

PROPOSED TENTATIVE

On April 1, 2026, plaintiffs Christine Butler and Nolan Butler (plaintiffs) filed a complaint against defendants The Inn Group, LLC (defendant), raising five causes of action, as follows: 1) negligence/premises liability; 2) nuisance; 3) intentional infliction of emotional distress; 4) breach of contract; and 5) fraudulent concealment. Briefly, according to the complaint, the case “involves claims of bed bug infestation in a hotel” – Pea Soup Anderson’s Inn, located at 51 East Highway 246, Buellton, CA. According to plaintiffs, they stayed in Room 247, which suffered “filthy infestations of bed bugs,” with defendants failing to disclose, inspect, or warn plaintiffs “before Plaintiffs rented a room . . . , even though Defendant[] had actual and constructive notice of the bed bug infestations. Moreover, Defendants, by and through their agents, employees, and managers, intentionally concealed the bed bug infestations from Plaintiffs in order to induce them into renting the hotel room.” This occurred on July 18-19, 2025. Attached to the complaint is Exhibit A, which plaintiffs label as the “written portion of the contract” between the parties. The bug infestation has caused plaintiffs to suffer “severe skin rash, painful bites, and personal injuries over the entirety of body caused by bed bugs,” as well as “property damage to clothing and personal belongings . . . ,” along with ongoing emotional distress.

On June 30, 2026, defendant filed an answer and a motion to strike, asking the court to strike all references to punitive damages in sections labelled “Nature of Case” and “Uninhabitable Conditions – Insect Infestation,” as well as the second cause of action for nuisance, the third cause of action for intentional infliction of emotional distress, the fourth cause of action in paragraph 93 for breach of contract, and paragraph 113 in the Prayer for Relief. Defendant also asks the court to strike from paragraph 112 all requests for attorney’s fees, as there is no identified basis (either statutory or via contract) for the request. Plaintiffs filed opposition on September 9, 2026. No reply has been filed as of this writing. All briefing has been examined.

As an initial matter, the court will not strike paragraph 93 for any supposed defect associated with punitive damages. Paragraph 93 advances a contract-based cause of action, and plaintiff does not appear to be asking for punitive damages in that regard. While plaintiff claims defendant acted knowingly, intentionally and willfully, paragraph 93 is silent about punitive damages pursuant to Civil Code section 3294. That being said, the court on its own motion will strike paragraph 93 **with leave to amend** because plaintiff appears in reality to be advancing a breach of the implied covenant of good faith and fair dealing cause of action (separate and apart from an actual breach of contract claim); it should be separately pleaded.

The court grants the motion to strike that part of paragraph 112 requesting attorney’s fees. California follows the American Rule, which provides that each party to a lawsuit must

ordinarily pay his or her own attorney's fees, unless there is statutory or contractual basis for fees. (*Retzloff v. Moulton Parkway Residents' Assn., No. One* (2017) 14 Cal.App.5th 742, 749.) Plaintiffs fail to identify any statutory basis for fees in the complaint, such as Code of Civil Procedure section 1021 (which plaintiff relies on in opposition). Further, while plaintiffs have attached what they claim is a contract between the parties, it is silent about attorney's fees. The court will grant the motion to strike with leave to amend, as plaintiffs in opposition that they can amend to state a basis under Code of Civil Procedure section 1021.

As for punitive damages, the law is settled. Civil Code section 3294, subdivision (a) provides that plaintiff may seek punitive damages not arising from contract where it is proven by clear and convincing evidence that the defendant has been guilty of oppression, fraud, or malice. Plaintiffs seem to rely at least in substantial part on "malice" as the basis for punitive damages against the defendants as to nuisance, intentional infliction of emotional distress, and fraudulent concealment. Civil Code section 3294, subdivision (c) defines malice to mean "conduct which is intended by the defendant to cause injury to the plaintiff or despicable conduct which is carried on by the defendant with willful and conscious disregard for the safety of others." Civil Code section 3294, subdivision (b) provides that an employer "shall not be liable for damages pursuant to subdivision (a) unless the employer had advance knowledge of the unfitness of the employee and employed him with the or her with conscious disregard of the rights or safety of others or ratified the wrongful conduct for which damages are awarded or was personally guilty of . . . malice." With respect to a corporate employer, the advance knowledge and conscious disregard, authorization, ratification or act of malice "must be on the part of an officer, director, or managing agent of the corporation."

Generally, plaintiff, to state a prima facie claim for punitive damages in the operative pleading, must "set forth the elements as stated in [Civil Code] section 3294," as well as "specific factual allegations showing that defendant's conduct was oppressive, fraudulent, or malicious to support a claim for punitive damages." (*Today's IV, Inc. v. Los Angeles County Metropolitan Transportation Authority* (2022) 83 Cal.App.5th 1137, 1193.) Punitive damages may not be pleaded generally. (*Ibid.*) That is, the complaint "must include specific factual allegations showing that defendant's conduct was . . . malicious to support a claim for punitive damages." (*Brousseau v. Jarrett* (1977) 73 Cal.App.3d 864, 872.)

