

# Civil Procedure

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## § 1 Overview

Themes throughout the class:

1. Procedure as **policy**: how does procedure express values about justice?
2. Procedure as **strategy**: how do actors use process strategically?
3. Procedure and **power**: whom do rules benefit? Does access to rulemakers matter? Why have rules at all? How do state vs. federal issues come into play?

## § 2 Structure of a Lawsuit

### 2.1 Preliminaries

1. Find a lawyer.
2. Learn the facts.
3. Determine the dispute and remedy.

### 2.2 Which Court?

1. *Territorial jurisdiction*: there must be a minimal level of contact between the defendant and the court's territorial sovereign (e.g., the state).
2. *Subject matter jurisdiction*: federal courts have higher thresholds than state courts. (e.g., interstate disputes in amounts above \$75,000). In cases of overlap, plaintiff can choose.
3. *Venue*: usually must have some connection to the place where the dispute occurred.

### 2.3 Complaint, Filing, and Service of Process

1. *Complaint*: plaintiff's statement of claims. Sometimes called petition or declaration.
2. *Filing*: plaintiff files a complaint at the courthouse. This is when the suit commences.
3. *Summons*: served to each defendant.

## 2.4 Responding to the Complaint

1. Preliminary objections:
  - (a) Disputes over territory or venue.
  - (b) Motions (to dismiss or quash).
  - (c) *Memorandum of law*: the legal arguments supporting a request.
2. *Default judgment*: occurs if the defendant does nothing. Can be set aside if justified.
3. Pleading in response to the complaint:
  - (a) In complaints, defendant don't try to prove their case—only to assert what he hopes can be proved.
  - (b) *Cause of action*: the violation of law in question.
  - (c) *General demurrer*: “even if you're right, you're not entitled to recover anything.” I.e., so what?
  - (d) By default, defendants are deemed to admit allegations they don't deny.
4. Defendant's answer:
  - (a) *Negative defenses*: contesting the facts.
  - (b) *Affirmative defenses*: contending other factual circumstances.
  - (c) *Motion to strike*: e.g., if plaintiff thinks defendant's answer is insufficient in points of substantive law.
5. Some jurisdictions allow the plaintiff to make a reply to the defendant's answer; otherwise, the answer is deemed denied by default.

## 2.5 Discovery, Summary Judgment, Settlement

1. *Discovery*: each side investigates its opponent's claims.
2. *Interrogatories*: written questions.
3. *Request for production*: documents, opportunities to inspect, other relevant items.
4. *Depositions*: Party questions a witness on camera and/or before a court reporter.
5. *Summary judgment*: Can be granted if something crucial can be determined beyond legitimate dispute.
6. *Affidavit*: Sworn statement.
7. *Pretrial conference*: attempt to resolve the dispute before litigating.

## 2.6 Trial

1. *At law*: for damages; can be tried by a jury.
2. *In equity*: e.g., for an injunction; normally triable without jury.
3. Jury selection: voir dire, challenge for cause, limited number of peremptory challenges.
4. Trial process:
  - (a) Opening statements.
  - (b) Case in chief (plaintiff).
  - (c) Direct and cross examination of witnesses.
  - (d) Plaintiff rests.
  - (e) Defendants can request judgment as a matter of law if they believe the claim is invalid.
  - (f) Case in chief (defendant).
  - (g) Adverse witness: plaintiff himself is called.
  - (h) Either side can again call for a judgment as a matter of law.
  - (i) Closing argument (plaintiff).
  - (j) Closing argument (defendant).
  - (k) Judge instructs jury; jury deliberates and returns verdict.
  - (l) Jury often (but not always) must be unanimous.

## 2.7 Post-Trial or Post-Judgment Motions

1. Judgment *non obstante veredicto* (j.n.o.v.): judgment notwithstanding the verdict, e.g., in response to earlier motions for judgment as a matter of law.
2. Parties can seek a new trial on the basis of procedural errors.

## 2.8 Appeal

1. Can only happen after final judgment, even if there's a gross error early in the process.
2. *Interlocutory appeal*: in some jurisdictions, appeal can be made before final judgment.
3. *Mandamus*: requires the judge to do something.
4. *Prohibition*: on the judge; usually comes from an appellate court in the form of a writ of prohibition.



5. *Reversible error*: something on which an appellate court can reverse a decision and call a new trial.
6. *Harmless error*: didn't affect the outcome of the trial.
7. Appellate review is almost always on the basis of law, not on fact, unless there is "no substantial evidence" to support a factual determination.
8. Appellate court will usually only consider objections that were raised in the trial court.

## § 3 Provisional Remedies

### 3.1 Statute of Limitations: *United States v. Kubrick*

The statute of limitations tolls when the plaintiff becomes aware of the existence and cause of his injury, not when he becomes aware of malpractice.

1. Kubrick was rendered partially deaf from neomycin treatment at a Veterans Administration hospital. He discovered the possibility of malpractice only after the two year statute of limitations had expired.
2. The precise issue was whether the claim accrues when the plaintiff is aware of the existence and cause of his injury or when he is also aware of the possibility of malpractice.
3. Justice White: there's a clear rule here. The statute of limitations tolls when the plaintiff becomes aware of the existence and cause of his injury.
4. Justice Stevens, dissenting: a rigid rule is unnecessary—all we need is a looser standard that can be applied on a case-by-case basis.
5. Why does the statute of limitations exist?<sup>1</sup>
  - (a) Protect against the "cloud of litigation."
  - (b) Protect against "stale claims."
  - (c) Keep the plaintiff from sitting on his rights.

### 3.2 Due Process Requirements

1. Fifth Amendment: "No person shall be... deprived of life, liberty, or property, without due process of law."
2. Fourteenth Amendment: "No **State** shall ... deprive any person of life, liberty, or property, without due process of law."

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<sup>1</sup>Casebook pp. 54–55

### 3.3 Remedies

1. **Plenary:** Usually awarded at the end of a lawsuit. Usual types: compensatory and punitive damages, injunctions, and declaratory judgments.
2. **Provisional:** Can be awarded at any time while a lawsuit is pending. Usual types: attachment (seizure of property), temporary restraining orders, preliminary injunctions. They are “designed to stabilize the situation pending the final disposition of the case or to provide security to the plaintiff so that if she succeeds in obtaining judgment she will be able to enforce it effectively.”<sup>2</sup>

### 3.4 Notice and Opportunity to be Heard: *Fuentes v. Shevin*

Ex parte prejudgment and seizure requires notice and opportunity to be heard.

1. Do statutes that allow writs of replevin only upon ex parte application and posting of bond violate the Fourteenth Amendment?
2. In multiple consolidated cases, a creditor was granted an ex parte writ of replevin for the property of Fuentes, debtor in default (which statutes in Florida and Pennsylvania statutes allowed).
3. Justice Stewart: these statutes allowing ex parte attachment violate the Due Process Clause (Fourteenth Amendment). Absent extraordinary circumstances, due process requires **notice** and **opportunity to be heard** before deprivation.
4. Justice White, dissenting: “If there is a default, it would seem not only ‘fair,’ but essential, that the creditor be allowed to repossess; and I cannot say that the likelihood of a mistaken claim of default is sufficiently real or recurring to justify a broad constitutional requirement that a creditor do more than the typical state law requires him to do.”<sup>3</sup>
5. Key due process protections: **notice** and **opportunity to be heard** (in a meaningful way).
6. *Mitchell v. W.T. Grant*: A similar statute in Louisiana was upheld on the grounds that (1) the applicant for the writ must declare the facts in a certified petition or affidavit, and (2) the showing must be made to a judge, not merely a court official.
7. *North Georgia Finishing, Inc. v. Di-Chem, Inc.*: A similar Georgia statute was struck down because (1) the affidavit can be filed by the petitioner’s attorney, who need not have any direct knowledge of the facts of the dispute, and (2) the writ is issuable by a court clerk, not a judge.

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<sup>2</sup>Casebook p. 46.

<sup>3</sup>Casebook p. 74.

8. The minimum constitutional requirements for valid ex parte prejudgment and seizure appear to be:
  - (a) An application grounded in facts.
  - (b) Issued by a judge, not a court official.
  - (c) A speedy hearing.
  - (d) Only applicable to a limited range of transactions.<sup>4</sup>

### 3.5 Deprivation and Due Process: *Connecticut v. Doe*

Does prejudgment attachment of real estate without prior notice or hearing, without extraordinary circumstances, and without a bond violates due process.

1. Under a Connecticut statute, DiGiovanni won a \$75,000 prejudgment attachment on Doe's home in conjunction with a civil action for assault and battery.
2. Justice White: the Connecticut statute would allow deprivation for cases where the defendant's property claim would fail to convince a jury. Without exigent circumstances, a preattachment hearing is required.
3. Justices Marshall, Stevens, O'Connor, and White, concurring: bonds are also necessary in all cases.
4. Justice Rehnquist, concurring: liens can serve a useful purpose (e.g., for laborers to enforce their interests over delinquent landowners). Also, the terms "bond" and "exigent circumstances" are overly vague.
5. The *Mathews* test determines whether deprivation meets due process requirements:<sup>5</sup>
  - (a) What are the private interests that deprivation will affect?
  - (b) What is the risk of erroneous deprivation, and what safeguards are in place?
  - (c) What is the interest of the party seeking the judgment remedy (in *Mathews* originally, this was the government; here it's the private plaintiff)?

## § 4 Jurisdiction

1. **Territorial jurisdiction:** jurisdiction over cases arising in or involving people residing within a defined territory.

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<sup>4</sup>See California's version of these statutes, casebook p. 82 top.

<sup>5</sup>Casebook p. 85.

2. **Personal jurisdiction:** a court's power to bring a person into its adjudicative process.
3. **Subject matter jurisdiction:** the court's power to decide a particular type of case.
4. The Due Process Clause (Fourteenth Amendment) governs personal jurisdiction.

## 4.1 Personal Jurisdiction

### 4.1.1 Territorial Power: *Pennoyer v. Neff*

Under the territorial power framework of personal jurisdiction, a court cannot establish jurisdiction over someone beyond its physical borders.

1. Mitchell sued Neff in Oregon state court for nonpayment of legal fees rendered in 1862–1863. Neff was nowhere to be found, so Mitchell published notice of the suit in the *Pacific Christian Advocate*.
2. Neff did not appear, so the court granted a default judgment for Mitchell.
3. Neff's property in Oregon was attached and then sold at auction to Mitchell, who then sold it to Pennoyer.
4. Eight years later, Neff turned up and sued Pennoyer to recover the property.
5. Justice Field:
  - (a) The basis for personal jurisdiction is a state's territorial power. States are all-powerful within their borders and powerless beyond.
  - (b) Service by publication was insufficient to establish personal jurisdiction over a non-resident in an in personam suit (thought it suffice for in personam suits). Thus, the original judgment against Neff was void.
  - (c) Doctrine of **collateral attack**: a judgment void when rendered is void forever.
6. *Milliken v. Meyer*: domicile within a state is sufficient to establish jurisdiction.

### 4.1.2 Jurisdiction Over Out-of-State Drivers: *Hess v. Pawloski*

States can implement statutes requiring out-of-state drivers to give implied consent to personal jurisdiction within that state.

1. Hess, a Pennsylvania resident, “negligently and wantonly drove a motor vehicle on a public highway in Massachusetts,” causing injury to Pawloski.<sup>6</sup>
2. Pawloski brought a negligence suit in Massachusetts state court. Hess contested personal jurisdiction. Denied. Hess appealed on Fourteenth Amendment grounds.
3. Justice Butler:
  - (a) In earlier cases (e.g., *Kane v. New Jersey*), the Court upheld the constitutionality of statutes requiring out-of-state drivers to appoint an agent to receive service of process.
  - (b) States can legitimately require to appoint similar agent implicitly, and these kinds of statutes do not constitute discrimination against non-residents.
  - (c) Therefore, it is consistent with the Due Process Clause for states to require out-of-state drivers to implicitly appoint an agent to receive process, thereby establishing jurisdiction over those drivers if civil actions arise.
  - (d) Affirmed.

#### 4.1.3 Minimum Contacts: *International Shoe Co. v. Washington*

“But now that the *capias ad respondendum* has given way to personal service of summons or other form of notice, due process requires only that in order to subject a defendant to a judgment in personam, if he be not present within the territory of the forum, he have certain ‘**minimum contacts with it such that the maintenance of the suit does not offend ‘traditional notions of fair play and substantial justice.’**”<sup>7</sup>

1. The State of Washington sued International Shoe to recover unpaid contributions to the state unemployment compensation fund.
2. Justice Stone:
  - (a) International Shoe argued first that the Washington statute imposed an unconstitutional burden on interstate commerce. The court rejected this on the basis that “it is no longer debatable” that the commerce clause gives Congress broad power to regulate interstate commerce.
  - (b) Second, International Shoe argued that merely soliciting orders within a state “does not render the seller amenable to suit within the state.” Historically, physical presence within a state was a prerequisite for jurisdiction in in personam cases (*Pennoyer*). But now, **minimum contacts** are sufficient.

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<sup>6</sup>274 U.S. 352, 353 (1927).

<sup>7</sup>Casebook p. 179.

- (c) “Presence” is a symbolic term that can refer to business activities within a territory. It can refer to activities that give rise to the liabilities at issue in the suit. Moreover, since an entity enjoys certain benefits and protections from a state’s laws, it also has an obligation to that state.
  - (d) Washington was entitled to recover the unpaid contributions.
3. Justice Black, concurring: states have a constitutional power to tax and sue corporations that do business in the state’s territory. The test of “fair play and substantial justice,” however, is “confusing” and gives the court the unwarranted power to strike down any legislation it might see as violating “natural justice.”

#### 4.1.4 General and Specific Jurisdiction

1. **General jurisdiction:** The defendant has substantial enough contacts with a state that any dispute can be litigated in that state, regardless of whether the dispute arises from those contacts.
2. **Specific jurisdiction:** Jurisdiction is based on contacts related to the specific dispute.<sup>8</sup>

#### 4.1.5 Purposeful Availment: *World-Wide Volkswagen Corp. v. Woodson*

Selling a product that ends up in another state is insufficient to establish personal jurisdiction over the seller, because the seller has not purposefully availed itself of the benefits of doing business in the forum state.

1. The Robinsons bought an Audi in New York. It caught fire in an accident in Oklahoma. They brought a products liability action in Oklahoma state court against every link in the distribution chain. The regional distributor (World-Wide) and retailer (Seaway) contested Oklahoma’s jurisdiction.
2. Justice White:
  - (a) To establish jurisdiction, defendants must have minimum contacts with the forum state and jurisdiction must not violate “traditional notions of fair play and substantial justice” (*International Shoe*).
  - (b) Elements of “fair play and substantial justice” include:<sup>9</sup>
    - i. The forum State’s interest in adjudicating the dispute.
    - ii. The convenience of the venue for the plaintiff.
    - iii. The interstate judicial system’s interest in efficient resolution.
    - iv. States’ shared interest in fundamental policy goals.

