

Hundreds of same-sex couples domiciled across the country initiated a class action in a federal district court against a health insurance company. The suit alleged that the insurance company violated a federal statute by charging the couples higher insurance premiums solely because they were in a same-sex relationship. The suit sought an injunction to stop the insurance company's discriminatory premiums as well as individualized monetary damages of \$5,000 to \$20,000 for each couple.

The district court entered an order certifying the suit as a "final equitable relief" class action after it determined that injunctive relief was appropriate because the insurance company's actions applied generally to the whole class. The insurance company immediately appealed the certification order.

Is the federal appellate court likely to overturn the certification order?

- A. No, because subject-matter jurisdiction exists over the class action.
- B. No, because the district court has not entered a final judgment.
- C. Yes, because the amount-in-controversy requirement was not satisfied.
- D. Yes, because the class action seeks individualized monetary damages.

### Explanation:

A [federal appellate court](#) applies the abuse of discretion standard when reviewing a district court's discretionary certification order authorizing a **class action** to proceed. Class action certification is proper if the case satisfies four prerequisites (shown above) and is one of the following types of class actions:

- Prejudicial risk – when separate actions would create a risk of (1) inconsistent decisions regarding the parties or (2) impairing absent class members' interests
- Common question – when common questions of law or fact predominate over individual questions and a class action is the best method to resolve the dispute
- **Final equitable relief** – when **injunctive or declaratory relief** is appropriate because the opposing party's actions **generally apply to the whole class**

A certified "final equitable relief" class action is **valid if** the suit also seeks **incidental monetary damages**. Such damages flow from liability to the class and do not require individualized determinations (eg, statutorily mandated damages). In contrast, a certified "final equitable relief" class action is **invalid if** the suit also seeks **individualized monetary relief** (as seen here).<sup>\*</sup> Therefore, the district court abused its discretion in certifying the couples' suit as a "final equitable relief" class action, and the certification order will likely be overturned.

<sup>\*</sup>A certified "final equitable relief" class action that seeks individualized monetary relief may violate due process because, unlike in "common question" class actions, class members are not entitled to notice or an opportunity to opt out and pursue individual suits.

**(Choices A & C)** [Subject-matter jurisdiction](#) exists through federal-question jurisdiction, which has no amount-in-controversy requirement, because this class action arises under a federal statute. However, this action was improperly certified since it contains individualized monetary claims.

**(Choice B)** The [final-judgment rule](#) bars a federal appellate court from hearing an appeal until the district court has entered a final judgment—absent limited exceptions. One such exception is an appeal of a district court's order granting or denying class action certification (as seen here).

### Educational objective:

A suit may be certified as a "final equitable relief" class action when injunctive or declaratory relief is appropriate because the opposing party's actions generally apply to the whole class. Certification of such a class action is appropriate even if it also seeks incidental monetary damages—but not individualized monetary relief.

### References

- Fed. R. Civ. P. 23(a)–(b) (class action certification requirements).

- Wal-Mart Stores, Inc. v. Dukes, 564 U.S. 338, 360–62 (2011) (explaining that certification of a "final equitable relief" class action is invalid when the class members seek individualized monetary relief).

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## Class action certification requirements

### Case satisfies prerequisites

- **Numerosity** – joinder of all members is impracticable
- **Commonality** – class shares common questions of law or fact
- **Typicality** – named parties' claims or defenses are typical of class AND
- **Adequacy** – named parties will protect class's interests

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### Case is suitable type of class action

- **Prejudicial risk** to parties or absent class members if separate actions
- **Final equitable relief** is appropriate because opposing party's actions apply to whole class OR
- **Common questions** of law or fact predominate & class action is best method to resolve dispute

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**Certification permitted**