

Exxon Mobil Corp. v. Allapattah

United States Supreme Court
545 U.S. 546 (2005)

Rule of Law

Where other elements of diversity jurisdiction are present and at least one named plaintiff satisfies the amount-in-controversy requirement, the court may exercise jurisdiction over other plaintiffs who might otherwise be properly joined but who do not allege damages which reach the jurisdictional amount.

Facts

The United States Supreme Court consolidated two cases to resolve a split in the circuits regarding amount-in-controversy in diversity cases. The first case, *Exxon Mobil Corp. v. Allapattah* (2005), involved a class action of 10,000 Exxon dealers who brought suit against Exxon, alleging that the company was overcharging them for fuel. Some of the dealers' damages did not rise to the amount required for diversity jurisdiction, but the district court and the United States Court of Appeals for the Eleventh Circuit allowed joinder, holding that the unnamed members of a class action suit were not all required to meet the amount-in-controversy requirement, so long as at least one plaintiff did. The second case involved a nine-year-old girl who sued Starkist based on the unusually serious injuries she endured when she cut herself on a tuna can. She attempted to join her parents as plaintiffs as well, but the district court held that none of the parties had damages to the level of the jurisdictional amount. On appeal, the Court of Appeals for the First Circuit found that while the parents' damages were below the jurisdictional amount and therefore could not be properly joined, the girl's damages were sufficient. The United States Supreme Court granted certiorari to resolve the split.

Issue

When other elements of diversity jurisdiction are present and at least one named plaintiff satisfies the amount-in-controversy requirement, may the court exercise jurisdiction over other plaintiffs who might otherwise be properly joined but who do not allege damages which reach the jurisdictional amount?

Holding and Reasoning (Kennedy, J.)

Yes. Where other elements of diversity jurisdiction are present and at least one named plaintiff satisfies the amount-in-controversy requirement, the court may exercise jurisdiction over other plaintiffs who might otherwise be properly joined but who do not allege damages which reach the jurisdictional amount. It is well-settled that federal courts are courts of limited jurisdiction. Although diversity jurisdiction is available to parties from different states, to prevent flooding of the federal courts, jurisdiction is limited to cases that exceed a fixed amount of money. Federal courts may also exercise supplemental jurisdiction over issues related to a case or controversy over which the court already properly has jurisdiction. Here, this court must decide, based on this settled law, whether under §1367 the court may exercise jurisdiction over other plaintiffs who might otherwise be properly joined, but who do not allege damages which reach the jurisdictional amount. This Court finds that they can. A failure for some claimants to meet the amount-in-controversy requirement does not affect the claims the way that, for example, allowing a case to stay in federal court when diversity jurisdiction were destroyed would. Furthermore, some parties must be joined as indispensable parties under Rule 19; to hold that the case-in-controversy requirement forbids this joinder would be illogical. The holding of the Court of Appeals for the Eleventh Circuit is affirmed, and the holding of the Court of Appeals for the First Circuit is reversed and the case remanded.

Dissent (Ginsburg, J.)

This Court is mistaken in reading § 1367 so broadly, and its reading ignores the fact that Congress did not intend to so expand federal jurisdiction with § 1367's enactment. Instead, the court should read the statute as requiring plaintiffs to first meet the original jurisdiction requirement, that is, the amount-in-controversy requirement, before supplemental jurisdiction may be authorized. The reading the court propounds discards an established history of the doctrine of supplemental jurisdiction.

United Mine Workers of America v. Gibbs

United States Supreme Court
383 U.S. 715 (1966)

Rule of Law

A federal court can exercise pendent jurisdiction over state and federal claims if the federal and state claims are the type that would be expected to be heard at a single hearing and are “derive[d] from a common nucleus of operative fact.”

Facts

In the spring of 1960, the Tennessee Consolidated Coal Company laid off 100 miners from one of its mines. The workers were members of the United Mine Workers of America’s (UMW) Local 5881 (defendant). Later that summer, Grundy Company, a subsidiary of Consolidated, opened a mine nearby and gave Paul Gibbs (plaintiff) a contract to haul coal from the mine to the railroad. Many of the jobs at the new mine were given to members of the Southern Labor Union. Not long after work began, members of UMW prevented work from occurring, often resorting to physical violence against workers. They believed that the jobs at the new mine had been promised to members of their union. Gibbs lost his haulage contracts and claims that he was unable to obtain other hauling contracts as a result of a UMW plan against him. He sued the UMW’s international parent in the United States District Court for the Eastern District of Tennessee. He claimed violations of § 303 of the Labor Management Relations Act as well as Tennessee common law. The jury found for Gibbs under both federal and state law and awarded both compensatory and punitive damages. The trial court eventually set aside the award of damages under the federal claim. The court of appeals affirmed the trial court’s ruling.

Issue

May a federal court hear a case based on a state claim if the federal claim is found to be wanting but the claims arise from the same factual bases?

Holding and Reasoning (Brennan, J.)

