

EXXON MOBIL CORPORATION v. ALLAPATTAH SERVICES

United States Supreme Court (2005).

___ U.S. ___, 125 S.Ct. 2611, 162 L.Ed.2d 502

Editor’s Note: This case finally answered a question that has long-divided lower federal courts—not to mention the Supreme Court, in this 5-4, three-opinion case. *Gibbs*, *Aldinger*, and *Owen* are the initial cases assigned for “Supplemental Jurisdiction Day” (Class 3.1). Time permitting, we will at least begin *Allapattah* as our 4th case in this judicial unit. *Allapattah* reviews the key cases, reviews basic diversity jurisdiction principles, and addresses amount-in-controversy “aggregation” (thus no longer requiring the time-consuming coverage of the “aggregation” hypotheticals at casebook p.266). I have added [], and italics at certain points (without so indicating). Most case and statutory citations are omitted.

Allapattah further serves as the substitute for *Executive Software* (casebook p.305). That case addresses the §1367(c) factors that a federal trial judge must consider, when deciding whether to decline to hear that portion of the same case which does not independently fall within federal SMJ. *Executive Software* focuses on the requirement that, unlike the unbridled discretion federal judges exercised since *Gibbs*, the 1990 codification of supplemental jurisdiction (§1367) greatly limited that discretion. The *Executive Software* trial judge was thus reversed for failing to state his reason for not hearing the state (non-federal) portion of that federal case. *Allapattah* construes §1367 as a whole, while integrating some important joinder principles on which we will focus later in the course.

You will note, when perusing the dissents, that lifetime appointees can afford to get this cantankerous, in ways which are normally unavailable to those of us who have or will appear before the bench. Now that you have reached this stage in your legal studies, you should recognize that the method to the professor’s madness—including but not limited to assigning dissents—likely has something to do with your learning how to predict future changes in the law, by both the legislature and the courts. When you have finished digesting this case, reconsider the proposition that “judges do not legislate.”

Majority Opinion: Justice Kennedy delivered the opinion of the Court.

These consolidated cases present the question whether a federal court in a diversity action may exercise supplemental jurisdiction over additional plaintiffs whose claims do not satisfy the minimum amount-in-controversy requirement, provided the claims are part of the same case or controversy as the claims of plaintiffs who do allege a sufficient amount in controversy. Our decision turns on the correct interpretation of 28 U.S.C. § 1367. The question has divided the Courts of Appeals, and we granted certiorari to resolve the conflict.

* * *

I

In 1991, about 10,000 Exxon dealers filed a class-action suit against the Exxon Corporation in the United States District Court for the Northern District of Florida. The dealers alleged an intentional and systematic scheme by Exxon under which they were overcharged for fuel purchased from Exxon. The plaintiffs invoked the District Court’s § 1332(a) diversity jurisdiction. After a unanimous jury verdict in favor of the plaintiffs, the District Court certified the case for interlocutory review, asking whether it had properly exercised § 1367 supplemental jurisdiction over the claims of class members who did not meet the jurisdictional minimum amount in controversy [in excess of \$75,000].

The Court of Appeals for the Eleventh Circuit upheld the District Court’s extension of supplemental jurisdiction to these class members. * * *

In the other [consolidated for appeal] case now before us * * * a 9-year-old girl sued Star-Kist in a diversity action * * * seeking damages for unusually severe injuries she received

when she sliced her finger on a tuna can. Her family joined in the suit, seeking damages for emotional distress and certain medical expenses [totaling <75k]. * * *

The Court of Appeals for the First Circuit * * * ruled that the injured girl, but not her family members, had made [justiciable] allegations of damages in the requisite amount. * * * The Court of Appeals then addressed whether, in light of the fact that one plaintiff met the requirements for original jurisdiction, supplemental jurisdiction over the remaining plaintiffs' claims was proper under § 1367. * * *

II

A

The district courts of the United States * * * are “courts of limited jurisdiction. They possess only that power authorized by Constitution and statute.” * * * Although the district courts may not exercise jurisdiction absent a statutory basis, it is well established—in certain classes of cases—that, once a court has original jurisdiction over some claims in the action, it may exercise supplemental jurisdiction over additional claims that are part of the same case or controversy. The leading modern case for this principle is *Mine Workers v. Gibbs*. In *Gibbs*, the plaintiff alleged the defendant’s conduct violated both federal and state law. The District Court, *Gibbs* held, had original jurisdiction over the action based on the federal claims. *Gibbs* confirmed that the District Court had the additional power (though not the obligation) to exercise supplemental jurisdiction over related state claims that arose from the same Article III case or controversy. * * *

