

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

JOHN PAGENDARM,  
Plaintiff,

v.

LIFE INSURANCE COMPANY OF  
NORTH AMERICA,  
Defendant.

Case No. [5:17-cv-04131-EJD](#)

**ORDER GRANTING DEFENDANT'S  
MOTION TO DISMISS PLAINTIFF'S  
COMPLAINT**

Re: Dkt. No. 17

I. INTRODUCTION

Plaintiff John Pagendarm (“Plaintiff”) brings this action for declaratory, injunctive and monetary relief pursuant to the Employee Retirement Income Security Act of 1974 (“ERISA”), 29 U.S.C. §1001 *et seq.* Defendant Life Insurance Company of North America (“Defendant”) moves to dismiss the complaint for lack of subject matter jurisdiction and for failure to state a claim upon which relief can be granted. The Court finds it appropriate to take the motion under submission for decision without oral argument pursuant to Civil Local Rule 7-1(b). For the reasons set forth below, Defendant’s motion to dismiss is granted.

II. BACKGROUND<sup>1</sup>

Plaintiff is a 54-year old male who resides with his wife in Campbell, California. In 1988, Plaintiff was hired into a product development position at Southwall Technologies, Inc. (“Southwall”) and shortly thereafter started running a lab to support product development.

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<sup>1</sup> The Background summarizes the allegations in the complaint. All well-pleaded facts in the complaint are accepted as true for purposes of adjudicating the instant motion.

1 In August 1999, Plaintiff was involved in an accident in the Grand Teton National Park.  
2 He fell head-first onto a boulder and had his head wedged into a crevice. Plaintiff suffered severe  
3 traumatic brain injury (“TBI”), despite the fact that he was wearing a helmet. Plaintiff remained in  
4 a coma for approximately a month following the accident. After emerging from the coma,  
5 Plaintiff began extensive physical therapy and rehabilitation.

6 In early 2000, Plaintiff was still suffering from severe cognitive impairments and TBI-  
7 related fatigue. Nevertheless, Plaintiff returned to Southwall to perform a modified job on a  
8 reduced schedule. According to Plaintiff and his family, Plaintiff’s return to work was made  
9 possible by his good relationship with his boss and the fact that Plaintiff returned to the lab he had  
10 created and was being run by people who he had trained.

11 In 2003, Plaintiff was laid off as part of a reduction in force. After being unemployed for  
12 two years and taking classes to become a Certified Reliability Engineer, Plaintiff was hired in  
13 2005 by United Defense Industries as a Bradley Fighting Vehicle Reliability Engineer. United  
14 Defense Industries was later acquired by BAE System, Inc. (“BAE”) and Plaintiff continued his  
15 employment with BAE for several years. At BAE, Plaintiff participated in his company’s ERISA  
16 benefits plan, including the long-term disability (“LTD”) plan. The plan was insured and  
17 administered by Defendants.

18 In 2014, Plaintiff was out hiking when he came across a man collapsed on the trail.  
19 Plaintiff performed CPR, but the man did not survive. Following this incident, Plaintiff began  
20 exhibiting symptoms of panic, emotional lability and post-traumatic stress disorder (“PTSD”). He  
21 also experienced a sudden episode of suicidal thoughts that resulted in a deterioration of self-care  
22 skills and a large weight gain.

23 In January 2014, Plaintiff’s doctor, Dr. Kiernan, placed Plaintiff on short-term disability  
24 leave based upon his cognitive disorder due to head injury. Dr. Kiernan later cleared Plaintiff to  
25 return to work part-time with the restriction that he was to perform only one task at a time. Upon  
26 returning to work, Plaintiff was unable to communicate effectively with others and could not do

27 CASE NO.: [5:17-CV-04131-EJD](#)

28 ORDER GRANTING DEFENDANT'S MOTION TO DISMISS PLAINTIFF'S COMPLAINT

1 his job well or without mistakes.

2 In approximately 2015 or 2016, Plaintiff's job changed so that Plaintiff was required to  
3 work on the entire Bradley Fighting Vehicle instead of only one part of the Vehicle as he had done  
4 in the past.

5 In March 2016, Plaintiff's TBI-related symptoms forced him to cease working. On August  
6 11, 2016, Plaintiff's treating psychiatrist, Dr. Gayle Hylton, noted that Plaintiff's coping skills at  
7 work were losing effectiveness and that Plaintiff was not as capable of coping with day-to-day  
8 stress.

9 Plaintiff applied for LTD benefits. In a letter dated November 17, 2016, Defendant denied  
10 Plaintiff's claim on the grounds that he had failed to establish any impairment that would preclude  
11 him from performing his job. In order to provide Defendant with evidence of his cognitive  
12 impairments, Plaintiff underwent an neuropsychological evaluation by Dr. Alexis Smith-  
13 Baumann, who diagnosed Plaintiff as having a cognitive disorder due to traumatic brain injury and  
14 PTSD in partial remission.