Yes. Pendent jurisdiction is a long-settled concept in federal jurisdiction permitting a federal court to hear a case that is premised both on federal and state law. A court may hear such a claim so long as they grow from the same factual background and they constitute one case. Courts have been given

significant latitude in determining whether or not they may hear a claim constituting pendent jurisdiction, focusing their analysis specifically on judicial economy and fairness. Additionally, trial courts should take note of the role state claims play in the case. If they constitute the overwhelming basis of the claim, then they should be dismissed and are best left for a decision by state courts. However, if they are as significant as the federal claims at issue, then they should be allowed to continue so long as the federal counts can be sustained. This determination, while normally made at the pleading stage, may be made at any time during the litigation, including during and after trial. Facts may be presented at trial that can be determinative of jurisdiction in spite of a thorough airing of issues at the pleading stage. In this case, the § 303 claims and the Tennessee common law claims implicated questions of federal pre-emption. Additionally, the federal questions did not play a minor role at the trial but rather were an important element of Gibbs' case. Therefore, the decision of the district court not to dismiss the state claim is affirmed.

Pocono Springs Civic Ass'n v. MacKenzie

Superior Court of Pennsylvania
667 A.2d 233 (1995)

Rule of Law

In order to legally abandon real property, the owner must successfully divest himself of all right, title, claim, or possession of the land.

Facts

In 1969, the MacKenzies (defendants) purchased vacant real property in the Pocono Springs Development, which was governed by Pocono Springs Civic Association (plaintiff) (the Association) which assessed dues on the landowners. In 1987, the MacKenzies attempted to sell their land, but the prospective buyers found the land unusable. The MacKenzies attempted to turn the lot over to the Association, but the Association refused to take delivery. The MacKenzies then attempted to gift the land over to the Association to be used as a park, but the Association still refused to accept delivery. In 1986, the MacKenzies then stopped paying real estate taxes on the property, which resulted in a sheriff's sale on the property. There were no buyers on the sale. In 1990, another tax sale took place, but again no buyers were found. The MacKenzies then mailed a notarized statement setting forth their intent to abandon the property to "all interested parties," and they refused to continue to accept mail at that address. The Association sued the MacKenzies in an effort to collect association dues. The MacKenzies argued that they did not owe dues because they had abandoned the property. The trial court granted summary judgment in favor of the Association, and the MacKenzies appealed.

Issue

Has an owner of real property successfully abandoned his interest in the property where no new owner has taken title to the property?

Holding and Reasoning (Rowley, J.)

No. Pennsylvania state law provides that abandoned property is property whose owner has relinquished all right, title, claim and possession, without vesting the title in another, with the intention of not reclaiming it. Here, despite the MacKenzies' efforts, they retained the recorded deed in fee simple

perfect title. The person who has the record title is presumed to be in possession of the property. Pennsylvania law, as set forth in *O'Dwyer v. Ream*, 390 Pa. 474 (1957), holds that perfect title cannot be abandoned. The trial court's judgment is affirmed.

Eyerman v. Mercantile Trust Co.

Missouri Court of Appeals
524 S.W.2d 210 (Mo. App. 1975)

Rule of Law

When a landowner attempts to compel his successor in interest to do to the land something against public policy, a court may deem the condition void.

Facts

Louise Woodruff Johnston's will directed the executor to raze Johnston's house and sell the land it was on with the proceeds going to her beneficiaries. The house was part of the Kingsbury Place subdivision in St. Louis, which is a city landmark due to its architectural significance. Neighboring property owners and trustees of the subdivision where Johnston's house was located (plaintiffs) filed for an injunction to stop the destruction of the house, claiming among other things that it would diminish their property values and would be against public policy. At trial it was learned that destroying the house—worth \$40,000 as it stood—would provide a net of only \$650 to Johnston's beneficiaries. Nevertheless, the trial court denied the plaintiffs' petition for injunction. The plaintiffs appealed.

Issue

When a landowner attempts to compel his successor in interest to do to the land something against public policy, may a court deem the condition void?

Holding and Reasoning (Rendlen, J.)

Yes. Although a landowner has very few restraints on what he or she may do with the land while living, when the owner attempts to compel his successor in interest to do what is against public policy, a court may deem the condition void. When a person is living, he or she is often restrained by self-interest from destroying personal property or the person's own land. Upon a person's death, however, there is no such restraint and it may be proper for a court to step in. Here is such a case. Destroying Johnston's house for seemingly no reason other than because it was in her will is against public policy. The destruction would decrease the value to her beneficiaries and would decrease the property values in the neighborhood, without providing any benefit to anyone. It is proper for the court to step in here in the name of public policy. The trial court is reversed and the case is remanded.

Dissent (Clemens, J.)

The majority claims that Johnston's directive to destroy her house is "capricious" and "senseless," among other things. However, nothing in the record indicates what her reasoning for the destruction actually is. Moreover, Johnston's beneficiaries and the City of St. Louis, all of whom the majority seeks to protect with its opinion, are not parties to this lawsuit. The majority simply does not justify its reasoning to invalidate the will's directive based on public policy grounds. Indeed, "the policy of the law favors freedom in the testamentary disposition of property and that it is the duty of the courts to give effect to the intention of the testator, as expressed in his will, provided such intention does not contravene an established rule of law."