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<sup>8</sup>Casebook p. 186.

<sup>9</sup>Casebook p. 190.

- (c) Jurisdictional rules have been relaxed since *Pennoyer*, but the Constitution nonetheless privileges state sovereignty.
  - (d) “Petitioners [World-Wide and Seaway] carry on no activity whatsoever in Oklahoma.”<sup>10</sup>
  - (e) Petitioners could not reasonably predict being haled into court in Oklahoma. Corporations can “purposely avail” themselves of the benefits of conducting activity in the forum state—but there is no such availment here.<sup>11</sup> Were it otherwise, “[e]very seller of chattels would in effect appoint the chattel his agent for service of process.”<sup>12</sup>
  - (f) No contacts, so no jurisdiction.
3. Justice Brennan, dissenting: The Court reads *International Shoe* too narrowly. The seller and dealer purposefully injected their product “into the stream of interstate commerce,” thus establishing minimum contacts.<sup>13</sup>
  4. Justices Marshall, dissenting: The dealer and seller chose to become part of a global marketing and servicing network. Cars derive their value from being mobile. The dealer and seller received economic advantage from the ability to draw revenue from Oklahoma.
  5. Justice Blackmun, dissenting: It is confusing why the distributor and seller are getting sued here. Also, cars are mobile by nature.

#### 4.1.6 More Purposeful Availment: *Burger King Corp. v. Rudzewicz*

Establishing a franchise relationship with an out-of-state corporation is sufficient to constitute purposeful availment.

1. Rudzewicz and MacShara operated a Burger King franchise in Michigan. They fell behind on their payments. Burger King, based in Florida, sued them in Florida district court for breaching their franchise obligations and for trademark infringement.
2. The defendants moved to dismiss for lack of personal jurisdiction. The district court denied the motion, holding that the Florida long arm statute established jurisdiction over disputes arising from the franchise agreement. The district court then found for Burger King.
3. The Eleventh Circuit reversed, holding that the defendants did not have reasonable notice and were “financially unprepared” for litigation in a Florida forum.<sup>14</sup>
4. Justice Brennan:

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<sup>10</sup>Casebook p. 192.

<sup>11</sup>Casebook p. 194.

<sup>12</sup>Casebook p. 193.

<sup>13</sup>Casebook p. 196.

<sup>14</sup>Casebook p. 213.

- (a) The “fair warning” requirement is satisfied if the defendant “purposefully avails itself of the privilege of conducting activities in the forum state, thus invoking the benefit of the protection of its laws.”<sup>15</sup>
  - (b) Once minimum contacts are established, the court may consider other factors:<sup>16</sup>
    - i. “the burden on the defendant”
    - ii. “the forum state’s interest in adjudicating the dispute”
    - iii. “the plaintiff’s interest in obtaining the most efficient resolution of controversies”
    - iv. the “shared interest of the several States in furthering fundamental substantive social policies”
  - (c) Rudcewicz established a substantial relationship with the Florida headquarters and did not show how jurisdiction would be fundamentally unfair. Reversed.
5. Justice Stevens, dissenting: it is fundamentally unfair to require a franchisee to submit to jurisdiction in the district of the franchisor. There is a huge disparity in bargaining power, and franchises almost always limit their activities to local markets.
6. In *Calder* (the *National Enquirer* libel case), the Court developed the “effects test”: activities “purposefully directed” at a state can establish jurisdiction.
- (a) Bradt on *Calder*: California actress Shirley Jones (of “Partridge Family” fame) sued the National Enquirer for libel based on a story it published essentially calling her a drunk. Jones sued in California state court. The Enquirer, which is based in Florida, contested jurisdiction on the ground that it did not have minimum contacts with California. The reporter had only gone to CA once, and everything else was essentially done in Florida. The Supreme Court held that there *was* personal jurisdiction over the Enquirer in California on the ground that it “expressly aimed” its conduct toward California. This is an interesting spin on purposeful availment commonly referred to as the “effects test”—if a defendant commits an intentional tort aimed at the forum state and causes harm in the forum state, there is specific jurisdiction over the defendant in cases arising out of that harm in the forum state. In *Calder*, the Court found that the Enquirer had aimed its conduct at California because (a) it knew that’s where Jones lived and worked and would therefore suffer the brunt of the injury, and (b) because California was the largest state for circulation of the Enquirer, so it knew the harm in that state would be significant.

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<sup>15</sup>Casebook p. 215.

<sup>16</sup>Casebook p. 217; cf. *World-Wide Volkswagen*.



7. Purposeful direction is distinct from purposeful availment, which is the quid pro quo the Court recognized in *International Shoe*: the privilege of enjoying “the benefits and protections of the laws” of a state gives rise to obligations, including to the procedure of responding to a suit in that state.<sup>17</sup>

#### 4.1.7 Defenses to Personal Jurisdiction

1. Default and collaterally attack.
2. Appear in court, move to dismiss, and appeal if you lose.

#### 4.1.8 General and Specific Jurisdiction: *Goodyear Dunlop Tires Operations, S.A. v. Brown*

A “stream of commerce” connection to the forum state is insufficient to establish personal jurisdiction.

1. A bus accident outside Paris killed two 13-year-old boys from North Carolina. The parents sued Goodyear USA and three of its foreign subsidiaries in North Carolina state court.
2. The subsidiaries moved to dismiss for lack of personal jurisdiction. The North Carolina trial court denied the motion, the appellate court affirmed, and the state Supreme Court denied review.
3. Justice Ginsburg:
  - (a) **General jurisdiction** exists when an actor has “continuous and systematic” affiliations with the forum state.<sup>18</sup>
  - (b) **Specific jurisdiction** exists when the specific cause of action is connected to the forum state.
  - (c) A limited “stream of commerce” connection to the forum state is insufficient to establish personal jurisdiction.
  - (d) Reversed.

#### 4.1.9 Product Distribution: *J. McIntyre Machinery, Ltd. v. Nicasastro*

Distributing products indirectly to the forum state is insufficient to establish personal jurisdiction without purposeful direction or purposeful availment.

1. Nicasastro injured his hand while using a machine that J. McIntyre, an English corporation, manufactured. Nicasastro sued J. McIntyre in New Jersey state court.

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<sup>17</sup>Casebook p. 238.

<sup>18</sup>Supplement p. 4.

2. The New Jersey Supreme Court held that “New Jersey’s courts can exercise jurisdiction over a foreign manufacturer of a product so long as the manufacturer ‘knows or reasonable should know that its products are distributed through a nationwide distribution system.’”<sup>19</sup>
3. Justice Kennedy: J. McIntyre did not purposefully direct its activities at New Jersey, nor did it purposefully avail itself of the privilege of the benefits and protections of New Jersey’s laws. Reversed.
4. Justice Breyer, concurring: this case can be decided on precedent alone. There is no need to update jurisdictional rules to account for developments in modern commerce.
5. Justice Ginsburg, dissenting: J. McIntyre used a distributor to shield itself from liability, but it clearly intended to market its products to the United States as a whole.

#### 4.1.10 Long-Arm Statutes

1. “A court will not find in personam jurisdiction unless there is statutory authorization for the exercise of that jurisdiction.”<sup>20</sup>
2. Long-arm statutes enable states to assert jurisdiction beyond their borders.
3. Some extend jurisdiction to the full extent that the Constitution allows. Others specify the circumstances in which states can extend jurisdiction.
4. Detailed long-arm statutes can make the law more predictable.
5. Federal courts usually follow the long-arm statutes of the states in which they sit.
6. If the state long-arm statute does not extend to the full constitutional limits of in personam jurisdiction, the only question before the court is statutory (e.g., in *Bensusan*, below).

#### 4.1.11 Online Activity and Long-Arm Statutes: *Bensusan Rest. Corp v. King*

Digital activity complicates jurisdictional questions, but long-arm statutes still place enforceable limits on personal jurisdiction.

1. Bensusan and King both owned cabarets named “Blue Note” in New York City and Columbia, MO, respectively. King built a website using the name. Bensusan sued in the Southern District of New York for compensatory damages, punitive damages, costs, attorney’s fees, and to enjoin King from using the name.

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<sup>19</sup>Supplement p. 15.

<sup>20</sup>Casebook p. 241.

2. The New York long-arm statute<sup>21</sup> required that the defendant must have been physically present in the state when he committed the act in question.
3. The district court rejected Bensusan’s complaint under FRCP 12(b)(2) for lack of personal jurisdiction. The Second Circuit affirmed, holding that King was not physically present and did not meet any of the other statutory requirements for establishing jurisdiction.
4. Federal court cannot be an authoritative source of state law—it can only infer what New York courts would do in a comparable case.
5. In *Inset Systems, Inc. v. Instruction Set, Inc.*, a Connecticut district court held that advertising online could potentially reach “as many as 10,000 Internet users within Connecticut” and was “continuously available.” Therefore, the advertiser had “purposefully availed itself of the privileges of doing business in Connecticut.”<sup>22</sup>
6. The **Zippo test**: in *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.*, Zippo (the lighter company) sued Zippo (the publishing company) in Pennsylvania district court for state and federal trademark claims. The court established the Zippo test for determining jurisdiction in Internet cases. The test relies on a scale of commercial activity. On one side of the scale are sites that exist exclusively to do business online. If a defendant knowingly enters into a contract with residents of a foreign jurisdiction, then personal jurisdiction is proper. On the other side of the scale are sites that passively post information. Personal jurisdiction cannot be asserted for those sites. In the middle are sites in which the user can exchange information with a host computer. In those cases, the “level of interaction” and the “commercial nature of the exchange” are the grounds for determining the exercise of jurisdiction.

#### 4.1.12 FRCP 4(k): Territorial Limits of Effective Service

- (1) Framework for exercising jurisdiction over defendants in general.
  - (A) The state’s long-arm statute governs absent a contrary federal rule or statute.
  - (B) “Bulge” jurisdiction: third-party defendants are subject to in personam jurisdiction if they can be served within 100 miles of where the summons was issued.
  - (C) Courts can exercise any in personam jurisdiction that a federal statute authorizes.
- (2) Framework for exercising jurisdiction in federal courts.

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<sup>21</sup>N.Y.C.P.L.R. 320(a).

<sup>22</sup>Casebook p. 250.

#### 4.1.13 Challenging the *Pennoyer* Framework for Quasi In Rem Actions: *Shaffer v. Heitner*

Jurisdiction in quasi in rem actions must be based on the minimum contacts test (*International Shoe*), not the territorial power framework (*Pennoyer*). Owning stock in a corporation incorporated in the forum state does not meet the minimum contacts requirement.

1. Heitner owned one share of stock in Greyhound Corp., a Delaware corporation with its primary place of business in Phoenix. Heitner sued 28 of Greyhound's officers and directors in Delaware state court for damages in a case involving antitrust and criminal contempt violations in Oregon. Under a Delaware statute, he filed for an order of sequestration against the property of the officers. The property consisted of Greyhound options and 82,000 shares of common stock.
2. The defendants argued that the sequestration statute did not accord due process of law and that the property seized could not be attached in Delaware. Delaware courts rejected this jurisdictional challenge.
3. Justice Marshall:
  - (a) *Quasi in rem* jurisdiction has traditionally been based on physical presence (*Pennoyer*), not minimum contacts.
  - (b) The *Pennoyer* framework included a few exceptions (marriage, foreign corporations doing business in a state, etc.).
  - (c) Modern realities expanded the *Pennoyer* framework (e.g., *Hess*) without fundamentally changing it.
  - (d) The *International Shoe* framework supplanted *Pennoyer* for *in personam* cases. No similar conceptual revision has occurred for *in rem* cases, though lower courts have moved strongly in that direction.
  - (e) Key break from *Pennoyer*: asserting jurisdiction over a thing is a "customarily elliptical way" of asserting jurisdiction over the interests of a person in a thing.
  - (f) *Pennoyer* led to odd situations where property served as the basis for jurisdiction in causes of action completely unrelated to the property (like the present case). It is illogical, though *Pennoyer* permits it, to assert jurisdiction indirectly, via property, if direct assertion of personal jurisdiction would not be allowed.
  - (g) There are no good historical reasons to cling to *Pennoyer*.
  - (h) We should therefore use the *International Shoe* test for all assertions of state court jurisdiction.
  - (i) Appellants' holdings did not constitute minimum contacts with Delaware—thus, Delaware did not have jurisdiction.
  - (j) Reversed.

4. Justice Powell, concurring:
  - (a) Property that is “indisputably and permanently” within a state (e.g., real estate) might pass the *International Shoe* test. The court should reserve judgment on that issue.
5. Justice Stevens, concurring:
  - (a) Fair notice requires warning that a particular activity will open the actor to the jurisdiction of a foreign sovereign. Buying stock includes no such warning.
  - (b) Agree with Powell.
  - (c) There are other longstanding methods of asserting jurisdiction based on territory that should not be discounted.
6. Justice Brennan, concurring in part and dissenting in part:
  - (a) Delaware explicitly did not enact a law basing *quasi in rem* jurisdiction over shareholders on a minimum contacts test. For the court to invalidate this imaginary statute is a pure “advisory opinion.”

#### **4.1.14 Physical Presence and Personal Jurisdiction: *Burnham v. Superior Court of Cal.***

Presence within a state is sufficient to establish personal jurisdiction.

1. Burnham and his wife decided to separate. Before his wife moved to California, the couple agreed to divorce on grounds of “irreconcilable differences.” After she left, however, Burnham filed for divorce on grounds of “desertion.”
2. His wife brought suit in California. Some months later, Burnham was on a business trip in California, where he was served with court summons and a divorce petition.
3. Burnham filed a motion to quash on the argument that his brief contacts with California did not meet the requirements to establish jurisdiction. The Superior Court denied the motion and the Court of Appeal denied mandamus relief.
4. Justice Scalia:
  - (a) The question is whether physical presence is enough to establish jurisdiction, or whether the person must also have minimum contacts.
  - (b) There has never been a case that suggests in-state service is insufficient to establish personal jurisdiction.
  - (c) The *Pennoyer* territorial power framework had been broadened over the 20th century. *International Shoe* established a different standard.