15 On May 9, 2017, Plaintiff appealed the denial of his claim. By letter dated June 23, 2017,  
16 Defendant informed Plaintiff that it had reversed its decision and now agreed that he was disabled,  
17 stating, "a determination has been made that the prior decision should be overturned. This means  
18 that you are entitled to benefits payable under the policy as long as you continue to meet the terms  
19 and conditions of the policy."<sup>2</sup>

20 On July 11, 2017, Plaintiff received a second letter stating that Plaintiff's "claim for long  
21 term disability benefits" had been "overturned on appeal."<sup>3</sup> Defendant also informed Plaintiff that  
22 the 24-month mental illness limitation applied to Plaintiff's claim. The letter stated in pertinent  
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24 <sup>2</sup> The Court takes judicial notice of the June 23, 2017 letter, which is referenced in the complaint  
25 and relied upon by Plaintiff, and is attached as Exhibit 4 to the Declaration of Richard Lodi in  
26 Support of Defendant's Motion (Dkt. No. 17-2).

27 <sup>3</sup> The Court takes judicial notice of the July 11, 2017 letter, which is referenced in the complaint  
28 and relied upon by Plaintiff, and is attached as Exhibit 5 to the Declaration of Richard Lodi in  
Support of Defendant's Motion (Dkt. No. 17-2).

part as follows:

According to medical information on file, the primary diagnosis is post-traumatic stress disorder. Therefore, [the 24-month mental illness limitation] applies to [Plaintiff's] claim and benefits will cease as of September 25, 2018 provided he remain totally disabled due to this condition.

We will continue to monitor his claim, and periodically, we will request updated information to confirm his restrictions and limitations. Please be aware that payment of future benefits will depend on confirmation of continuing disability status, and on other applicable contract provisions.

The letter also notified Plaintiff that a check had been sent to his counsel's office for benefits due as of September 26, 2016 and that his monthly benefit check would be \$3,771.00.

Plaintiff initiated this suit on July 21, 2017. Plaintiff alleges that Defendant violated the terms of the policy by approving benefits subject to the 24-month mental illness limitation instead of approving benefits without limitation. Plaintiff seeks an order requiring Defendant to pay LTD benefits without limitation, as well as prejudgment interest, attorneys' fees and costs.

### III. DISCUSSION

Defendant moves to dismiss the complaint for lack of subject matter, arguing that Plaintiff has not met the "injury in fact" requirement, lacks standing and his claim is not ripe. Defendant reasons that Plaintiff is presently receiving benefits and his claim is premature unless and until Defendant denies Plaintiff benefits. Defendant also asserts that Plaintiff has failed to exhaust his administrative remedies. In support of the motion, Defendant has submitted a copy of a letter from Defendant to Plaintiff's counsel dated October 23, 2017, stating that the July 11, 2017 letter was not intended to be a decision denying benefits.

Plaintiff objects to any consideration of the October 23, 2017 letter as being beyond the scope of the pleadings and opposes dismissal for several reasons. First, Plaintiff contends that ERISA explicitly authorizes his suit to "clarify his rights to future benefits." 29 U.S.C. §1132(a)(1)(B). Plaintiff seeks clarification that he is entitled to an award of benefits based on a

CASE NO.: [5:17-CV-04131-EJD](#)

ORDER GRANTING DEFENDANT'S MOTION TO DISMISS PLAINTIFF'S COMPLAINT

1 physical disability instead of based upon the mental illness provision of the policy. Second,  
 2 Plaintiff contends that he could not delay suit because of the contractual statute of limitations  
 3 provision, which provides that “no action shall be brought more than 3 years after the time  
 4 satisfactory proof of loss is required to be furnished.”<sup>4</sup> Third, relying on the July 11, 2017 letter,  
 5 Plaintiff contends Defendant repudiated liability based on a physical impairment. Fourth, Plaintiff  
 6 contends that he has sufficiently alleged Article III standing and an “injury in fact” because the  
 7 July 11, 2017 letter clearly stated that his “benefits will cease as of September 25, 2018.” Fifth,  
 8 Plaintiff asserts that he has exhausted his administrative remedies by appealing the November 17,  
 9 2016 denial of benefits and further exhaustion would be futile.

10 Federal Rule of Civil Procedure 12(b)(1) authorizes a party to seek dismissal of a suit for  
 11 lack of subject matter jurisdiction. “Because standing and ripeness pertain to federal court’s  
 12 subject matter jurisdiction, they are properly raised in a Rule 12(b)(1) motion to dismiss.”  
 13 Chandler v. State Farm. Mut. Auto. Ins. Co., 598 F.3d 1115, 1122 (9th Cir. 2010). When  
 14 responding to a motion to dismiss for lack of subject matter jurisdiction where the issues of  
 15 jurisdiction and substance are not intertwined, the plaintiff bears the burden of proof. Id. If a  
 16 factual attack to subject matter jurisdiction is made, such as in this case, the court may consider  
 17 extrinsic evidence, and if the evidence is disputed, weigh the evidence and determine the facts.  
 18 See Roberts v. Corrothers, 812 F.2d 1173, 1177 (9th Cir. 1987) (“[T]he existence of disputed  
 19 material facts will not preclude the trial court from evaluating for itself the merits of jurisdictional  
 20 claims.”).

