charter 27 school itself was not subject to punitive damages but arguing that its parent corporation was. There 1 violation of public policy. 2010 WL 11556752 at *11–12, 14 (distinguishing Wells v. One2One 2 Learning Found., 39 Cal. 4th 1164, 1214 (2006), the case the plaintiff primarily relies on¹⁰).

3 In Wells, the plaintiffs sued charter schools, charter-school operators, and chartering school 4 districts for failing to deliver legally required instructional services, equipment, and supplies for 5 home schooling. 39 Cal. 4th at 1178–79. An issue was whether the plaintiffs needed to exhaust 6 remedies before bringing a qui tam claim under California's False Claims Act, Cal. Gov't Code § 7 12651–12652, against the charter-school defendants.

California's Tort Claims Act requires 8 presentment of claims within six months of accrual to the state or local public entities as a precursor 9 to certain claims for money damages.¹¹ Id. at 1213–

14; Cal. Gov't Code § 905.2 (state); id. § 905 10 (local public entities); id. § 945.4 (precursor to money damages); id. § 911.2 (six-month rule). 11 Wells never reached the issue of whether the charter schools were local public entities because 12 it concluded that False Claims Act claims need not be exhausted under the Torts Claims Act.

Id. at 13 1214. But in dictum, it observed that charter schools were part of the public-school system and, for 14 specified purposes, were deemed school districts. 39 Cal. 4th at 1214. Those purposes did not 15 expressly include coverage under the Torts Claims Act. Id. For purposes of the Tort Claims Act, 16 charter schools did not fit comfortably within any of the categories defined as “local public 17 entities.” Id.; see id. at 1180 (charter schools have significant autonomy in their academic 18 approach but must meet educational standards, employ credentialed teachers, and are overseen by 19 a chartering entity, usually a school district).

20 Concluding that the Wells dictum — charter schools have characteristics of private 21 organizations and public entities — provided insufficient guidance, Dubose examined a district- 22 court decision dismissing 42 U.S.C. § 1983 claims against a charter school and its administrator in 23 her official capacity as barred by the Eleventh Amendment, concluding that the charter school was 24 a public entity.

2010 WL 11556752 at *11–12 (analyzing *Doe ex rel. Kristen D. v. Willits Unified* 25 Sch. Dist., No. C 09-03655, 2010 WL 890158, at *3, 6–7 (N.D. Cal. Mar. 8, 2010)). 26 27 10 Opp’n – ECF No. 18 at 12. 1 Kristen D. applied the now-superseded Mitchell factors — whether a money judgment would be 2 paid from state funds, whether the entity performed central government functions, whether the 3 entity could sue or be sued, whether the entity had power to take property in its own name or only 4 the name of the state, and the entity’s corporate status — and held that the Eleventh Amendment 5 barred the § 1983 claims because the plaintiff conceded the other factors, a money judgment would 6 be paid from state funds, and the charter school performed a central government function.

2010 WL 7 890158, at *6–7 (applying *Mitchell v. L.A. Cmty. Coll. Dist.*, 861 F.2d 198, 201 (9th Cir. 1988), 8 abrogated by *Kohn v. State Bar of Cal.*, 87 F.4th 1021 (9th Cir. 2023) (en banc)); *Belanger v.* 9 *Madera Unified Sch. Dist.*, 963 F.2d 248, 251 (9th Cir. 1992) (school districts are arms of the state 10 for Eleventh Amendment purposes).

The Dubose court followed this analysis and concluded that 11 the charter school was a public entity not subject to a Tameny claim or punitive damages. 2010 WL 12 11556752 at *12, 14. This analysis is persuasive: all factors are present here. 13 The new Eleventh Amendment test — focusing on the state’s intent as to the entity’s status, 14 including the functions performed by the entity, the state’s control over the entity, and the entity’s 15 overall effects on the treasury — supports this conclusion.

Kohn, 87 F.4th at 1031–32 (noting that 16 the new test “is unlikely to lead to different results in cases that previously applied the Mitchell 17 factors and held an entity entitled to immunity”). Statutorily, charter schools are part of the public- 18 school system, are under the system’s jurisdiction and the exclusive control of the officers of the 19 public schools, and are entitled to full and fair funding.

Cal. Educ. Code § 47615. That control — 20 under Thomas, Dubose, and United — supports the conclusion that Gateway is a public entity. 21 The plaintiff cites cases that do not alter this conclusion. Hagman involved a religious 22 organization that did not exercise government functions and thus was not a public entity immune 23 from adverse possession. 215 Cal. App.

4th at 87–88. Prang addressed a charter school’s failed 24 challenge to property taxes, where the exception for school districts was meant to prevent one tax- 25 supported entity from siphoning tax money from another. 46 Cal. App. 5th at 281. Alliance Marc 26 involved free-speech challenges by charter schools to state agency action under Cal. Gov’t Code §§ 27 3550–3553, which prohibits deterring union membership.

The court found no legislative intent that 1 under the federal or California constitutions. A//. Marc & Eva Stern Math & Sci. High Sch. v. Pub. 2 || Emp. Rels. Bd., 107 Cal. App 5th 930, 941-42, 955-57 (2024) (nonetheless rejecting the plaintiffs’ 3 constitutional claims; the Legislature treats charter schools as public school districts for certain 4 || purposes but not all).

5 The court dismisses the Tameny claim and the request for punitive damages.!” 6 7 CONCLUSION 8 The court grants the motion to dismiss the Tameny claim (claim eight) and the request for 9 || punitive damages. Because the legal theory is not cognizable, the dismissal is with prejudice. 10 IT IS SO ORDERED. 1 Dated: July 2, 2025 Lio EC ae 2 LAUREL BEELER 13 United States Magistrate Judge (44 16 17 Z 18 19 20 21 22 23 24 || TN 2 The plaintiff otherwise pleaded punitive damages sufficiently.

Gateway contends only that the 25 plaintiff did not plead motive and intent to injure. Mot. — ECF No. 14-1 at 9. The plaintiff counters that she alleged a pattern of harassment, discrimination, retaliation, and termination by managerial 26 employees. Opp’n — ECF No. 18 at 18.

The allegations in the complaint — about pregnancy, tokenism and fixation on the plaintiffs race, her isolation, racist comments, work conditions, complaints, 27 retaliation for complaints, and the ultimate termination — are enough for an inference of bad motive. Compl. — ECF No. | at 2-16 (4 11-150).

The issue is moot because the court dismissed the request 28 for punitive damages but otherwise would be more amenable to addressing at summary judgment.