- (d) Burnham sought to establish that presence in the forum state is no longer sufficient to establish jurisdiction. This was entirely wrong. The *International Shoe* test was developed by analogy to the “physical presence” test, and it would be “perverse” to use the *Shoe* test to undermine it.
  - (e) *Shaffer* involved an absent defendant, and it held that the defendant’s contacts must include property related to the litigation to establish jurisdiction (or, in a different light, that quasi in rem and in personam are really one and the same). There was no absent defendant in the present case.
  - (f) In response to Brennan’s concurrence: (1) Brennan proposes a standard based on “contemporary notions of due process”—but this is hopelessly subjective. (2) Brennan argues that the concept of transient jurisdiction—of presence within a state creating a “reasonable expectation” of being subject to suit—is based on fairness. Really, though, it’s based on the same traditions that Brennan tries to dismiss. “Justice Brennan’s long journey is a circular one.”
  - (g) Affirmed.
5. Justice White, concurring: it would be unworkable to decide in each case whether service was delivered fairly. The rule should stand as-is.
  6. Justice Brennan, concurring:
    - (a) A rule does not comport with due process simply because of its pedigree.
    - (b) *Shaffer* established that all rules, regardless of pedigree, must comport with modern understandings of due process.
    - (c) More than a century of the rule’s existence gives defendants ample notice that their presence within a state can subject them to that state’s jurisdiction.
    - (d) By visiting a state, a defendant avails himself of that state’s benefits. Without the transient jurisdiction rule, the actor would have the full benefit of access to the state’s courts as a plaintiff while remaining immune from the same courts’ jurisdiction. This asymmetry would be unfair.
  7. Justice Stevens, concurring: the other justices’ opinions are overly broad.

#### 4.1.15 *Mullane v. Central Hanover Bank & Trust*

If it’s easy to serve notice by mail or in person, notice by publication does not satisfy due process requirements. **“An elementary and fundamental requirement of due process in any proceeding which is to be accorded finality is notice reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections.”**

1. A New York law required a judicial settlement of a common trust fund. In strict compliance with the statute, the Central Hanover Bank and Trust gave notice to beneficiaries by publication in a local newspaper.
2. Mullane was appointed special guardian for parties with an interest in the fund. He argued that notice by publication violated the Fourteenth Amendment's requirement for notice of judicial proceedings.
3. The NY Court of Appeals rejected Mullane's argument.
4. Justice Jackson:
  - (a) The only notice to beneficiaries appeared in a local newspaper, in strict compliance with the NY statute.
  - (b) At the time of the first investment, the trust had contacted each person by mail.
  - (c) It doesn't matter whether this proceeding was in rem, quasi in rem, or in personam. In all cases, courts have the right to protect claimants' rights to notice and hearing and determine claimants' interests.
  - (d) Notice by publication is chancy at best compared to notice in person—"we are unable to regard this as more than a feint."
  - (e) It's not necessary to put huge effort into finding unknown claimants. Notice by publication is fine if it's not reasonably easy to make contact.
  - (f) For parties with known contact information, notice by mail is the minimum requirement. The NY statute requiring a minimum of notice by publication in all cases is unconstitutional.

#### **4.1.16 Service by Mail: *Jones v. Flowers***

When notice served by certified mail is returned undelivered, the government must take additional reasonable steps (e.g., service by regular mail or posting at the physical address) to satisfy due process.

1. The plaintiff, Jones, was delinquent on his property taxes. The state sent two certified letters to his address over the course of two years, both of which were returned as "unclaimed." Just before the property was to be auctioned, the state also published a notice of public sale in a newspaper. The house was sold to Flowers.
2. Jones sued Flowers and the Commissioner, arguing that failure to provide notice of the tax sale violated due process. The trial court granted summary judgment in favor of the defendants. The Arkansas Supreme Court affirmed.
3. Justice Roberts:

- (a) Due process does not require that the property owner receive actual notice, but it does require a reasonable attempt (*Mullane*).
  - (b) A person who actually wanted to inform someone about an impending tax sale would surely take extra steps if a certified letter of notice was returned unclaimed.
  - (c) The state could have resent the letter by regular mail or posted it physically at the address. (It should not be required, though, to hunt for Jones's contact information.)
  - (d) Reversed.
4. Justice Thomas, dissenting: process requirements must be determined ex ante. They should not be dependent on the outcome of the first attempt.

#### **4.1.17 Consent by Contract**

- 1. Objections to jurisdiction have to be made at the beginning of a suit.
- 2. Before *Carnival*, forum selection clauses in form contracts were disfavored. Now they're found in virtually every consumer contract.

#### **4.1.18 Contractual Consent to Jurisdiction: *Carnival Cruise Lines, Inc. v. Shute***

- 1. The plaintiffs, the Shutes, purchased tickets for a seven-day cruise through a travel agent. The cruise line, Carnival, sent the defendants the tickets by mail. The tickets included a contract that named Florida as the forum state for any litigation regarding the contract. By purchasing the tickets, the Shutes agreed to the terms of the contract.
  - 2. Mrs. Shute injured herself during the cruise by slipping on a mat. The Shutes sued in Washington for negligence. Carnival argued that (1) the forum selection clause in the contract requires the Shutes to bring suit in Florida, and (2) Carnival did not have sufficient contacts with Washington to allow its courts to exercise personal jurisdiction.
  - 3. The U.S. District Court for the Western District of Washington granted Carnival's motion to dismiss on the grounds that Carnival had insufficient contacts with Washington to exercise personal jurisdiction. The Court of Appeals reversed on the grounds that Mrs. Shute would not have been injured but for Carnival's solicitation of business in Washington. The Court of Appeals further held that the forum selection clause could not be enforced because (1) it was not freely bargained for, (2) the Shutes are physically and financially incapable of pursuing litigation in Florida, and (3) the clause violates the Limitation of Vessel Owner's Liability Act.
4. Issues:
- (a) Is the forum selection clause enforceable?



- (b) Is it too inconvenient for the Shutes to pursue litigation in Florida?
- (c) Does the forum selection clause violate the Limitation of Vessel Owner's Liability Act?

5. Justice Blackmun:

- (a) In their briefs, the respondents (the Shutes) conceded that they received adequate notice of the forum selection clause.
- (b) Some forum selection clauses might not be enforceable, e.g., if they were established through "fraud or overreaching."
- (c) In *The Bremen*, the court upheld the validity of a forum selection clause in international admiralty between two commercial actors. The Court of Appeals applied *The Bremen* in this case to hold that the forum selection clause was unenforceable because the parties had not negotiated it. The Supreme Court (Blackmun here) argued that the Shutes (individuals) did not negotiate with Carnival (large corporation).
- (d) The lack of bargaining does not automatically invalidate the contract, however. There are plenty of reasons why a non-negotiated forum selection clause would be reasonable: (1) avoid litigation in every single passenger's different forum, (2) dispelling confusion about the proper forum, and (3) reduced fares resulting from the limited fora. Thus, the clause is enforceable.
- (e) Re Florida as an inconvenient forum: Shutes have not satisfied the burden of proof to show heavy inconvenience.
- (f) Re violation of the Limitation of Vessel Owner's Liability Act: no evidence that Congress intended to avoid having a plaintiff travel to a distant forum in order to litigate.

6. Justice Stevens, dissenting:

- (a) Only the most meticulous passenger will be aware of the forum selection clause.
- (b) Passengers will not be able to evaluate the contract until they agree to it by purchasing a non-refundable ticket. Negotiation is not possible.
- (c) Clause *is* null and void under the Limitation of Vessel Owner's Liability Act.
- (d) This is a contract of adhesion. The Shutes did not know or consent to all of its terms.
- (e) Forum selection clauses are not enforceable if they were not freely bargained for.
- (f) The forum selection clause makes it more difficult for the Shutes to recover damages for the slip-and-fall, which is contrary to public policy.

7. Holding: The Court of Appeals is overturned (i.e., the forum selection clause was enforceable; the forum was not inconvenient; and the clause did not violate the Limitation of Vessel Owner's Liability Act).
8. Rules:
  - (a) Forum selection clauses can be enforced even if they were not freely bargained for.
  - (b) Plaintiffs have a high burden of proof to show that a forum is so inconvenient that it violated due process.
  - (c) The Limitation of Vessel Owner's Liability Act does not protect plaintiffs from traveling to distant forums to litigate their disputes.

## 4.2 Subject Matter Jurisdiction and Venue

1. Federal courts have **limited jurisdiction**. Cases must be within their limited subject matter jurisdiction.
2. The primary sources of limits on subject matter jurisdiction are Article III of the Constitution and a set of federal jurisdictional statutes.
3. Unlike personal jurisdiction, subject matter jurisdiction **cannot be waived**.
4. Federal courts must find that they have subject matter jurisdiction before they can decide any question on the merits.<sup>23</sup>
5. Courts can (and must) raise subject matter objects sua sponte.
6. Subject matter jurisdiction is designed to protect the structure of the state and federal court system.<sup>24</sup>

### 4.2.1 Federal Question Jurisdiction

1. Article III authorizes the federal judiciary:
  - (a) "...The judicial power shall extend to all cases, in law and equity, arising under this Constitution, the laws of the United States, and treaties made, or which shall be made, under their authority;—to all cases affecting ambassadors, other public ministers and consuls;—to all cases of admiralty and maritime jurisdiction;—to controversies to which the United States shall be a party;—to controversies between two or more states;—between a state and citizens of another state;—between citizens of different states;—between citizens of the same state claiming lands under grants of different states, and between a state, or the citizens thereof, and foreign states, citizens or subjects...."

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<sup>23</sup>Casebook p. 448.

<sup>24</sup>Casebook p. 448.

- (b) Federal judicial powers are **enumerated**—just like federal legislative powers. But unlike congressional power, the scope of the judiciary is narrowly construed.<sup>25</sup>
- 2. 28 U.S.C § 1331 establishes federal question jurisdiction: “The district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.”
- 3. States have concurrent jurisdiction over cases based on federal law unless Congress has provided for exclusive jurisdiction.<sup>26</sup>
- 4. Federal courts have concurrent jurisdiction over state law cases as long as there is subject matter jurisdiction. Diversity is typically the basis for federal subject matter jurisdiction, though federal questions are also often involved.<sup>27</sup>

#### 4.2.1.1 Well Pledged Complaint: *Louisville & Nashville RR Co. v. Mottley*

- 1. Facts:
  - (a) September 1871: plaintiffs won a judgment against the railroad company that awarded them free rail passes for life.
  - (b) June 29, 1906: Congress passed a statute forbidding free passes or free transportation.
  - (c) January 1, 1907: the railroad company stopped honoring the plaintiffs’ free pass.
- 2. The Mottleys brought a contract action against the railroad in federal court, alleging that (1) the congressional statute does not cover their kind of pass and (2) if the statute did cover their kind of pass, it would violate the Fifth Amendment.
- 3. The Supreme Court held that there was no subject matter question in this case. Both parties were citizens of Kentucky, so there was no diversity jurisdiction. The plaintiff’s claim was based solely on a private contract, and although the plaintiffs anticipated a federal defense from the defendants, the court held that **an anticipated federal defense is not sufficient to establish federal question jurisdiction.**
- 4. **Well pleaded complaint rule:** “Plaintiff may not anticipate a federal defense by the defendant in her complaint and use that defense as a basis for federal jurisdiction.”<sup>28</sup>

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<sup>25</sup>Casebook p. 372 n. 2.

<sup>26</sup>Casebook p. 373.

<sup>27</sup>Casebook p. 373–374.

<sup>28</sup>Casebook p. 378.

**4.2.1.2 The Kaleidoscope and the Welcome Mat: *Grable & Sons Metal Prods. v. Darue Eng. & Manuf.*** A federal cause of action is generally required to establish federal question jurisdiction, but courts can choose to hear state law cases if they implicate significant federal issues.

1. 1994: The IRS seized Grable's land in Michigan to satisfy its tax delinquency. It notified Grable by mail and sold the property to Darue under a quitclaim deed.
2. 1999: Grable brought a quiet title action against Darue in state court, claiming that Darue's title was invalid because the IRS failed to notify Grable with personal service as required by statute.
3. Darue removed to federal court on the basis that Grable's claim depended on an interpretation of federal tax law. The district court declined to remand to state court. It granted summary judgment in favor of Darue, holding that the IRS had substantially (if not literally) complied with the statute.
4. The Sixth Circuit affirmed the summary judgment. It held that jurisdiction existed because (1) the title claim raised an issue of federal law and (2) the claim implicated a substantial federal interest in construing federal tax law.
5. The question before the Supreme Court was whether a federal cause of action is always required to establish federal question jurisdiction.
6. Justice Souter:
  - Federal jurisdiction exists for state law claims if they "implicate significant federal issues."<sup>29</sup>
  - The federal issue at stake must be substantial.
  - District courts can refuse to exercise jurisdiction if the cause of action is not based on a federal question.
  - Cardozo: "a request to exercise federal-question jurisdiction over a state action calls for a 'common-sense accommodation of judgment to [the] kaleidoscopic situations' that present a federal issue, in "a selective process which picks the substantial causes out of the web and lays the other ones aside."<sup>30</sup>
  - "...the question is, does a state-law claim necessarily raise a stated federal issue, actually disputed and substantial, which a federal forum may entertain without disturbing any congressionally approved balance of federal and state judicial responsibilities."<sup>31</sup>

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<sup>29</sup>Casebook p. 390.

<sup>30</sup>Casebook p. 391.

<sup>31</sup>Casebook p. 392.

- The Court saw the absence of a federal cause of action “not as a missing federal door key, always required, but as a missing welcome mat, required in the circumstances...”<sup>32</sup>
- Affirmed.

7. Justice Thomas, concurring:

- Justice Holmes in *Merrill Dow* argued in his dissent that a federal cause of action should be necessary, not merely sufficient. Thomas argued that the current rule is unclear, and under the right circumstances he would be “willing to consider” adopting the clearer Holmes rule.<sup>33</sup>

#### 4.2.2 Diversity Jurisdiction

1. Article III § 2 defines federal judicial jurisdiction to include “all Cases...between Citizens of different States...”
2. 28 U.S.C. § 1332 authorizes diversity jurisdiction. Federal courts have original jurisdiction over all cases where the amount in controversy is greater than \$75,000 and the parties meet the diversity requirements.
3. One reason for establishing diversity jurisdiction was to protect out-of-state parties from prejudice in state courts.
4. Unlike subject matter jurisdiction, which did not receive permanent congressional authorization until 1875, Congress immediately granted diversity jurisdiction.
5. A plaintiff can aggregate multiple claims against a defendant to meet the amount in controversy requirement—however, a plaintiff cannot aggregate multiple claims against multiple defendants.