"Despicable conduct" is conduct that is " 'so vile, base, contemptible, miserable, wretched or loathsome that it would be looked down upon and despised by most ordinary decent people.' " (*Mock v. Michigan Millers Mutual Ins. Co.* (1992) 4 Cal.App.4th 306, 330.) Such conduct has been described as having the character of outrage frequently associated with crime. (*Butte Fire Cases* (2018) 24 Cal.App.5th 1150, 1159.) "Conscious disregard" means " 'that the defendant was aware of the probable dangerous consequences of his conduct, and that he willfully and deliberately failed to avoid those consequences.' " (*Hoch v. Allied-Signal, Inc.* (1994) 24 Cal.App.4th 48, 61) Put another way, the defendant must "have actual knowledge of

the risk of harm it is creating and, in the face of that knowledge, fail to take steps it knows will reduce or eliminate the risk of harm.” (*Ehrhardt v. Brunswick, Inc.* (1986) 186 Cal.App.3d 734; *Butte Fire Cases, supra*, 24 Cal.App.5th at p. 1159; italics added.) The mere carelessness or ignorance of the defendant does not justify the imposition of punitive damages. Punitive damages are proper only when the tortious conduct rises to levels of extreme indifference to the plaintiff's rights, a level which decent citizens should not have to tolerate. (*Lackner v. North* (2006) 135 Cal.App.4th 1188, 1210.) Punitive damage awards have been reversed where the defendant's conduct was merely in bad faith and overzealous or the defendant took action to protect or minimize the injury to the plaintiff. (*Id.* at p. 1212.)

Additionally, “by selecting the term ‘managing agent,’ and placing it in the same category as ‘officer’ and ‘director,’ the Legislature intended to limit the class of employees whose exercise of discretion could result in a corporate employer's liability for punitive damages.” (*White v. Ultramar, Inc.* (1999) 21 Cal.4th 563, 573.) The term is subject to a narrow construction that limits corporate liability for punitive damages to only those employees who “exercise substantial discretionary authority over decisions that ultimately determine corporate policy.” (*Id.* at pp. 576-577.) “Thus, supervisors who have broad discretionary powers and exercise substantial discretionary authority in the corporation could be managing agents.” (*Id.* at p. 577.) To demonstrate that a corporate employee is a “true managing agent,” a plaintiff seeking punitive damages must show that “the employee exercised substantial discretionary authority over significant aspects of a corporation's business.” (*White, supra*, 21 Cal.4th at p. 577.) Decisions that meet this standard concern formal policies that affect a substantial portion of the company—the type of decision “likely to come to the attention of corporate leadership.” (*Roby v. McKesson Corp.* (2009) 47 Cal.4th 686, 715.) A managing agent's discretion is the “sort of broad authority that justifies punishing an entire company for an otherwise isolated act of oppression, fraud, or malice.” (*Ibid.*) Our high court has explained that a “managing agent” must “be more than a mere supervisory employee. (*White, supra*, at p. 573.) Classification as a managing agent does “not depend on employees’ managerial level, but on the extent to which they exercise substantial discretionary authority over decisions that ultimately determine corporate policy. Thus, supervisors who have broad discretionary powers and exercise substantial discretionary authority in the corporation could be managing agents. Conversely, supervisors who have no discretionary authority over decisions that ultimately determine corporate policy would not be considered managing agents even though they may have the ability to hire or fire other employees.” (*Id.* at pp. 576-577.) Thus, “a plaintiff seeking punitive damages would have to show that the employee exercised substantial discretionary authority over significant aspects of a corporation's business.” (*Id.* at p. 577.)

With this legal background, defendant contends that “there are no allegations of ultimate facts to supports claims for punitive damages against Defendant. There are no specific allegations evidencing any conduct or intent on the part of Defendant the rise to the requisite level of malice, oppression or fraud. Indeed, most of the allegations against defendant are that

Plaintiffs discovered habitability defects of bed bug infestation while residing as guests of the Subject Property. Plaintiffs claim that Defendant failed to maintain the rooms in safe and habitable condition and failed to disclose [to] Plaintiffs [] the presence of bed bug infestation. Such alleged behavior, even if true, is not sufficient to support a claim for punitive damages. Nothing in this alleged behavior reflects malice or oppression, or conduct which is so vile, base, contemptible, miserable, wretched or loathsome that it would be looked upon and despised by ordinary people. . . .” (Motion at p. 7.)

