

State A sent three of its employees to a city located in State B to consult with a chemical laboratory there about matters of state business. While in the course of their employment, the three State A employees negligently released into local State B waterways some of the chemical samples they had received from the laboratory in State B.

Persons in State B injured by the release of the chemicals sued the three State A employees and State A in a State B court for the damages they suffered. After a trial in which all of the defendants admitted jurisdiction of the State B court and fully participated, the plaintiffs received a judgment against all of the defendants for \$5 million, which became final.

Subsequently, the plaintiffs sought to enforce their State B court judgment by commencing a proper proceeding in an appropriate State A court. In that enforcement proceeding, State A argued, as it had done unsuccessfully in the earlier action in the State B court, that its liability is limited by a State A law to \$100,000 in any tort case. Because the three individual employees of State A are able to pay only \$50,000 of the judgment, the only way the plaintiffs can fully satisfy their State B court judgment is from the funds of State A.

Can the plaintiffs recover the full balance of their State B court judgment from State A in the enforcement proceeding they filed in the State A court?

- A. No, because the State A employees were negligent and, therefore, their actions were not authorized by State A.
- B. No, because the Tenth Amendment preserves the right of a state to have its courts enforce the state's public policy limiting its tort liability.
- C. Yes, because a limitation on damage awards against State A for tortious actions of its agents would violate the equal protection clause of the Fourteenth Amendment.
- D. Yes, because the final judgment of the State B court is entitled to full faith and credit in the State A courts.

Explanation:

The Article IV **full faith and credit clause** requires states to respect the public acts, records, and judicial proceedings of other states. Under this clause, a **state court** must **recognize and enforce judicial decisions** rendered by a **court in another state** when:

- that court had **personal jurisdiction** and **subject-matter jurisdiction**
- the case was decided on its **merits**—ie, the substantive elements or grounds of a claim or defense—and
- a **final judgment** was entered.

Here, the State B residents (plaintiffs) sued the State A employees and State A (defendants) in a State B court. The defendants admitted that the court had *jurisdiction*. The case was then decided on its *merits* when the court issued a \$5 million judgment against the defendants. And since the State B judgment became *final*, it is entitled to full faith and credit in the State A courts. Therefore, the plaintiffs can recover the full balance of that judgment from State A in the enforcement proceeding they filed in the State A court.

(Choice A) Since the employees acted in the course of their employment, their actions were authorized by State A—even if the employees were negligent. And State A is vicariously liable for that negligence under the doctrine of *respondeat superior*.

(Choice B) The Tenth Amendment gives states any power that is not expressly given to the federal government by the Constitution—eg, the power of state courts to enforce the state's public policy limiting its tort liability. But when exercising such powers, states must comply with other constitutional provisions—eg, the full faith and credit clause.

(Choice C) A limitation on damage awards against State A likely would *not* violate the *equal protection clause* because it would not substantially impact a fundamental right or protected class.

Educational objective:

Under the full faith and credit clause, a state court must recognize and enforce a judicial decision by a court in another state when (1) that court had personal and subject matter jurisdiction, (2) the case was decided on its merits, and (3) a final judgment was entered.

References

- *Baker v. Gen. Motors Corp.*, 522 U.S. 222, 231–33 (1998) (explaining when the full faith and credit clause applies to state court judgments).
- *V.L. v. E.L.*, 136 S. Ct. 1017, 1020–22 (2016) (holding that a state court cannot relitigate a case that has already been decided on its merits in a court of another state).

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Full faith and credit clause
(duty to respect/enforce judgment by court in another state)

