

An investor from State A sued a company from State B in a federal court. The investor's complaint asserted a misrepresentation claim for \$40,000 and a breach-of-contract claim for \$40,000. The claims arose from unrelated investments that the investor made in the company.

The company moved to dismiss the complaint for lack of subject-matter jurisdiction.

Is the court likely to grant the motion?

- A. No, because original jurisdiction exists over the claims.
- B. No, because supplemental jurisdiction exists over the claims.
- C. Yes, because neither claim independently satisfies the amount-in-controversy requirement.
- D. Yes, because the claims arose from unrelated investments.

Explanation:

Amount in controversy

(aggregation of claims)

Procedural posture	Claims asserted	Outcome
One π v. one Δ	<ul style="list-style-type: none">• Negligence – \$40K• Battery – \$60K	<ul style="list-style-type: none">• Aggregation allowed• Amount in controversy = \$100K
One π v. multiple Δ s	<ul style="list-style-type: none">• Negligence against $\Delta 1$ – \$40K• Battery against $\Delta 2$ – \$60K	<ul style="list-style-type: none">• Aggregation <i>not</i> allowed unless Δs jointly liable• Amounts in controversy = \$40K & \$60K
Multiple π s v. one Δ	<ul style="list-style-type: none">• $\pi 1$ asserts negligence – \$40K• $\pi 2$ asserts battery – \$60K• $\pi 1$ asserts negligence – \$40K• $\pi 1$ asserts breach of contract – \$40K• $\pi 2$ asserts battery – \$60K	<ul style="list-style-type: none">• Aggregation <i>not</i> allowed unless πs enforcing common or undivided interest• Amounts in controversy = \$40K & \$60K• Aggregation allowed for $\pi 1$'s claims• Aggregation <i>not</i> allowed for $\pi 2$'s claim• Amounts in controversy = \$80K & \$60K

π = plaintiff; Δ = defendant.

A federal court has the authority to hear a case or controversy if it falls within the court's **original subject-matter jurisdiction**. Original jurisdiction is established through either:

- federal-question jurisdiction – when a claim arises under the U.S. Constitution, a treaty, or federal law (not seen here) *or*
- **diversity jurisdiction** – when the **opposing parties** are **citizens** of different states (ie, **are diverse**) and the **amount in controversy exceeds \$75,000**.

The amount in controversy is the amount demanded in the plaintiff's complaint, excluding interest and costs. To meet the required amount, a **single plaintiff** can **aggregate** (ie, combine) any claims asserted against a **single defendant**. This is true even if those claims are legally and/or factually unrelated—eg, the investor's claims that arose from unrelated investments **(Choice D)**.*

Here, the investor and the company are diverse since they are from States A and B, respectively. Neither of the investor's claims independently exceeds \$75,000. But since the claims are asserted against a single defendant, they can be aggregated to \$80,000 to satisfy the amount-in-controversy requirement **(Choice C)**. As a result, original jurisdiction exists over the claims, and the federal court will likely deny the company's motion to dismiss.

*FRCP 42 allows a federal court to order separate trials of related and/or unrelated claims for convenience, to avoid prejudice, or to expedite and economize.

(Choice B) A federal court may exercise [supplemental jurisdiction](#) to hear certain claims that do not arise under the court's original jurisdiction—ie, federal-question or diversity jurisdiction. But here, supplemental jurisdiction need not be analyzed since the court has diversity jurisdiction over the aggregated claims.

Educational objective:

To meet the amount-in-controversy requirement for diversity jurisdiction (excess of \$75,000), a single plaintiff can aggregate (ie, combine) his/her claims against a single defendant—even if those claims are unrelated.

References

- 28 U.S.C. § 1332 (diversity jurisdiction).