Plaintiffs in their operative pleading describe the bed-bug infestation in their room as creating “slum-type conditions” (¶ 3). They noticed the “bed bug infestation while staying as guests” in Room 247, and that prior to plaintiffs’ stay on July 18, 2025, defendants had “actual and constructive knowledge” that the rooms were “contaminated with bed bug infestation, as numerous prior hotel guest[s] have written reviews about the Subject Property and Hotel Rooms contaminated with bed bugs infestation. . . .,” and were aware of bed bug complaints prior to plaintiffs’ arrival. According to the operative pleading, the bed bugs “latched onto the Plaintiffs while they slept, sucked their blood until they were gorged, and resisted eradication. Plaintiffs suffered bed bug bites,” and plaintiffs sought “medical care on multiple occasions immediately after staying at the Subject Property.” Plaintiffs also allege that defendant had “actual knowledge” these “dangerous uninhabitable conditions,” failed to correct the conditions, and rented the room to them with conscious disregard to their safety. The bed bug infestation (called “rampant bed bug infestation”) rendered the room “unhabitable,” and “unfit for human occupation” Plaintiff emphasizes that defendant, with knowledge of the dangerous bed bug infestation, rented the room to plaintiffs with a conscious disregard to their safety.

The court disagrees with defendant that plaintiffs have failed to plead a sufficient factual basis for punitive damages. Renting a hotel room with “rampant bed bug infestation,” which creates slum-type conditions, and which renders the room uninhabitable, with knowledge that the room is in this condition (and has existed for an appreciable time before plaintiffs stayed in the room), without any efforts (as alleged) to eradicate the infestation (as plaintiffs allege), could very well be considered “despicable” conduct. Plaintiffs allege that defendant repeatedly failed to maintain the room, intentionally and willfully failing to correct the bed bug infestation, all the while renting the room to the public. These allegations if true show more than mere carelessness – they show defendant acted with knowledge of the problem and a conscious disregard to the safety and welfare of the public. This point is bolstered by the fact plaintiffs claim defendant intentionally tried to harm them. (See, e.g., ¶ 86 [“. . . These unlawful acts were further ratified by said Defendants and done with a conscious disregard for the Plaintiffs’ rights and with the intent, design, and malicious purpose of injuring the Plaintiffs”].) When an intentional wrong is alleged, “a prayer for exemplary damage may be supported by pleading that the wrong was committed willfully or with a design to injure.” (*G.D. Searle & Co. v. Superior Court* (1975) 49 Cal.App.3d 22, 29.) There are sufficient allegations to withstand a demurrer on this ground.

That being said, defendant is a corporate employer, and the punitive damage allegations must comport with the requirements of Civil Code section 3294, subdivision (b) [governing corporate employers]), as outlined above. Plaintiffs contend that they expressly complained about the bug manifestation and uninhabitable conditions to “managers, employees, and/or managing agents”(¶¶ 27, 29, 75). Plaintiffs also allege that defendants acted with full knowledge and/or reckless disregard, and with such knowledge, “knowingly, intentionally and willfully failed to disclose and failed to abate the bed-bug infestation. . . . Such conduct was taken by an officer or managing agents(s) of the Defendants . . . or alternatively, said Defendants authorized, ratified or approved the conduct of these officers or managing agents” (¶¶ 86, 108.) There is no requirement that a managing agent or officer be identified by name in the complaint. There is a requirement, however, that plaintiff allege that the managing agent at issue exercised substantive discretionary authority over significant aspects of a corporation’s business, supported with specific facts. (*White, supra*, at pp. 576-577; see *Major Western Home Ins. Co.* (2009) 169 Cal.App.4th 1197, 1221.) The allegations concerning the managing agent here consist entirely of legal conclusions gleaned from Civil Code section 3294, subdivision (b), rather than any facts supporting the contention. (See *Grieves v. Superior Court, supra*, 157 Cal.App.3d at p. 168 [when punitive damages sought against corporate employer, facts must be alleged to advance knowledge, authorization or ratification]; see also *G.D. Searle & Co. v. Superior Court* (1975) 49 Cal.App.3d 22, 29 [pleading must contain facts to support claim of oppression, fraud or malice].) It is not enough for plaintiff to recount the statutory language (by simply parroting the *White* standard) – there must be foundational facts offered to support the allegation. (See, e.g., *Davis v. Kiewit Pacific Co.* (2013) 220 Cal.App.4th 359, 369.) Plaintiff must allege more facts to show the job description, the job duties, and the responsibilities and nature and extent of the managing agent (and why he or she was a managing agent). The court therefore grants the motion to strike all punitive damages requests for this reason, with leave to amend.

Summary:

The court strikes paragraph 93 because plaintiff is advancing breach of the implied covenant of good faith and fair dealing, a cause of action that must be separately pleaded. Leave to amend is granted.

The court denies the motion to strike based on defendant’s claim that plaintiffs have failed to allege a factual basis for malice (i.e., despicable conduct and conscious disregard). That being said, the court grants the motion to strike with leave to amend as to allegations involving punitive damages because plaintiff has failed to allege a sufficient factual basis for liability of a corporate employer, namely because there are insufficient facts to support plaintiff’s conclusory “managing agent” allegation. Plaintiff cannot simply parrot the legal standard in *White*; more facts must be alleged in support. Leave to amend is granted.

The court also grants the motion to strike paragraph 112 for attorney's fees, as plaintiffs have failed to identify either a contractual or statutory basis for attorney's fees, contrary to the American Rule followed by California. Leave to amend is granted.

Plaintiff has 30 days for today's hearing to submit a first amended pleading.