##### 4.2.2.1 Complete Diversity: *Mas v. Perry*

1. Mr. and Mrs. Mas were graduate assistants at LSU. They discovered that their landlord, Perry, had been spying on them through two-way mirrors for several months.
2. The plaintiffs sued Perry in district court in Louisiana. Perry moved to dismiss for lack of jurisdiction on the grounds that (1) the plaintiffs failed to prove diversity jurisdiction and (2) the jurisdictional amount of damages was lacking. The district court rejected the motion.
3. The Fifth Circuit held:

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<sup>32</sup>Casebook p. 394.

<sup>33</sup>Casebook p. 395–96.

- (a) Mr. Mas was a French resident, so there was diversity jurisdiction for his claim under 28 U.S.C. § 1332(a)(2) (“alienage jurisdiction”).
  - (b) Mrs. Mas was a domiciliary of Mississippi, so there was diversity jurisdiction for her claim under 28 U.S. § 1332(a)(1). (Domicile is distinct from residency. Although Mrs. Mas resided in Louisiana, she was a domiciliary of Mississippi, so diversity was preserved. Domicile is established when a person intends to remain in a state indefinitely.)
  - (c) The amount in controversy well exceeded the threshold for federal jurisdiction (then \$10,000). The *St. Paul Mercury* rule (or the “legal certainty” rule) requires defendants opposing jurisdiction to prove a “legal certainty” that the plaintiff could not recover more than the statutory threshold (now \$75,000, then \$10,000).
4. Affirmed.
5. **Complete diversity** requires that none of the plaintiffs can be from the same state as any of the defendants.

#### 4.2.2.2 The Corporate Nerve Center: *Hertz Corp. v. Friend*

- 1. The plaintiffs brought an employment claim against Hertz in California state court. Hertz requested removal to federal court. The plaintiffs argued that Hertz was a California citizen and therefore that jurisdiction was lacking.
- 2. 28 U.S.C. § 1332(c)(1) provides that a corporation is a citizen of the state where it is incorporated *and* the state where it has its principle place of business.
- 3. Hertz argued that its principle place of business was New Jersey.<sup>34</sup> The district court disagreed, relying on a Ninth Circuit precedent that defines a corporation’s principle place of business as the state where the amount of business it conducts is “significantly larger” than other states. It remanded to the state courts. The Ninth Circuit affirmed.
- 4. The Second Circuit rule was that a corporation’s principle place of business is where its “nerve center” is located.<sup>35</sup> Courts have interpreted the test with increasing complexity. The Supreme Court here sought to establish a simple rule. Expanding on the “nerve center” approach, it held that the principle place of business is “the place where a corporation’s officers direct, control, and coordinate the corporation’s activities.”<sup>36</sup>
- 5. Under the Supreme Court’s rule, Hertz’s principle place of business was not California. Reversed.

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<sup>34</sup>It is incorporated in Delaware.

<sup>35</sup>Supplement pp. 39–40.

<sup>36</sup>Supplement p. 41.

### 4.3 Supplemental Jurisdiction

1. Supplemental jurisdiction allows a claim without jurisdiction to join a claim with valid jurisdiction.
2. 28 U.S.C. § 1367, passed in 1990, codified the federal common law of pendent and ancillary jurisdiction into the single concept of supplemental jurisdiction.
3. Supplemental jurisdiction is **discretionary** (§ 1367(c)).
4. Evaluating supplemental jurisdiction cases:
  - (a) Is there a claim with valid original jurisdiction?
  - (b) Do supplemental claims form part of the same case or controversy? 28 U.S.C. § 1367(a).
  - (c) Are the supplemental claims within the § 1367(b) rules? The supplemental claim against a third-party defendant is not allowed if (1) the original basis for jurisdiction is diversity and (2) the supplemental claim would destroy diversity. § 1367(b) exists to prevent plaintiffs from bringing suit against diverse defendants and waiting for them to implead a non-diverse defendant who is the real target of the action.
  - (d) Can the court decide not to exercise supplemental jurisdiction? § 1367(c).
5. *Gibbs* is preserved in § 1367 as the “same case or controversy” requirement (§ 1367(a)).
6. *Kroger* is preserved in § 1367 as the option for courts to decline to exercise supplemental jurisdiction if it dismisses all claims over which it has original jurisdiction (§ 1367(c)(3)). certain? what about 1367(b)?

#### 4.3.0.3 Common Nucleus of Operative Fact: *United Mine Workers of America v. Gibbs*

1. Facts:
  - (a) Spring 1960: The Tennessee Consolidated Coal company laid off 100 miners belonging to the United Mine Workers, Local 5881.
  - (b) Summer 1960: Grundy Company, a subsidiary of Consolidated, hired Gibbs to serve as superintendent for the opening of a new mine that would employ members of the Southern Labor Union. Grundy also awarded him a contract to haul the mine’s coal to the railroad.
  - (c) August 15, 1960: UMW Local 5881 workers forcibly prevented the opening of the new mine, believing that Consolidated had offered them the jobs, not SLU. Gibbs lost his job as superintendent and never entered his contract.

2. Gibbs sued UMW in district court under the Labor Management Relations Act, which established federal question jurisdiction. He also made a state law claim for interference with his employment and hauling contracts.
3. The district court rejected the LMRA claim and the hauling contract claim, but it awarded damages for Gibbs for the employment interference claim.
4. The key question before the Supreme Court was whether the district court “properly entertained” jurisdiction of the state law claim.<sup>37</sup>
5. The Court held that federal courts can exercise supplemental [then, pendent] jurisdiction over state law claims if they arise from a “common nucleus of operative fact” with a federal claim.<sup>38</sup>

#### **4.3.0.4 Claims against Multiple Defendants: *Owen Equip. & Erection Co. v. Kroger***

1. James Kroger was electrocuted when the crane he was walking next to came too close to a power line.
2. Mrs. Kroger (Iowa) brought suit in district court in Nebraska against the Omaha Public Power District (Nebraska) for negligence based on diversity jurisdiction. OPPD impleaded Owen under FRCP 14(a) as a third-party defendant. Kroger amended her complaint to assert a new claim against Owen directly. OPPD left the case when the court granted its motion for summary judgment, leaving only Kroger’s direct claim against Owen.
3. On the third day of the trial, Owen revealed it was also from Iowa, eliminating diversity jurisdiction. It moved to dismiss for lack of jurisdiction. The district court denied the motion and the jury found for Kroger. The Eight Circuit affirmed.
4. Justice Stewart: Kroger’s claim against Owen was independent from its claim against OPPD, even though they arose from a common nucleus of operative fact. Therefore, there was no supplemental jurisdiction, and there was no diversity jurisdiction because both parties were from Iowa. Reversed.
5. Justice White, dissenting: Kroger did not deliberately circumvent the diversity requirement. Efficiency considerations weigh in favor of keeping the case in federal court.

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<sup>37</sup>Casebook p. 410.

<sup>38</sup>Casebook p. 411.



## 4.4 Removal

1. 28 U.S.C. § 1441 allows a defendant to remove a case from state to federal court.
2. Only defendants can remove.
3. Only state → federal. No federal → state.
4. Removal does not expand federal subject matter jurisdiction.
5. The defendant is the **master of her complaint**. She is free to bring her action in state court.

### 4.4.0.5 *Caterpillar Inc. v. Williams*

1. The plaintiffs alleged that they entered into oral employment contracts with Caterpillar, which they claim it violated when it closed its San Leandro plant and laid off the plaintiffs. The plaintiffs sued for breach of contract in state court. Caterpillar removed to district court on the grounds that any individual employment contracts were superseded by collective bargaining agreements, for which LMRA preempted state law.
2. The district court held that removal was proper. The Ninth Circuit reversed.
3. The Supreme Court affirmed. It reasoned that the plaintiff's claim was based on a private contract dispute for which there was no subject matter jurisdiction in federal court. The well pleaded complaint rule prevented Caterpillar from removing to federal court solely on the basis of a federal defense.
  - (a) There is significant dispute on this point. First, once the federal defense is pleaded as a basis for removal, it is no longer a hypothetical defense. Second, it might be unfair to prevent a defendant who relies on federal law to have a federal forum to determine its federal rights.
4. Affirmed.

## 4.5 *Forum Non Conveniens* and Transfer of Venue

1. Venue refers “to the geographic specification of the proper court or courts for the litigation of a civil action that is within the subject matter jurisdiction of the district courts in general.” 28 U.S.C. § 1390(a).
2. 28 U.S.C. § 1391, “Venue generally”: determines the federal district where a defendant can be sued.
3. 28 U.S.C. § 1404, “Change of venue”: determines when and how a case can be transferred between federal districts—“for convenience...in the interest of justice...”

4. 28 U.S.C. § 1406: “Cure of waiver of defects”: how to deal with improper venue.
5. The primary purpose of venue is to protect the defendant.<sup>39</sup>
6. Most venue requirements are waivable.
7. In 2011, Congress abolished the distinction between “local” and “transitory” actions.<sup>40</sup>

#### 4.5.1 *Piper Aircraft Co. v. Reyno*

1. Six people were killed when a small plane crashed in Scotland. On behalf of the decedents, the plaintiff sued the aircraft manufacturer (Piper) and the propeller manufacturer in a California superior court.
2. Piper successfully moved for transfer to the Middle District Court of Pennsylvania under 28 U.S.C. 1404(a) (change of venue for convenience). Then, in district court, it moved to dismiss on the grounds of *forum non conveniens*. The district court granted the motion, and the defendants agreed to submit to the jurisdiction of Scottish courts. The court noted several private interest and public policy reasons for moving the venue to Scotland.<sup>41</sup>
3. The Third Circuit reversed the motion to dismiss, arguing (1) that the district court did not have the authority to review the policy reasons for dismissal and (2) that dismissal is never appropriate when the law of the alternative forum is less favorable to the plaintiff.
4. The Supreme Court rejected the Third Circuit on both questions:
  - (a) Differences in substantive law between two forums should never be a substantial factor unless the alternative forum is egregiously bad.
  - (b) It held that the district court did not abuse its discretion in weighing the public and private interests, on the basis that foreign plaintiffs deserve less deference in determining the convenience of a forum.

## § 5 The Governing Law in the Federal Courts

### 5.1 *Swift v. Tyson*

1. Swift owned a bill of exchange that Tyson originally made to two other men, who endorsed it over to Swift. Tyson refused to pay because of a breach of the original contract for which the bill of exchange was originally

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<sup>39</sup>Casebook p. 449.

<sup>40</sup>Supplement p. 50.

<sup>41</sup>Casebook p. 474–75.

issued. Swift sued Tyson in federal court for payment. Under “local” law (New York state law), which the state court followed, Tyson’s defense was valid. Under “general” law, which federal courts followed, the defense was not valid against Swift.

2. 34 of the Judiciary Act of 1789 required the application of “the laws of the several states.” (Roughly equivalent to 28 U.S.C. 1652.)
3. In a unanimous opinion, Justice Story held that the federal court “should follow the general law rather than a state’s local law in cases where the state law deviated from the general law.”<sup>42</sup>
4. After the Civil War, the economic interests of the states began to diverge (north: finance, manufacturing; south: agriculture, labor). The Supreme Court expanded general law to include torts, so industrial accidents were increasingly litigated in federal courts. Federal courts also grew increasingly sympathetic to creditors and employers. Those who favored the results of state courts became enemies of *Swift*.

## 5.2 *Erie R.R. v. Tompkins*

1. A passing train injured the plaintiff, Tompkins, while he was walking on a footpath along a railroad track in Pennsylvania. He brought suit in federal court in Southern New York. Under Pennsylvania state law, the plaintiff would have been considered a trespasser and therefore not entitled to recover damages. Under general law, the railroad might have been held negligent.
2. The legal circumstances were unusual. At the time, “general law” usually benefited corporations, while “local law” usually favored individuals. In this case, however, the plaintiff argued for the application of general law.
3. The trial court and appellate court, following *Swift*, found that since no state statute governed the issue at hand, general law should control. They found for the plaintiff. The issue before the Supreme Court was whether the district court was free to disregard Pennsylvania common law.
4. The Court overturned the *Swift* rule. After *Erie*, there was only federal law and state law. Wherever the federal law did not explicitly apply, state law controlled.
5. Justice Brandeis made three arguments:
  - (a) First: the *Swift* court had misinterpreted the intentions of the authors of the Judiciary Act of 1789: “...the construction given to it by the court was erroneous; and that the purpose of the section was merely to make certain that, in all matters except those in which some

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<sup>42</sup>Casebook p. 491.

federal law is controlling, the federal courts exercising jurisdiction in diversity of citizenship cases would apply as their rules of decision the law of the state, unwritten as well as written.” (The notes point out that the historian on whom the opinion relies, Charles Warren, might have mistakenly interpreted the Rules of Decision Act as requiring federal courts to follow state common law even in areas where federal common law applied.)

- (b) Second: *Swift* caused significant “injustice and confusion”<sup>43</sup>—e.g., companies reincorporating in other states in order to establish diversity jurisdiction to have their cases tried in federal court (*Black & White Taxicab*). “*Swift v. Tyson* introduced grave discrimination by noncitizens against citizens.”<sup>44</sup>
  - (c) Third: The federal government did not have the power to legislate rules of tort or contract law. (This quickly became untrue as the Court expanded the federal government’s power to regulate these areas under the Commerce Clause). Federal courts also do not have the power to create rules in these areas.
6. “Except in matters governed by the Federal Constitution or by acts of Congress, the law to be applied in any case is the law of the state.... There is no federal general common law.”<sup>45</sup> Judges often rely on “general law” as a way of ignoring state laws that conflict with their views.
  7. Judgment was reversed and remanded to be decided on the basis of Pennsylvania state law.
  8. Justice Reed, concurring:
    - (a) It is enough to broaden the *Swift* framework to hold that “the laws” in the Rules of Decision Act include state common law, rather than declare the entire *Swift framework* to be unconstitutional.
    - (b) It’s “questionable” to say that Congress has no power to declare which substantive laws control in federal courts—more so because “[t]he line between procedural and substantive law is hazy.”<sup>46</sup>

### 5.3 “Outcome Determinative” Test: *Guaranty Trust v. York*

1. Background:
  - (a) **Substance vs. procedure:** did *Erie* and the Rules of Decision Act apply to both procedural and substantive law?

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<sup>43</sup>Casebook p. 501

<sup>44</sup>Casebook p. 496.

<sup>45</sup>Casebook p. 497.

<sup>46</sup>Casebook p. 499.

