

An administrator brought a federal diversity action on behalf of a deceased woman's estate against a farmer to quiet title to 200 acres of land. The jury returned a verdict for the farmer, and the court entered judgment. The beneficiary of the woman's estate then sued the farmer in federal court contesting ownership of the land. The farmer has moved to dismiss the beneficiary's action on the basis of collateral estoppel (issue preclusion).

Should the court grant the farmer's motion?

- A. No, because the beneficiary was not a party to the action between the administrator and the farmer.
- B. No, because the claims are not sufficiently identical.
- C. Yes, because the beneficiary's interests were adequately represented in the administrator's action.
- D. Yes, because the farmer was a party to the first action.

Explanation:

Exceptions to rule against nonparty preclusion

Issue preclusion may be asserted against nonparty who:

- agreed to be bound by judgment
- had substantial legal relationship with party (eg, bailor–bailee)
- was adequately represented by party with same interests (eg, class action)
- assumed control over case (eg, insurer–insured)
- attempts to relitigate through proxy *or*
- was sued under special statutes that bar relitigation & satisfy due process

Collateral estoppel (ie, issue preclusion) is a defense that **bars the relitigation of issues** that were actually litigated, determined, and essential to a valid final judgment. This defense can be asserted against parties to the first action or their privies. But it typically **cannot be asserted against a nonparty** to the first action because the nonparty would be deprived of the opportunity to fully and fairly litigate his/her claims and defenses.

However, one **exception** arises when the **nonparty's interests** were **adequately represented in the first action** by a party with the same interests. For example, a beneficiary is adequately represented in a suit involving an administrator of an estate since the administrator represents the interests of the estate and the beneficiaries in that suit.

Here, the administrator of the woman's estate brought the first quiet title action against the farmer, and a final judgment was entered in the farmer's favor. The beneficiary of the woman's estate then filed a second quiet title action against the farmer contesting ownership of the same land. Although the beneficiary was not a party to the first action, the administrator adequately represented the beneficiary's interest in the land (**Choice A**). Therefore, the court should grant the farmer's motion to dismiss the beneficiary's action.

(**Choice B**) **Claim preclusion** bars identical *claims*, while issue preclusion (asserted here) bars subsequent cases that involve the same *issues of fact or law* as a prior action.

(**Choice D**) For collateral estoppel to apply, the party *against* whom it is asserted (here, the beneficiary) must have been a party to the first action—absent an exception. But whether the party *asserting* collateral estoppel (here, the farmer) was a party to the first action is irrelevant.

Educational objective:

Collateral estoppel bars the relitigation of issues that were actually litigated, determined, and essential to a valid final judgment and can be asserted against a nonparty to the first

action in limited situations—eg, when the nonparty's interests were adequately represented in the first action by a party with the same interests.

References

- Taylor v. Sturgell, 553 U.S. 880, 893–95 (2008) (listing the exceptions to the rule against nonparty preclusion).
- 18A Charles Alan Wright et al., Federal Practice and Procedure § 4454 (3rd ed. 2020) (explaining that issue preclusion can be asserted against a nonparty when he/she was adequately represented in the first action).

Copyright © UWorld. All rights reserved.