We have not, however, applied *Gibbs*’ expansive interpretive approach to other aspects of the jurisdictional statutes. For instance, we have consistently interpreted § 1332 as requiring complete diversity: In a case with multiple plaintiffs and multiple defendants, *the presence in the action of a single plaintiff from the same State as a single defendant* deprives the district court of original diversity jurisdiction over the entire action [citing *Owen Equipment v. Kroeger*]. The complete diversity requirement is not mandated by the Constitution, [n]or by the plain text of § 1332(a). The Court, nonetheless, has adhered to the complete diversity rule in light of the purpose of the diversity requirement, which is to provide a federal forum for important disputes where state courts might favor, or be perceived as favoring, home-state litigants. The presence of parties from the same State on both sides of a case dispels this concern, eliminating a principal reason for conferring § 1332 jurisdiction over any of the claims in the action.

* * *

Before the [1990] enactment of § 1367, the Court declined in contexts *other than* the pendent-claim instance to follow *Gibbs*’ expansive approach to interpretation of the jurisdictional statutes. The Court took a more restrictive view of the proper interpretation of these statutes in so-called pendent-party cases involving supplemental jurisdiction over claims involving additional parties—plaintiffs or defendants—where the district courts would lack original jurisdiction over claims by each of the parties standing alone. Thus, with respect to plaintiff-specific jurisdictional requirements, the Court held in *Clark v. Paul Gray, Inc.*, (1939), that *every plaintiff must separately satisfy the amount-in-controversy requirement*. Though *Clark* was a federal-question case, at that time federal-question jurisdiction had an amount-in-controversy requirement analogous to the amount-in-controversy requirement for diversity cases. “Proper practice,” *Clark* held, “requires that where each of several plaintiffs is bound to establish the jurisdictional amount with respect to his own claim, the suit should be dismissed as to those who fail to show that the requisite amount is involved.” The Court reaffirmed this rule, in the context of a class action brought invoking § 1332(a) diversity jurisdiction, in *Zahn v. International Paper Co.* (1973). It follows “inescapably” from *Clark*, the Court held in *Zahn*, that “any plaintiff without the jurisdictional amount must be dismissed from the case, even though others allege jurisdictionally sufficient claims.”

The Court took a similar [restrictive] approach with respect to supplemental jurisdiction over claims against additional defendants that fall outside the district courts’ original jurisdiction. In *Aldinger v. Howard*, the plaintiff brought a 42 U.S.C. § 1983 action against county officials in

district court pursuant to the statutory grant of jurisdiction in 28 U.S.C. § 1343(3). The plaintiff further alleged the court had supplemental jurisdiction over her related state-law claims against the county, even though the county was not suable [at that time] under § 1983 and so was not subject to § 1343(3)'s original jurisdiction. The Court held that supplemental jurisdiction could not be exercised because Congress, in enacting § 1343(3), had declined (albeit implicitly) to extend federal jurisdiction over any party who could not be sued under the federal civil rights statutes. "Before it can be concluded that [supplemental] jurisdiction [over additional parties] exists," *Aldinger* held, "a federal court must satisfy itself not only that Art[icle] III permits it, but that Congress in the statutes conferring jurisdiction has not expressly or by implication negated its existence."

In *Finley v. United States*, we confronted a similar issue in a different statutory context. The plaintiff in *Finley* brought a Federal Tort Claims Act negligence suit against the Federal Aviation Administration in District Court, which had original jurisdiction under § 1346(b). The plaintiff tried to add related claims against other defendants, invoking the District Court's supplemental jurisdiction over so-called pendent parties. We held that the District Court lacked a sufficient statutory basis for exercising supplemental jurisdiction over these claims. Relying primarily on *Zahn*, *Aldinger*, and *Kroger*, we held in *Finley* that "a grant of jurisdiction over claims involving particular parties does not itself confer jurisdiction over additional claims by or against different parties." * * * *Finley* held that in the context of *parties*, in contrast to *claims*, "we will not assume that the full constitutional power has been congressionally authorized, and will not read jurisdictional statutes broadly."

As the jurisdictional statutes existed in 1989 * * * , here is how matters stood: First, the diversity requirement in § 1332(a) required *complete* diversity; absent complete diversity, the district court lacked original jurisdiction over all of the claims in the action [citing *Owen*]. Second, if the district court had original jurisdiction over at least one claim, the jurisdictional statutes implicitly authorized supplemental jurisdiction over all other claims between the same parties arising out of the same Article III case or controversy. *Gibbs*. Third, even when the district court had original jurisdiction over one or more claims between particular parties, the jurisdictional statutes did not authorize supplemental jurisdiction over additional claims involving *other* parties. *Clark*, *Zahn*, *Finley*.