- (b) Before the FRCP were enacted in 1938, courts were divided into courts of law (in which cases were triable by jury) and courts of equity (where there was no right to a jury).
  - (c) The **Conformity Act of 1872** required that in cases *at law*, federal courts must conform to the procedural rules of the states in which they are located. Thus, there were procedural differences between federal courts in different states, but few differences between federal and state courts in the same state.
  - (d) But, in cases *in equity*, federal and state courts followed different rules. Federal courts developed their own system of procedural rules for suits brought in equity.<sup>47</sup>
  - (e) The **Rules Enabling Act of 1934** authorized the Supreme Court (with congressional approval) to develop a national system of procedural rules for federal civil cases. So while *Erie* required federal courts to follow state rules in substantive law, federal courts developed independent procedural rules (codified in the FRCP in 1938).
2. 1942: The plaintiff, York, brought suit in equity in NY federal court for fraud that occurred in 1931. The defendant argued that the NY statute of limitations applied both to cases at law and in equity. The plaintiff argued that the federal rule of laches, which typically applied in equity cases, should apply in this case.
  3. The trial court applied the NY statute of limitations. The appellate court reversed, holding that the laches doctrine should have applied, and granted summary judgment to the defendants.
  4. Justice Frankfurter:
    - (a) There is not a clear distinction between “substantive” and “procedural” rights.
    - (b) This case dealt with a state-created right. When a federal court adjudicates a state-created right solely on the basis of jurisdiction, it becomes “in effect, only another court of the State.”
    - (c) Question: does the statute of limitations affect “merely the manner and the means” of the right to recover, or is it “a matter of substance” that affects the result of the litigation?
    - (d) *Erie* did not intend to “formulate scientific legal terminology” around the terms “substantive” and “procedural.” It intended to ensure that outcomes of diversity cases in federal court would be similar to outcomes in state courts.
    - (e) The *Erie* doctrine does not distinguish between cases at law and cases in equity.

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<sup>47</sup>Casebook p. 504.

- (f) “The source of substantive rights enforced by a federal court under diversity jurisdiction, it cannot be said too often, is the law of the States. Whenever that law is authoritatively declared by a State, whether its voice be the legislature or its highest court, such law ought to govern in litigation founded on that law, whether the forum of application is a State or a federal court and whether the remedies be sought at law or may be had in equity.”<sup>48</sup>
  - (g) The Court reversed the appellate. Remanded for hearings under the NY statute of limitations.
  - (h) The **“outcome determinative” test**: would it significantly affect the outcome of the litigation for a federal court to disregard state law? If so, *Erie* holds that the court should follow state law.
5. Justice Rutledge, dissenting:
- (a) The distinction between “substantive” and “procedural” law is arbitrary but important.
  - (b) Forum states are free to apply their own statutes of limitations, which may be different from those of the state that originally created the substantive right.

#### 5.4 Challenging the Rules Enabling Act: *Sibbach v. Wilson & Co.*

1. A federal court required a plaintiff to submit to a medical examination. The examination would not have been mandatory under Illinois state law. She refused the exam on the grounds that the Rules Enabling Act forbade rules that abridge litigants’ substantive rights. The court held that the rule requiring medical examinations was procedural, not substantive.
2. Justice Frankfurter (and three others) dissented, arguing that the examination rule constituted “invasion of the person” and was therefore significantly different from other procedural rules.

#### 5.5 *Byrd v. Blue Ridge Rural Elec. Coop.*

1. The plaintiff, Byrd, sued the defendant for negligence for an injury he sustained while connecting power lines.
2. The defendant argued that the plaintiff was a “statutory employee” under the South Carolina Workmen’s Compensation Act when the injury occurred, which would mean that the plaintiff was barred from suing and was obliged to accept statutory compensation benefits.

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<sup>48</sup>Casebook p. 507.

3. The questions on appeal are (1) whether the appellate court erred in directing judgment for Blue Ridge without giving Byrd an opportunity to introduce further evidence, and (2) whether Byrd is entitled to a jury to determine factual issues.
4. Justice Brennan:
  - (a) Blue Ridge argued that a judge, not a jury, should decide the question of immunity. In *Adams v. Davidson-Paxon Co.*, the South Carolina Supreme court held that a judge, not a jury, should determine the question of whether the plaintiff was a statutory employee (and therefore whether the employer is immune from paying damages). The defendant's argument contends that the federal court should follow this state precedent.
  - (b) First: *Erie* held that in diversity cases, federal courts must respect state-created rights by state courts. Here, the Supreme Court found that the decision in *Adams* to send the immunity question to a judge was a "practical consideration"—"merely a form and mode"—"and not a rule intended to be bound up with the definition of the rights and obligations of the parties."
  - (c) Second: Mere "form and mode" rules can be important if they bear substantially on the outcome of the litigation. It may be in this case that the question of whether immunity should be decided by a judge or jury would bear substantially on the outcome. Here, however, there is a general federal policy of sending factual questions to the jury. Even though it may affect the outcome, the federal rule should outweigh the state rule because a federal procedural rule is "not in any sense a local matter."
  - (d) Third, it is not at all clear that sending the immunity question to a jury would result in a different outcome.
  - (e) The federal rule applies. Reversed and remanded.

## 5.6 *Hanna v. Plumer*

1. todo

## 5.7 *Walker v. Armco Steel Corp.*

1. todo

## 5.8 *Gasperini v. Center for Humanities*

1. todo

## 5.9 *Clearfield Trust Co v. United States*

1. todo

## § 6 Pleading

### 6.1 FRCP 8: General Rules of Pleading

- (a) Pleading must contain:
  - (1) Short and plain statement of jurisdiction.
  - (2) Short and plain statement of claim.
  - (3) Demand for relief.
- (b) Defenses; Admissions and Denials:
  - (1) General response:
    - \* (A) Short and plain statement of defense to each claim.
    - \* (B) Admit or deny allegations.
  - (2) Denial must respond to substance of allegation.
  - (3) General denial will deny everything. Otherwise, specific allegations must be separately admitted or denied.
  - (4) Denial in part requires admission of the part that's true and denial of the rest.
  - (5) Defense must acknowledge lack of knowledge where it exists, which has the effect of a denial.
  - (6) Failure to deny = admission.

### 6.2 FRCP 10: Form of Pleadings

- (a) Caption/names of parties.
- (b) Paragraphs must be numbered; independent statements must be separated.
- (c) Adoption by reference.

### 6.3 *McCormick v. Kopmann*

1. McCormick, widow of a man killed in a collision with Kopmann, makes two claims that are in question on appeal:
  - (a) Count I: wrongful death against Kopmann.
  - (b) Count IV: dram shop claim against the Huls.



2. Defendants moved for directed verdicts. Denied. Jury returned verdict for \$15,000 against Kopmann and found the Huls not guilty. Kopmann moved for judgment notwithstanding the verdict or for a new trial; both were denied.
3. Kopmann appealed, arguing:
  - (a) Counts I and IV are mutually exclusive. The court agreed, but held that this does not prevent them from being pleaded together. The Illinois Civil Practice Act (modeled on FRCP 8(e)(2), allows alternative pleading where the plaintiff is “genuinely in doubt as to what the facts are and what the evidence will show.”<sup>49</sup>
  - (b) Allegations of intoxication in Count IV count as binding admissions. Court held that “he is not ‘admitting’ anything other than his uncertainty.”<sup>50</sup>
  - (c) Prima facie case in Count IV means plaintiff was contributorily negligent regarding count one. The court found that the plaintiff did exercise due care and was not intoxicated.
4. Affirmed.
5. Plaintiff can plead claims that are fundamentally inconsistent.
6. Pleadings are not binding admissions. They’re hypotheses subject to proof and disproof.

#### 6.4 *Zuk v. E. Penn. Psychiatric Institute*

1. Zuk sued EPPI for copyright infringement. District court dismissed under FRCP 12(b)(6) (motion to dismiss), and found Zuk and his counsel liable for \$15,000 in sanctions and counsel fees. Zuk settled his liability and his counsel, Lipman, appealed.
2. EPPI moved for sanctions “on the grounds essentially that appellant had failed to conduct an inquiry into the facts reasonable under the circumstances and into the law.”<sup>51</sup> The court imposed sanctions based on FRCP 11 and 28 U.S.C. 1927.
3. Lipman had no liability under the Copyright Act.
4. There was no bad faith on Lipman’s part. Therefore, the lower court abused its discretion in awarding sanctions based on 28 U.S.C. 1927.

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<sup>49</sup>Casebook p. 663.

<sup>50</sup>Casebook p. 664.

<sup>51</sup>Casebook p. 671.

5. The lower court did not identify exactly how the sanctions were based on the FRCP and USC rules. The FRCP sanctions were appropriate, because the original plaintiffs' research was deficient both factually and legally, but it is not possible to review them further. Remanded to consider the type and amount of sanctions specific to the FRCP violation.
6. "...we conclude that it was in error to invoke without comment a very severe penalty."<sup>52</sup>

## 6.5 FRCP 11: Signing, Representations, Sanctions

- (a) Attorney (or self-represented party) must sign all papers.
- (b) Representations must:
  - (1) Not have any improper purpose.
  - (2) Make claims warranted by law or make nonfrivolous arguments for changing the law.
  - (3) Have evidentiary support (or probably support) for factual contentions.
  - (4) Make denials of factual contentions warranted by evidence, reasonable belief, or lack of information.
- (c) Sanctions:
  - (1) After notice and opportunity to be heard, court may sanction an attorney, firm, or party for 11(b) violations. Law firms must be held jointly responsible.
  - (2) Motions for sanctions must be made separately. The party has 21 days from the date of service to withdraw the challenged paper. The court can award expenses to the prevailing party.
  - (3) On its own initiative, a court can ask a party to show why it hasn't violated 11(b).
  - (4) Sanctions must be limited to what is necessary for deterrence. Sanctions can be nonmonetary or monetary.
  - (5) Limits on monetary sanctions:
    - \* Courts cannot sanction a represented party for violating 11(b)(2) (i.e., lawyers are responsible for legal contentions).
    - \* Courts cannot impose monetary sanctions unless it issues an 11(c)(3) show-cause order before dismissal or settlement.
  - (6) A sanction order must include an explanation.
- (d) Rule 11 does not apply to discovery motions.

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<sup>52</sup>Casebook p. 678.

## 6.6 FRCP 12: Defenses and Objections

### 6.7 *Zielinski v. Philadelphia Piers*

1. Facts:
  - (a) February 9, 1953: Sandy Johnson crashed a forklift into Frank Zielinski, causing injuries.
  - (b) February 10, 1953: Carload Contractors, Inc. sent an accident report to its insurance company.
  - (c) April 28, 1953: Zielinski filed complaint against Philadelphia Piers, Inc., arguing that (1) PPI owned the forklift that Johnson was operating and (2) Johnson was acting as an employee of PPI.
  - (d) April 29, 1953: complaint was forwarded to the insurance company.
  - (e) June 12, 1953: PPI's general manager responded to interrogatories 1 through 5.
  - (f) August 19, 1953: Sandy Johnson testified in a deposition that he was an employee of PPI.
  - (g) September 27, 1955: Pre-trial conference held where Zielinski learned that the work of moving freight on the piers had been sold to Carload Contractors, Inc., and that Johnson became an employee of Carload.
  - (h) October 21, 1955: From the answers to supplementary interrogatories, plaintiff learned that the accident report had been submitted to the insurance company.
2. In the original complaint, Zielinski claimed that PPI owned the forklift and that Johnson was an employee of PPI. Initially, PPI simply responded, "Defendant...denies the averments of paragraph 5."<sup>53</sup>
3. PPI's response was inadequate. It meant to only deny the claim of employee negligence, but it should have also addressed the question of whether PPI owned and operated the forklift. PPI's response led Zielinski to believe that PPI was the owner and operator of the forklift, but in fact it had been sold to CCI. Zielinski sued the wrong company, but by the time he learned his mistake (September 27, 1955), the statute of limitations had run.
4. FRCP 8(b) requires responses to claims to explicitly affirm or deny each element of a claim.
5. The court held that the doctrine of equitable estoppel requires that the case go forward against PPI with the record showing that PPI owned and operated the forklift—even though that wasn't actually the case.

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<sup>53</sup>Casebook p. 686.

## 6.8 *Worthington v. Wilson*

1. Facts:
  - (a) February 25, 1989: Worthington was arrested by two police officers.
  - (b) February 25, 1991: Worthington filed a complaint against the Village of Peoria Heights in county court against “three unknown named police officers.” The Village removed the action to the District Court for the Central District of Illinois.
  - (c) June 17, 1991: Worthington amended his complaint to identify the two police officers by name.
2. The statute of limitations was two years, which had expired when Worthington filed his amended complaint. Defendants argued that the amended complaint cannot related back to the filing date of the original complaint under FRCP 15(c).
3. In response, Worthington made three arguments:
  - (a) Relation back is governed by an Illinois statute, not 15(c).
  - (b) The 15(c) requirements are satisfied.
  - (c) He should not be punished for omitting the officers’ names in the original complaint because the Peoria Heights Police Department had withheld that information.
4. In *Schiavone v. Fortune* (1986), the Supreme Court held that parties to be brought in by amendment must receive notice of the action before the expiration of the statute of limitations period.
5. December 1, 1991: FRCP 15 was amended in direct response to *Schiavone*. The new rule allowed complaints to be amended at any time to correct misnamed defendants as long as the defendant was aware of the action within 120 days of the filing of the original complaint. Notice is no longer required.
6. Under the new version of FRCP 15(c), Worthington’s amendment was acceptable.
7. Defendants also argued that 15(c) does not apply because the defect in Worthington’s original complaint was due to lack of knowledge, not a “mistake.” The 7th Circuit had previously held that lack of knowledge of the proper defendant does not involve a mistake. The district court here disagreed, but out of deference agreed with defendants and granted their motion to dismiss.

## § 7 Joinder

### 7.1 Joinder of Claims, Counterclaims, Cross-claims

#### 7.1.1 FRCP 18: Joinder of Claims

- (a) A party can join as many claims, counterclaims, and cross-claims as it has against another party.
- (b) A party may join two claims even though one of them is contingent on the disposition of the other.

#### 7.1.2 FRCP 42: Consolidation; Separate Trials

- (a) If actions involve a “common question of law or fact”:
  - (1) Join all matters at issue.
  - (2) Consolidate the actions.
  - (3) Issue other orders to avoid cost or delay.
- (b) Court can order separate trials.

#### 7.1.3 FRCP 13: Counterclaim and Crossclaim

- (a) Compulsory counterclaim
- (b) Permissive counterclaim
- ...

#### 7.1.4 *Jones v. Ford Motor Credit Co.*

1. Plaintiffs sued Ford Credit, individually and as class representatives, for racial discrimination under the Equal Credit Opportunity Act.
2. Ford asserted counterclaims (1) for the plaintiffs’ unpaid car loans and (2) conditional counterclaims against any class members in default of their loans.
3. District court held that Ford’s counterclaims were not compulsory counterclaims and declined to exercise jurisdiction over the counterclaims.
4. Two types of counterclaims:
  - (a) **Compulsory**: arising from same transaction or occurrence; forfeited if not raised.
  - (b) **Permissive**: any claim not arising from the same transaction or occurrence.
5. Appellate court here agreed that Ford’s counterclaims were permissive.