21 When a factual attack to subject matter jurisdiction is made and the motion is resolved  
 22 without an evidentiary hearing, such as in this case, the allegations in the complaint are accepted  
 23 as true. See McLachlan v. Bell, 261 F.3d 908, 909 (9th Cir. 2001). Further, without an  
 24

25  
 26 <sup>4</sup> The Court takes judicial notice of the group long term disability benefits policy for employees of  
 27 BAE Systems, Inc., which is referenced in the complaint and relied upon by Plaintiff, and is  
 28 attached as Exhibit 1 to the Declaration of Richard Lodi in Support of Defendant’s Motion (Dkt.  
 No. 17-2).

1 evidentiary hearing, the plaintiff need only establish a *prima facie* case of jurisdiction. Societe de  
 2 Conditionnement en Aluminum v. Hunter Eng. Co., Inc., 655 F.2d 938, 942 (9th Cir. 1981). In  
 3 the context of this lawsuit, a *prima facie* showing means that Plaintiff has produced admissible  
 4 evidence, which, if believed, would be sufficient to demonstrate that Plaintiff has suffered an  
 5 injury in fact, has standing and that his claim is ripe.

6 To establish a “case or controversy” within the meaning of Article III of the United States  
 7 Constitution, a plaintiff must show, among other things, an “injury in fact.” Spokeo, Inc. v.  
 8 Robins, -- U.S. --, 136 S.Ct. 1540, 194 L.Ed.2d 635 (2016). To establish an “injury in fact,”  
 9 Plaintiff must show he suffered an “invasion of a legally protected interest” that is “concrete and  
 10 particularized” and “actual or imminent, not conjectural or hypothetical.” Id. at 1548.

11 Here, Plaintiff cannot make a *prima facie* showing that he has suffered an injury that is  
 12 sufficiently “concrete” to confer standing at present. Plaintiff alleges in his complaint that his  
 13 right to LTD benefits has been violated. This conclusory allegation, unsupported by facts, need  
 14 not be accepted as true. Moreover, the allegation is demonstrably false based upon the July 11,  
 15 2017 letter granting Plaintiff disability benefits, albeit under the mental disability provision.  
 16 Plaintiff next argues that the July 11, 2017 letter should be construed as a denial of benefits for his  
 17 claimed physical impairment because the letter recited that “benefits will cease” at the end of the  
 18 24-month mental illness limitation period. Plaintiff’s interpretation of the July 11, 2017 letter is  
 19 not reasonable. The July 11, 2017 letter does not mention, much less address Plaintiff’s claim for  
 20 benefits based upon a physical impairment. To the extent the July 11, 2017 letter is arguably  
 21 vague or ambiguous, the October 23, 2017 letter from Defendant’s counsel to Plaintiff counsel  
 22 clarifies that Defendant has not made a final determination as to Plaintiff’s eligibility for long term  
 23 benefits, stating as follows:

24 This is in regards to the Long Term Disability claim for [Plaintiff].  
 25 In our letter dated July 11, 2017, we notified you of the appeal  
 26 overturn decision as well as information regarding the Mental Illness  
 27 provision. . . . This letter was not intended to be an initial decision  
 28 denying benefits to [Plaintiff]. We wanted to make you and your  
 client aware of the 24 month provision as well as our ongoing claim

CASE NO.: [5:17-CV-04131-EJD](#)

ORDER GRANTING DEFENDANT'S MOTION TO DISMISS PLAINTIFF'S COMPLAINT

management. We will continue to monitor your client[']s claim, and periodically, we will request updated information from all treating Health Care Professionals for review. These reviews consider all disabling conditions that would prevent your client from returning to work in his occupation or any occupation. Should your client meet the definition of disability in any occupation due to a physical impairment, benefits may continue beyond September 25, 2018.

Declaration of Monique Tokay In Support of Defendant's Motion to Dismiss (Dkt. 17-8). The possibility that Defendant might terminate benefits in the future is too conjectural to establish an "injury in fact" at present. Further, the statutory right to sue conferred by ERISA is insufficient to confer Plaintiff standing in the absence of an "injury in fact." "It is settled that Congress cannot erase Article III's standing requirements by statutorily granting the right to sue to a plaintiff who would not otherwise have standing." Raines v. Byrd, 521 U.S. 811, 820, n. 3 (1997).

In the absence of subject matter jurisdiction, the Court declines to address Plaintiff's remaining arguments.

#### V. CONCLUSION

For the reasons set forth above, Defendant's motion to dismiss is GRANTED. The case is ordered dismissed for lack of subject matter jurisdiction, without prejudice. The Clerk shall close the file.

**IT IS SO ORDERED.**

Dated: December 15, 2017



EDWARD J. DAVILA  
United States District Judge

CASE NO.: [5:17-CV-04131-EJD](#)

ORDER GRANTING DEFENDANT'S MOTION TO DISMISS PLAINTIFF'S COMPLAINT