6. Compulsory counterclaims *do* establish supplemental jurisdiction.
7. Third Circuit rejected the view that independent jurisdiction is required for all permissive counterclaims.
8. Now, permissive counterclaims need only have a “loose factual connection” to the original facts—a broader requirement than the *Gibbs* CNOF test.<sup>54</sup>
9. The court held that (1) supplemental jurisdiction (under 28 U.S.C. 1367) may be available for permissive counterclaims and (2) the court should not exercise its discretion to not grant supplemental jurisdiction until it has ruled on the plaintiffs’ motion for class certification.

#### **7.1.5 *Fairview Park v. Al Monzo***

1. Fairview sued Robinson Township, Al Monzo, and Maryland Casualty. Al Monzo crossclaimed against Robinson Township, and Robinson Township counterclaimed against Al Monzo.
2. Court dismissed Fairview’s claim against Robinson Township on a statutory basis.
3. The court then dismissed Al Monzo’s crossclaim against Fairview because of a lack of independent jurisdiction (since both were PA residents).
4. The court entered judgment for Fairview against Al Monzo.
5. On appeal, Al Monzo argued that “it could not be divested of jurisdiction by the Township’s dismissal as a primary defendant.”<sup>55</sup>
6. The appellate court relies on the principle that “jurisdiction which has once been attached is not lost by subsequent events.”
7. Since the claim against Robinson was dismissed *not on jurisdictional grounds*, Al Monzo’s crossclaim can remain.

#### **7.1.6 Parties and Standing**

1. Standing means a party has a claim that can survive a motion to dismiss.
2. Standing requirements stem from the “case or controversy” requirement of Article III.
3. Rules have been criticized as obscure and complex.
4. State courts generally follow different and simpler standing rules.

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<sup>54</sup>Casebook p. 718.

<sup>55</sup>Casebook p. 725

### **7.1.7 FRCP 20: Permissive Joinder of Parties**

#### **7.1.8 *Kedra v. City of Philadelphia***

1. Plaintiffs brought action under the Civil Rights Act and the Constitution against city of Philadelphia and multiple police officers and officials for brutality, etc.
2. Defendants first contested the mother's prosecution of the case on behalf of her minor sons. Court rejected this as frivolous.
3. Defendants second argued that there was an improper joinder of defendant parties because the events, which occurred over fourteen or fifteen months, do not arise from the same transaction, occurrence, or series of transactions or occurrences. Court found that the events *did* arise from the same occurrences, so joinder was proper under FRCP 20(a).
4. There was also the question of whether joinder of defendants would prejudice some of them. Court held that it would be better to address this question after discovery.

### **7.1.9 FRCP 19: Required Joinder of Parties**

#### **7.1.10 *Temple v. Synthes Corp.***

1. Temple sued Synthes in district court and the doctor in state court. The district court ordered Temple under FRCP 19 to join the doctor or face dismissal. The appellate court agreed.
2. Here, the Supreme Court reversed because the doctor and Synthes were jointly and severally liable, which historically are *permissive* parties but not *necessary* parties.

#### **7.1.11 *Helzberg's Diamond Shops v. Valley West Des Moines Shopping Center***

1. Helzberg's lease with Valley West stipulated that no more than two other full jewelry shops could open in the mall. When the mall signed a lease with a fourth jewelry shop, Lord's, Helzberg sought injunctive relief against Valley West.
2. Valley West moved to dismiss because Helzberg had failed to join Lord's under FRCP 19. Denied.
3. It was not feasible for Lord's to be joined because Lord's was not subject to the court's personal jurisdiction. Under rule 19, the court was then required to determine whether Lord's was indispensable. It decided that it was not, because Lord's absence would not prejudice it because all of its rights under its lease are maintained.

4. “In sum, it is generally recognized that a person does not become indispensable to an action to determine rights under a contract simply because that person’s rights or obligations under an entirely separate contract will be affected by the result of the action.”<sup>56</sup>

#### 7.1.12 FRCP 14(a)–(b): Third-Party Practice

- (a) When a Defending Party May Bring in a Third Party.
  - (1) A defending party may bring in a third party, at which point the defending party becomes a “third-party plaintiff.” It must obtain the court’s leave to file a complaint against a third party more than 14 days after serving its original answer.
  - (2) The third-party defendant:
    - \* (A) Must assert rule 12 defenses.
    - \* (B) Must assert 13(a) counterclaims, may assert 13(b) counterclaims, and may assert 13(g) crossclaims against other third-party defendants.
    - \* (C) May assert any of the third-party plaintiff’s defenses against the primary plaintiff.
    - \* (D) May assert claims [counterclaims?] against the primary plaintiff arising from the same subject matter as the plaintiff’s claim against the third-party plaintiff.
  - (3) Primary plaintiff may assert claims against third-party defendant arising from the same subject matter as the plaintiff’s claims against the third-party plaintiff. The third-party defendant must assert rule 12 defenses and rule 13(a) counterclaims, and may assert rule 13(b) counterclaims and rule 13(g) crossclaims.
  - (4) Any party may move to strike, sever, or try separately the third-party claim.
  - (5) Third-party defendants can assert this rule against any nonparty.
  - (6) [Admiralty/maritime jurisdictions]
- (b) When a plaintiff may bring in a third party: same rules as for defending parties.

#### 7.1.13 *Banks v. City of Emeryville*

- 1.

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<sup>56</sup>Casebook p. 749.



#### 7.1.14 FRCP 24: Intervention

1. (a) Intervention of right.
2. (b) Permissive intervention.
3. (c) Notice and pleading required.

#### 7.1.15 *Atlantis Dev. Corp. v. United States*

- 1.

## § 8 Discovery

1. Discovery consists of (1) interrogatories, (2) requests for production or inspection, and (3) depositions.<sup>57</sup>
2. Fuller disclosure leads to the most favorable case for each party.<sup>58</sup>
3. Legitimate purposes: promotes settlement, helps determine whether a case can be decided in a summary judgment.
4. Less legitimate purposes: inflict costs, harass, reconstruction [–? see p. 883.]
5. State discovery rules generally track the federal rules.
6. The discovery process:
  - (a) *Informal investigation*: happens outside the compulsory structure of formal discovery—interviews, document review, property visits.
  - (b) *Discovery plan*: FRCP 26(f) requires parties to agree to a discovery plan.
  - (c) *Initial disclosures*: mandatory disclosures include (1) names and contact details of relevant individuals, (2) copies or descriptions of records, (3) computations of damages, and (4) insurance information. FRCP 26(a)(1)(A). Parties are only required to disclose information that is favorable to their cases.<sup>59</sup>
  - (d) *Depositions*:
    - i. Depositions are binding but expensive. Lawyers generally depose all unfriendly witnesses.<sup>60</sup>
    - ii. FRCP 30 defines the scope of depositions.

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<sup>57</sup>Casebook p. 9.

<sup>58</sup>Casebook p. 882.

<sup>59</sup>Casebook p. 885.

<sup>60</sup>Casebook p. 886.

- iii. Lawyers can instruct defendants not to answer to (1) preserve a privilege, (2) enforce a protect order limiting discovery, or (3) stop abusive behavior.
- (e) *Interrogatories*: written questions that must be answered under oath, often with accompanying requests for documents. FRCP 33 governs interrogatories.
- (f) *Production*: items can be obtained by subpoena if necessary. FRCP 34 controls.
- (g) *Physical and mental examinations*: only when physical or mental states are issues in the case. FRCP 35 controls.
- (h) *Requests for admission*: to determine whether facts are accurate and documents genuine. FRCP 36.
- (i) *Motions for protective orders and motions to compel*: court must award attorneys' fees to the winning party. FRCP 26(c), 37(a)(1).
- (j) *Sanctions*: most commonly an award of costs.

## 8.1 FRCP 26: Duty to Disclose; General Provisions Governing Discovery

- (a) Required disclosures.
  - (1) Initial disclosure.
    - \* (A) Generally:
      - (i) Names and contact details.
      - (ii) Copies or descriptions of documents, etc.
      - (iii) Computation of damages.
      - (iv) Insurance details.
    - \* (E) Parties must supplement disclosures when required under 26(e).
- (b) Discovery scope and limits.
  - (1) Parties can discover all nonprivileged matter relevant to claims or defenses. It need not be admissible at trial if it is *reasonably calculated* lead to the discovery of admissible evidence.
  - (2) Limitations on frequency and extent.
    - \* (A) Court can alter limits.
    - \* (B) Electronic information need not be produced if it carries undue burden or cost.
    - \* (C) Court must limit discovery under certain circumstances (enumerated within).
  - (3) Trial preparation: materials [i.e., work product—see *Hickman*].

- \* (A) Tangible things prepared for litigation are not discoverable, unless:
  - (i) They are discoverable under 26(b)(1).
  - (ii) There is substantial need or they cannot be obtained without undue hardship.
- \* (B) Mental impressions, etc. are excluded [i.e., only facts are discoverable].

How would *Hickman* be decided under this rule?

- \* (C) People can access their own statements.
- (c) With good cause, the court can protect material from discovery.
- (d) After the initial discovery meeting under 26(f), discovery can proceed in any sequence.
- (e) Supplements and corrections are sometimes required.
- (f) Conference of the parties; planning for discovery.
  - (1) Parties must confer as soon as practicable.
  - (2) Parties must submit a discovery plan within 14 days.
  - (3) Requirements for the discovery plan.

## 8.2 FRCP 29: Stipulations about Discovery Procedure

## 8.3 FRCP 30: Depositions by Oral Examination

- (a) When a deposition may be taken.
- (b) Notice of the deposition; other formal requirements.
  - (1) Notice.
  - (2) Producing documents.
  - (6) Notice or subpoena directed to an organization.
- (c) Examination and cross-examination; record of the examination; written questions.
  - (1) Conducted as they would be at trial.
- (d) Duration; sanction; motion to terminate or limit.
  - Limited to one day of seven hours.

## 8.4 FRCP 33–36

- 33: Interrogatories to Parties.
- 34: Producing Documents, Electronically Stored Information, and Tangible Things, or Entering onto Land, for Inspection and Other Purposes.
- 35: Physical and mental examinations.
- 36: Requests for admission.

## 8.5 Privileges and Sanctions

1. There were several privileged relationships under the common law, including attorney-client, spouse-spouse, doctor-patient, clergy-penitent, and others that vary by state. There is also the Fifth Amendment privilege against self-incrimination.
2. Privileged information is not discoverable even if it is relevant to the litigation.
3. Privilege protects the source, not the information itself.
4. Privilege can be waived, even unintentionally.

### 8.5.1 Work product: *Hickman v. Taylor*

1. Enabling broad discovery vs. encouraging adversarial hearings.
2. “Work product” is material prepared in anticipation of trial.
3. Facts:
  - (a) February 7, 1943: tug J.M. Taylor sank; five of nine crew drowned.
  - (b) March 4, 1943: public hearing at United States Steamboat Inspectors where the four survivors testified.
  - (c) March 29, 1943: Fortenbaugh privately interviewed survivors and took signed statements. (He conducted other interviews, too, and in some cases made memoranda.)
  - (d) November 26, 1943: estate of the fifth dead crew member (here, petitioner) brought suit against the two tug owners and the railroad.
4. Petitioner requested via interrogatories copies of all incident-related records, including signed witness statements, unwritten oral statements, and Fortenbaugh’s own memoranda. The court in the Eastern District of Pennsylvania held that the materials were not privileged and ordered disclosure. When the respondents refused, the court held them in contempt. (The contempt order allowed Fortenbaugh to appeal immediately, rather than wait for the trial to end.)

- (a) Under 26(b)(1) alone, these materials would have been discoverable, and they were not protected by attorney-client privilege.
- 5. The Third Circuit reversed, holding that the requested information was privileged because it was part of the “**work product of the lawyer.**”<sup>61</sup>
- 6. Justice Murphy:
  - Discovery has two purposes: (1) narrow and clarify the issues in the case and (2) ascertain the facts.
  - The specific rule in question here is irrelevant; what matters is the question of whether “materials collected by an adverse party’s counsel in the court of preparation for possible litigation” are privileged.<sup>62</sup>
  - Hickman (petitioner) argued that the privilege to withhold material must be limited to the attorney-client privilege.
  - The attorney-client privilege is not an appropriate framework to answer the question in this case because that privilege does not cover witness interviews or subsequent memoranda, etc.
  - Here, Hickman has requested information that he could have discovered for himself (e.g., testimony of known witnesses). Hickman has failed to show that disclosure of these materials is necessary or that nondisclosure would lead to injustice.
  - The Supreme Court was generally enthusiastic of the liberal FRCP disclosure regime, which was still new at the time.<sup>63</sup> Requiring disclosure of an attorney’s work product would lead to “[i]nefficiency, unfairness, and sharp practices.”<sup>64</sup> Other arguments against disclosure (in Bradt’s framing):
    - (a) It would create a disincentive to create the work product in the first place, which might make for worse lawyering.
    - (b) “Sweat of the brow” argument: it would be unfair to let an attorney freeride on an opposing attorney’s work.
    - (c) Mental impressions are inherently private.
  - Affirmed.
- 7. Justice Jackson, concurring:
  - Restricting discovery preserves adversarial proceedings.
  - Requiring lawyers to disclose their work product would force them to become witnesses for “other witnesses’ stories.”<sup>65</sup>

8. Parts of *Hickman* codified in FRCP 26(b)(3):

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<sup>61</sup>Casebook p. 919.

<sup>62</sup>Casebook p. 920.

<sup>63</sup>Casebook p. 920.

<sup>64</sup>Casebook p. 923.

<sup>65</sup>Casebook p. 925–926.

- (a) The definition of work product and its broad protection.
- (b) “But a common law trial is and always should be an adversary proceeding. Discovery was hardly intended to enable a learned profession to perform its functions either without wits or on wits borrowed from the adversary.”<sup>66</sup>
- (c) Work product immunity is limited when there is “substantial need” or the threat of “undue hardship.”

### 8.5.2 Work-product doctrine

1. In 1970, the FRCP were amended to include an exception for work-product materials in 26(b)(3): material “prepared in anticipation of litigation or for trial...”
2. The work-product doctrine can be overcome only if the information cannot be obtained or can only be obtained with great difficulty.<sup>67</sup>
3. Courts (including the *Hinckman* court) are divided on whether attorneys must disclose unrecorded recollections of witnesses’ statements.
4. Work product is only protected if it was prepared specifically for the possibility of litigation (though the specific case may not matter).
5. Witnesses must still be disclosed before trial.
6. Discovery sanctions:
  - (a) FRCP 26(g): courts must sanction violations of the 26(g) certification requirement.
  - (b) FRCP 30: failure to attend a deposition or to subpoena a witness for a deposition is sanctionable.
  - (c) FRCP 37: (1) If a court orders disclosure, it must award costs to the winning party. (2) If a party disobeys a judicial order, the court must order it to pay expenses.
  - (d) The severity of sanctions are left to district courts.<sup>68</sup>

### 8.5.3 FRCP 37: Failure to Make Disclosures or to Cooperate in Discovery; Sanctions.

- (a) Motion for an order compelling disclosure or discovery.
  - (1) Must include a showing of a good faith attempt at discovery or obtaining disclosure without court action.
- (b) Failure to comply with a court order.

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<sup>66</sup>Casebook p. 925.

<sup>67</sup>Casebook p. 929.

<sup>68</sup>Casebook p. 977.

## § 9 Summary Judgment

1. **Motion for dismissal for failure to state a claim:** assuming the plaintiff's allegations are true, the court determines whether there is a cause of action. Federal claims fall under FRCP 12(b)(6) and state claims fall under demurrer rules. Motions to dismiss are based on the pleadings themselves; any additional factual allegations will cause the motion to be treated as a motion for summary judgment.
2. **Motion for summary judgment:** either side can challenge the legal sufficiency of the other's factual allegations or legal contentions under 12(a) (formerly 12(c)).
  - (a) Exists to decide issues that are so one-sided that a trial would be wasteful.<sup>69</sup>
  - (b) Pleadings do not support motions for summary judgment<sup>70</sup>—i.e., the motions for summary judgment must be supported with facts, not allegations.
  - (c) “...one of the prime uses of discovery is to gather information that will be useful in supporting and opposing summary judgment.”<sup>71</sup>
  - (d) **Burden of production:** plaintiff must produce sufficient evidence on each element of the case for a jury to reasonably rule in its favor. Otherwise, under FRCP 50, the judge may grant judgment as a matter of law.<sup>72</sup>
  - (e) **Burden of persuasion:** the standard by which a plaintiff will have to convince a jury (which, in civil cases, is “by a preponderance”).<sup>73</sup>
  - (f) Summary judgment tests the whether a party can meet the burden of production.

[p. 994 n. 5: how do you determine whether a motion for summary judgment is “supported”?]

### 9.1 FRCP 56

- (a) Court can grant summary judgment if “there is not genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.”
- (b) Parties may file motions within 30 days after the close of discovery.
- (c) Procedures.

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<sup>69</sup>Casebook p. 992 n. 1.

<sup>70</sup>Casebook p. 993 n. 2

<sup>71</sup>Casebook p. 993.

<sup>72</sup>Casebook p. 994–95 n. 4.

<sup>73</sup>Casebook p. 994 n. 4

- (1) Supporting factual assertions.
- (2) Facts must be admissible.
- (3) Court can consider materials not cited in the motion.
- (4) Affidavits/declarations.
- (d) When facts are unavailable to the non-movant.
- (e) Failing to properly support or address a fact.
- (f) Judgment independent of the motion. [Courts can grant summary judgments absent motions from any party.]
- (g) Failing to grant the requested relief. [If the summary judgment doesn't end the case, its outcome can still come into play during trial.]
- (h) Court can impose sanctions for bad faith affidavits/declarations.

## 9.2 Summary Judgment: *Adickes v. S.H. Kress & Co.*

1. Sandra Adickes, a white teacher, took a group of black students to Kress restaurant in Hattiesburg, Mississippi. She was refused service and then arrested for vagrancy.
2. She alleged that (1) she was refused service because she was part of a mixed-race group and (2) the refusal of service and subsequent arrest resulted from a conspiracy between Kress and the Hattiesburg police. The District Court for the Southern District of New York directed a verdict for the defendants on the first count and granted summary judgment on the second. The Second Circuit unanimously affirmed.
3. The Supreme Court reversed on both counts (but the edited opinion in the casebook addresses only the summary judgment on the second count).
4. Justice Harlan:
  - (a) To show conspiracy as alleged, Adickes must show (1) that an employee of Kress deprived her of her constitutional rights and (2) that the defendant acted “under color of law” (which is satisfied if an employee and the policeman “somehow reached an understanding to deny Miss Adickes service”<sup>74</sup>).
  - (b) Summary judgment was inappropriate because the respondent, Kress, “failed to carry its burden of showing the absence of any genuine issue of fact”<sup>75</sup> (and any material it submitted “must be viewed in the light most favorable to the opposing party”<sup>76</sup>).

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<sup>74</sup>Casebook p. 986.

<sup>75</sup>Casebook p. 987.

<sup>76</sup>Casebook p. 988.



- (c) In this case, the two big factual gaps were that the police officers failed to “foreclose the possibility” that they (1) were in the store and (2) influenced the Kress employee to not serve Adickes.<sup>77</sup>
- (d) Because respondent did not meet the burden of establishing the police officers’ presence, petitioner was not required to file opposing affidavits.
- (e) Reversed.

### 9.3 *Celotex Corp. v. Catrett*

1. Catrett died in 1979. In 1980, his wife (respondent) filed suit against 15 asbestos companies, including Celotex (petitioner).
2. Celotex moved for summary judgment for lack of evidence showing that its product was a proximate cause of Catrett’s death, including a lack of witnesses who could testify to that effect. Catrett produced three documents she claimed demonstrated “a genuine material factual dispute.”<sup>78</sup> Celotex argued that the documents were inadmissible hearsay.
3. The District Court for D.C. granted the motions from Celotex and the other defendants. Catrett appealed only the grant for Celotex. The D.C. Circuit reversed on the grounds that Celotex failed to show any evidence to support its motion.<sup>79</sup>
4. Justice Rehnquist:
  - (a) The D.C. Circuit’s opinion was inconsistent with FRCP 56. The plaintiff bears the burden of proof for its claim, and in this case the defendant’s motion contended that the plaintiff failed to establish the existence of an element essential to its case.
  - (b) The moving party need not negate its opponent’s claim.
  - (c) “One of the principle purposes of the summary judgment rule is to isolate and dispose of factually unsupported claims or defenses, and we think it should be interpreted in a way that allows it to accomplish this purpose.”<sup>80</sup>

## § 10 Jury Trials

### 10.1 Overview and Background

1. Very few cases go to trial.<sup>81</sup>

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<sup>77</sup>Casebook p. 990.

<sup>78</sup>Casebook p. 996–97.

<sup>79</sup>Casebook p. 997.

<sup>80</sup>Casebook p. 998.

<sup>81</sup>Casebook p. 1057.

2. As of 2002, 2/3rds of federal trials were heard before a jury, while 97% of all state trials were heard before a judge.<sup>82</sup>
3. Pre-jury verdict motions: nonsuit, directed verdict (state) or judgment as a matter of law (federal).
4. Post-jury verdict motions: judgment n.o.v. (state), judgment as a matter of law (federal), or new trial (both).<sup>83</sup>
5. A party waives the right to a jury trial if it does not request it. FRCP 38.
6. Seventh Amendment guarantee to a jury trial does not apply to the states.<sup>84</sup>
7. Six and twelve are the most common jury sizes. Six is the lower limit.
8. The Supreme Court has upheld non-unanimous verdicts. FRCP 48 requires a unanimous verdict unless the parties stipulate otherwise.

## 10.2 Judgment as a Matter of Law: *Simblest v. Maynard*

1. A travelling salesman collided with a fire truck in an intersection in Burlington. He claimed that the power went out when he was in the middle of the intersection, including the traffic lights. All other witnesses testified that the power had gone out at least ten minutes before.
2. He looked to his right when he was half or three-fourths of the way through the intersection. That was the first time he saw the fire truck. He claimed to have not heard the siren nor seen the flashing lights.
3. The salesman sued for negligence to recover for injuries he suffered from the collision.
4. At the close of the plaintiff's case, the defendant moved for a directed verdict. Denied.
5. The jury found for the plaintiff. The defendant moved for judgment n.o.v., which the judge granted.
6. The plaintiff argued, first, that the district court granted the judgment n.o.v. in error.
  - (a) The court here explained the standard of review for judgments n.o.v. **"that, without weighing the credibility of the witnesses or otherwise considering the weight of the evidence, there can be but one conclusion as to the verdict that reasonable men could have reached."**<sup>85</sup> Evidence must be viewed in the light most favorable to the non-moving party.

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<sup>82</sup>Casebook p. 1058.

<sup>83</sup>Casebook p. 1060.

<sup>84</sup>Casebook p. 1098.

<sup>85</sup>Casebook p. 1165.

- (b) A key question is whether the court can consider *all* evidence or only evidence favorable to the non-moving party and all uncontradicted, unimpeached evidence against him. Vermont law would allow all evidence. The plaintiff argued that the federal rules would allow only favorable evidence. The court here held that the federal standard also allows admission of uncontradicted, unimpeached evidence.
  - (c) Under either rule, however, the court believed it was clear that the plaintiff was guilty of contributory negligence. Thus, the judgment n.o.v. for the defendant was properly granted.
7. The plaintiff argued in the alternative that the district court erred in declining to instruct the jury on last clear chance. The court dispatched with this argument with the conclusion that “the overwhelming, uncontroverted evidence demonstrates that defendant in the exercise of due care simply could not have avoided the accident.”<sup>86</sup>
  8. The *Simblest* court developed a three-part test for determining whether a jury could reasonably find for the non-moving party:<sup>87</sup>
    - (a) Review all of the evidence in the record. [—but didn’t the court interpret the federal standard to only include unfavorable evidence if it’s unimpeached and uncontradicted?]
    - (b) Draw all reasonable inferences in favor of the non moving party.
    - (c) Not make credibility determinations or weigh the evidence.
  9. Courts rarely grant pre-verdict motions for judgment as a matter of law, because if the case is successfully appealed, it will have to be retried entirely from the beginning. However, if the judge grants a motion for judgment after a matter of law after the jury has returned a verdict, a successful appeal will only reinstate that jury’s verdict.

### 10.3 *Sioux City & Pac R.R. Co. v. Stout*

1. A six-year-old was injured while playing on an unlocked railyard turntable. His parents brought an action for negligence. The jury returned a verdict of \$7,500 for the plaintiff.
2. The court reasoned that if the evidence led to a reasonable inference of negligence, it was free to find for the plaintiff. In this case, because it was reasonable to think that an unlocked turntable might lead to injuries for kids playing on it, negligence was a reasonable inference.
3. “...although the facts are undisputed it is for the jury and not for the judge to determine whether proper care was given, and whether they establish negligence.”<sup>88</sup>

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<sup>86</sup>Casebook 1169.

<sup>87</sup>Casebook p. 1170 n. 2.

<sup>88</sup>Casebook p. 1175.

4. What distinguishes this case from *Simblest*? The facts are disputed in both. In both, the court held in substance that the facts were in dispute. In *Simblest*, however, the judge did not believe that the facts could give rise to a reasonable finding in favor of the plaintiff. In this case, however, the judge believed it was reasonable to infer the defendant's negligence.

#### **10.4 FRCP 50: Judgment as a Matter of Law in a Jury Trial; Related Motion for a New Trial; Conditional Ruling**

- (a) Judgment as a matter of law.
- (b) Renewing the motion after trial; alternative motion for a new trial.
- (c) Granting the renewed motion; conditional ruling on a motion for a new trial.
- (d) Time for a losing party's new-trial motion.
- (e) Denying the motion for judgment as a matter of law; reversal on appeal.

#### **10.5 FRCP 59: New Trial; Altering or Amending a Judgment**

1. (a) In general.
2. (b) Time to file a motion for a new trial.
3. (c) Time to serve affidavits.
4. (d) New trial on the court's initiative or for reasons not in the motion.
5. (e) Motion to alter or amend a judgment.

#### **10.6 Overview of Post-Trial Motions**

1. A court can do two things after a jury returns a verdict:<sup>89</sup>
  - (a) Enter judgment against the verdict-winner—i.e., judgment as a matter of law (federal law) or judgment n.o.v. (state).
  - (b) Grant a new trial because of weak evidence or procedural errors.

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<sup>89</sup>Casebook p. 1180.

## 10.7 *Tanner v. United States*

1. Petitioners Conover and Tanner were convicted of conspiring to defraud the United States. The Eleventh Circuit affirmed.
2. The petitioners argued that the district court erred in refusing to admit juror testimony at a post-verdict hearing on juror intoxication during the trial.
3. Evidence shows that multiple jurors were drinking, smoking marijuana, and taking cocaine throughout the trial. One of the jurors involved reported the activity to the petitioner's attorney. The district court denied motions for leave to interview jurors or for an evidentiary hearing.
4. Justice O'Connor:
  - (a) The firm common law rule is that juror testimony cannot impeach a jury verdict. A few exceptions exist for "external" influence, e.g., when a juror had applied for a job in the D.A.'s office. Juror testimony is not allowed on "internal" influences, including allegations of insanity or lack of understanding of English.
  - (b) The rule exists to protect jurors from harassment and to preserve the jury's independence.
  - (c) "There is little doubt that post-verdict investigation into juror misconduct would in some instances lead to the invalidation of verdicts reached after irresponsible or improper juror behavior. It is not at all clear, however, that the jury system could survive such efforts to perfect it."<sup>90</sup>
  - (d) The legislative history of the Federal Rules of Evidence suggest that Congress explicitly rejected a version of the rules "that would have allowed jurors to testify on juror conduct during deliberations, including juror intoxication."
  - (e) Petitioners argue that the refusal to hold an evidentiary hearing at which jurors could testify violates the Sixth Amendment guarantee to a competent jury. The court held that nonjuror evidence and the inadmissibility of juror testimony rendered a post-verdict evidentiary hearing unnecessary.
5. Justice Marshall, dissenting:
  - (a) The Federal Rules of Evidence (here, 606(b)) does not preclude juror testimony on conduct before or after deliberations. Because the allegations of misconduct here involved juror activity beyond deliberation, it should have been admitted.
  - (b) Justice Marshall has a different reading of the legislative history.

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<sup>90</sup>Casebook p. 1184.

- (c) Regarding the internal/external influence distinction, as “a common sense matter, drugs and alcohol *are* outside influences on jury members.

## 10.8 *Spurlin v. Gen. Motors*

1. A school bus crashed in Alabama when its brakes failed. Several suits against General Motors were consolidated. The jury awarded \$70,000 in each wrongful death case. The court granted General Motors’s motions for judgment n.o.v. and, in the alternative, a new trial on the grounds that the evidence did not support the verdict.
2. On the judgment n.o.v.:
  - (a) The *Boeing v. Shipman* standard for reviewing judgments n.o.v. is that the court should consider *all* evidence in light of all reasonable inferences favorable to the party opposed to the motion. If there is substantial evidence opposed to the motion, it must be denied.<sup>91</sup>
  - (b) In this case, witness testimony established substantial evidence that the braking system on the bus was not reasonably safe and thus that GM had breached its duty as a manufacturer.
  - (c) Judgment n.o.v. reversed.
3. On the motion in the alternative for new trial:
  - (a) Seventh Amendment guarantees strong protections for jury verdicts.
  - (b) District Courts should not grant motions for new trials unless the jury verdict is at least “against the *great* weight of the evidence.”<sup>92</sup>
  - (c) The evidence in this case was “at best conflicting.” In such cases, courts are not free to set aside jury verdicts.
  - (d) Grant of new trial overturned.

## 10.9 Entering and Enforcing Judgments

- 1.

## § 11 Appeals

1. The right to appellate review exists when (1) the court violated procedure or (2) the court’s decision rested on “misapplication of the substantive law or gross misapprehension of the facts.”<sup>93</sup>

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<sup>91</sup>Casebook p. 1191.

<sup>92</sup>Casebook p. 1195.

<sup>93</sup>Casebook p. 1325.

2. If a plaintiff received less than he wanted at trial, he becomes an “aggrieved party” and can appeal the judgment.
3. State courts often hear mooted cases to decide important questions of law. Federal courts observe stricter standards on mooted cases because of Article III’s cases and controversies restriction.
4. Parties that have intervened in litigation have a right to appeal.
5. **Final judgment rule:** appeal is generally allowed only from final judgment, though interlocutory appeal is allowed under some circumstances. For instance, FRCP 23(f) allows interlocutory appeal of class certification decisions.<sup>94</sup>
6. Scope of appeal:<sup>95</sup>
  - (a) Questions on appeal generally must have been raised during trial.
  - (b) Appellant must specify matters on appeal.
  - (c) Appellate courts do not accept new evidence.
  - (d) Appellate courts will not overrule decisions within the “sound discretion” of the trial judge unless abuse of discretion is apparent.
  - (e) Harmless or nonprejudicial errors will not be reversed.
  - (f) The scope of injunctive relief is generally limited to abuse of discretion.

### 11.1 *Digital Equip. Corp. v. Desktop Direct*

1. Desktop sued Digital for use of the “Desktop Direct” name. The two reached a confidential settlement which included a waiver of all damages and dismissal of the suit. Desktop filed a notice of dismissal in district court.
2. Months later, Desktop discovered that Digital had misrepresented material facts during settlement negotiations. It moved to vacate the dismissal. The court vacated the dismissal and Digital appealed.
3. The Tenth Circuit dismissed the appeal for lack of jurisdiction under 28 U.S.C. § 1291, holding that the district court’s order to vacate the dismissal neither ended the litigation nor fell within the “collateral order exception.”
4. Justice Souter:

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<sup>94</sup>Casebook p. 1326.

<sup>95</sup>Casebook p. 1326–1327.

- (a) The **collateral order doctrine** allows appeal from “a narrow class of decisions that do not terminate the litigation, but must...nonetheless be treated as ‘final.’”<sup>96</sup>
- (b) Digital argued that its “right not to stand trial” under its private settlement agreement required the protection of immediate appeal. It argued that its right was analogous to the qualified immunity right in *Mitchell*.
- (c) The Supreme Court held that the right Digital asserted can be adequately protected once final judgment had been rendered at trial. If it allowed Digital’s interlocutory appeal, other types of decision would also be subject to interlocutory appeal—including claims of lack of personal jurisdiction, that the statute of limitations has run, that no material fact is in dispute, and others.<sup>97</sup>
- (d) “...such a right by agreement does not rise to the level of importance needed for recognition under § 1291.”<sup>98</sup>
- (e) Affirmed.

## 11.2 28 U.S.C. § 1257

- (a) The Supreme Court can review decisions from state courts of last resort.

## 11.3 28 U.S.C. § 1291

Federal appellate courts can hear appeals “from all final decisions of the district courts of the United States...”

## 11.4 28 U.S.C. § 1292

- (a)(1) Federal appellate can hear appeals from interlocutory orders from district courts.
- (b) Appellate courts can decide whether an order from a district court “involves a controlling question of law as to which there is a substantial ground for for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation...”

mechanics of interlocutory appeals?

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<sup>96</sup>Casebook p. 1347.

<sup>97</sup>Casebook p. 1349.

<sup>98</sup>Casebook p. 1350.



## § 12 Preclusion

1. **Res judicata** (claim preclusion): a claim (and related claims) cannot be relitigated after final judgment.<sup>99</sup>
2. **Collateral estoppel** (issue preclusion): an issue of fact or law cannot be relitigated after final judgment.
3. When filing a claim, failing to file a related claim can prevent the claimant from litigating that claim in the future.
4. Some states define “claim” more narrowly—e.g., California relies on the “primary right,” allowing two suits based on the same facts to be brought separately if they are based on the same primary right.<sup>100</sup>
5. Restatement (Second) of Judgments, § 24(2): “What factual grouping constitutes a ‘transaction,’ and what groupings constitute a ‘series,’ are to be determined pragmatically, giving weight to such considerations as whether the facts are related in time, space, origin, or motivation, whether they form a convenient trial unit, and whether their treatment as a unit conforms to the parties’ expectations or business understanding or usage.”<sup>101</sup>
6. Failure to assert a compulsory counterclaim generally bars that claim from future actions.<sup>102</sup>
7. Intervenor must pursue its claims or be barred by claim preclusion in future actions.<sup>103</sup>
8. Res judicata generally applies to causes of action but not to parties.<sup>104</sup>
9. A claim is precluded if a court has entered final judgment on the merits. The definitive final judgment is a trial verdict affirmed on appeal. **Non-final judgments** include dismissals for problems with subject matter jurisdiction, personal jurisdiction, or venue. Most other types of judgment (failure to state a claim, summary judgment, dismissal for failure to follow court orders) generally count as final. The question is whether the plaintiff had an opportunity to be heard on the merits.

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<sup>99</sup>Casebook p. 1224.

<sup>100</sup>Casebook p. 1238.

<sup>101</sup>Casebook p. 1239.

<sup>102</sup>Casebook p. 1240.

<sup>103</sup>Casebook p. 1240.

<sup>104</sup>Casebook p. 1241.

## 12.1 Consequences of Final Judgment: *Federated Department Stores, Inc. v. Moitie*

Once a claim reaches final judgment, parties cannot raise other claims arising from the same transaction or occurrence. Res judicata overrides competing policy concerns. It is usually worth keeping a case alive on appeal.

1. The government brought an antitrust suit against Federated Department Stores and others. Seven plaintiffs filed civil actions, including Moitie in state court (*Moitie I*) and Brown in the Northern District of California (*Brown I*). The civil claims followed the government's claims almost verbatim, although Moitie referred only to state law.
2. *Moitie I* was removed to district court. All civil claims were directed to the same federal judge.
3. The district court rejected all of the civil claims for failure to allege an "injury" to their "business or property" under § 4 of the Clayton Act.<sup>105</sup>
4. Five of the plaintiffs appealed in the Ninth Circuit. The lawyer representing Moitie and Brown, however, chose to refile in state court (*Moitie II* and *Brown II*).
5. *Moitie II* and *Brown II* were removed to federal court. The court found that they were "in many respects identical" to the earlier claims. It dismissed them under res judicata.<sup>106</sup>
6. While *Moitie II* and *Brown II* were pending appeal, the Supreme Court decided *Reiter v. Sonatone Corp.*, holding that retailers *could* allege an "injury" to their "business or property" under § 4 of the Clayton Act, and accordingly the Ninth Circuit reversed the five cases pending appeal. The Ninth Circuit also reversed the dismissals of *Moitie II* and *Brown II* on the same grounds, even though it violated a strict interpretation of res judicata, because "the doctrine of res judicata must give way to 'public policy' and 'simple justice.'"<sup>107</sup>
7. Justice Rehnquist:
  - (a) "...such an unwarranted departure from res judicata is unwarranted. Indeed, the decision below is all but foreclosed by our prior case law."<sup>108</sup>
  - (b) "The doctrine of res judicata serves vital public interests beyond any individual judge's determination of the equities in a particular case."<sup>109</sup>

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<sup>105</sup>15 U.S.C. § 15.

<sup>106</sup>Casebook p. 1225.

<sup>107</sup>Casebook p. 1226.

<sup>108</sup>Casebook p. 1227.

<sup>109</sup>Casebook p. 1229.

- (c) Reversed.
- 8. Justice Blackmun, concurring:
  - (a) There may be cases where policy concerns override res judicata.
  - (b) *Brown II* should not even been allowed in federal court because *Brown I* was res judicata.
- 9. Justice Brennan, dissenting:
  - (a) Agree with Blackmun that *Brown I* was res judicata.

## 12.2 Claim Preclusion: *Davis v. DART*

A plaintiff must bring all causes of action related to the same claim. Any related actions he fails to bring are barred from future suits. Preclusion is harsh.

1. 2001: Davis and Johnson alleged race discrimination and retaliation under Title VII and violations of the First and Fourteenth Amendments under 42 U.S.C. § 1983 against Dallas Area Rapid Transit and its Chief of Police. They originally brought the claim in state court and it was removed to Texas district court (*Davis I*). The district court dismissed the claims with prejudice.
2. 2002: Davis and Johnson brought another action in district court alleging similar (but not identical) claims. The court granted summary judgment for the defendants on the grounds that (1) they failed to raise an issue of fact about whether their nonselection for promotion was racially motivated and (2) res judicata from *Davis I* precluded the remaining claims.
3. The Fifth Circuit identified four factors for barring claims under res judicata:
  - (a) Identical parties.
  - (b) Prior judgment from a court of competent jurisdiction.
  - (c) Prior judgment that was final and on the merits.
  - (d) Same cause of action in both suits.
4. Only the fourth factor was disputed here. The standard of review for the Fifth Circuit was (1) whether the barred claims were part of the same cause of action (“same nucleus of operative facts”) and (2) whether Davis and Johnson could have advanced the barred claims in *Davis I*.<sup>110</sup>
5. The court here found that the claims in both cases “originate from the same continuing course of allegedly discriminatory conduct” and that the claims could have been brought together (despite the plaintiff’s argument that their pending EEOC claim prevented bringing the full action in court).

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<sup>110</sup>Casebook p. 1233.

### 12.3 Claim Splitting: *Staats v. County of Sawyer*

If the initial forum lacks jurisdiction to adjudicate the entirety of the plaintiff's claims, the remaining claims are not barred from future litigation.

1. The county eliminated Staats' job. He believed the county based its decision on disability discrimination. He filed a state law claim with the Wisconsin Equal Rights Division, which authorized a hearing before an administrative judge. That judge found for Staats. On appeal, the Labor and Industry Review Commission rejected his claim and the state court affirmed.
2. Meanwhile, he filed charges with federal Equal Employment Opportunity Commission, which issued him a right-to-sue letter. The district court rejected his federal claims on the ground of claim preclusion.
3. The Seventh Circuit here held that the initial state forum did not have jurisdiction to hear the entirety of Staats' claim. Rather, the circumstances required **claim splitting** between that forum and another. "...Staats had no way to consolidate his WFEA, ADA, and Rehabilitation Act claims in any single forum. He was forced to split his claims and litigate them in separate fora."<sup>111</sup> Staats was not precluded from bringing his federal claims in another forum.
4. Reversed.

### 12.4 Collateral Estoppel: *Levy v. Kosher Overseers Ass'n of Am.*

To have preclusive effect on issues, the final judgment on the merits must have evaluated an identical issue.

1. KOA applied to the PTO to register a mark containing a K within a circle. Levy (d.b.a. OK Labs) filed an "opposition" with the PTO's Trademark Trial and Appeal Board. The TTAB sustained the opposition and refused KOA's application.
2. KOA did not appeal the TTAB's decision. It kept using the mark.
3. OK sued in federal court. The court granted summary judgment against KOA on the collateral estoppel effect of the TTAB's decision and granted a permanent injunction.
4. The Second Circuit held that there are four factors to apply collateral estoppel to bar litigation:<sup>112</sup>

(a) Identical issues.

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<sup>111</sup>Casebook p. 1246.

<sup>112</sup>Casebook p. 1252.

- (b) Prior proceeding “must have been actually litigated and actually decided.
  - (c) Full and fair opportunity for litigation in the prior proceeding.
  - (d) Final judgment on the merits.
5. The court agreed with KOA’s argument that the TTAB applied a different test than a federal court would (under the Lanham Act) in evaluating the claims of “likelihood of confusion.” The TTAB did not consider actual usage of the mark, whereas a federal court would apply the “Polaroid factors.”<sup>113</sup>
  6. Reversed.

## 12.5 Informal Proceedings and Issue Preclusion: *Jacobs v. CBS*

To have an issue-preclusive effect, the earlier proceeding must have had adequate procedural safeguards.

1. Givens wrote a manuscript for a TV show. He contracted with Westwind to pitch the show to CBS. Under the “First Agreement,” CBS agreed to acquire the broadcast rights. Under the “Second Agreement,” CBS bought all rights and agreed to credit Webb and Jacobs as Executive Producers.
2. CBS later produced a show based on a similar premise. It did not credit Givens. The Writers’ Guild of America concluded that Givens was not a “participating writer” and refused to represent him in arbitration against CBS.
3. Meanwhile, Givens, Jacobs, Webb, and Westwind sued CBS in California state court. CBS removed to federal court and Givens dropped out.
4. CBS moved for summary judgment, arguing that the plaintiffs’ claims were completely derivative of Givens’ claim and that the WGA’s determination that Givens was not a participating writer had a collateral estoppel effect. The court granted the motion.
5. The Ninth Circuit held that to demonstrate collateral estoppel, CBS must show:<sup>114</sup>
  - (a) Identical issues.
  - (b) Actual litigation.
  - (c) Decision on the issue.
  - (d) Final judgment on the merits.

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<sup>113</sup>Casebook p. 1253.

<sup>114</sup>Casebook p. 1258.

- (e) Plaintiffs were in privity with Givens.
- 6. The plaintiffs argued that the WGA proceedings could not have an issue-preclusive effect because they lacked adequate procedural safeguards.<sup>115</sup> The Ninth Circuit agreed. Reversed.

## **12.6    *Taylor v. Sturgell***

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### **12.6.1    *Parklane Hosiery v. Shore***

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<sup>115</sup>Casebook pp. 1259–1260.