B

In *Finley* [1989] we emphasized that "[w]hatever we say regarding the scope of jurisdiction conferred by a particular statute can of course be changed by Congress." In 1990, Congress accepted the invitation. It passed the Judicial Improvements Act, which enacted § 1367, the provision which controls these cases.

All parties to this litigation and all courts to consider the question agree that § 1367 overturned the result in *Finley*. * * * In order to determine the scope of supplemental jurisdiction authorized by § 1367, then, we must examine the statute's text in light of context, structure, and related statutory provisions.

Section 1367(a) is a broad grant of supplemental jurisdiction over other claims within the same case or controversy, as long as the action is one in which the district courts would have original jurisdiction. The last sentence of § 1367(a) makes it clear that the grant of supplemental jurisdiction extends to claims involving joinder or intervention of additional parties. The *single question* before us, therefore, is whether a diversity case in which the claims of some plaintiffs satisfy the amount-in-controversy requirement, but the claims of others plaintiffs do not, presents a "civil action of which the district courts have original jurisdiction." If the answer is yes, § 1367(a) confers supplemental jurisdiction over all claims, including those that do not independently satisfy the amount-in-controversy requirement, if the claims are part of the same Article III case or controversy. If the answer is no, § 1367(a) is inapplicable and, in light of our holdings in *Clark* and *Zahn*, the district court has no statutory basis for exercising supplemental jurisdiction over the additional claims.

We now conclude the answer must be yes. When the * * * complaint contains at least one claim that satisfies the amount-in-controversy requirement, and there are no other relevant jurisdictional defects, the district court, beyond all question, has original jurisdiction over that claim. The presence of other claims in the complaint, over which the district court may lack original jurisdiction, is of no moment. If the court has original jurisdiction over a single claim in the complaint, it has original jurisdiction over a “civil action” within the meaning of § 1367(a), even if the civil action over which it has jurisdiction comprises fewer claims than were included in the complaint. Once the court determines it has original jurisdiction over the civil action, it can turn to the question whether it has a constitutional and statutory basis for exercising supplemental jurisdiction over the other claims in the action.

Section 1367(a) commences with the direction that §§ 1367(b) and (c), or other relevant statutes, may provide specific *exceptions*, but otherwise § 1367(a) is a broad jurisdictional grant, with no distinction drawn between pendent-claim and pendent-party cases. In fact, the last sentence of § 1367(a) makes clear that the provision grants supplemental jurisdiction over claims involving joinder or intervention of additional parties. The terms of § 1367 do not acknowledge any distinction between pendent jurisdiction [*Gibbs*] and the doctrine of so-called ancillary jurisdiction [*Owen*].

* * *

The specific exceptions to § 1367(a) contained in § 1367(b), moreover, provide additional support for our conclusion that § 1367(a) confers supplemental jurisdiction over these claims. Section 1367(b), which applies only to diversity cases, *withholds* supplemental jurisdiction over the claims of plaintiffs proposed to be joined as *indispensable* parties under Federal Rule of Civil Procedure 19, or who seek to intervene pursuant to Rule 24. Nothing in the text of § 1367(b), however, withholds supplemental jurisdiction over the claims of plaintiffs permissively joined under Rule 20 (like the additional plaintiffs in [*Starkist*]) or certified as class-action members pursuant to Rule 23 (like the additional plaintiffs in [*Allapattah*]). The natural, indeed the necessary, inference is that § 1367 confers supplemental jurisdiction over claims by Rule 20 and Rule 23 plaintiffs. This inference, at least with respect to Rule 20 plaintiffs [who join together in a single action], is strengthened by the fact that § 1367(b) explicitly *excludes* supplemental jurisdiction over claims against *defendants* joined under Rule 20.

We cannot accept the view, urged by some of the parties, commentators, and Courts of Appeals, that a district court lacks original jurisdiction over a civil action unless the court has original jurisdiction over every claim in the complaint.

* * *

We also reject the argument * * * that while the presence of additional *claims* over which the district court lacks jurisdiction does not mean the civil action is outside the purview of § 1367(a), the presence of additional *parties* does. The basis for this distinction is not altogether clear * * *. Section 1367(a) applies by its terms to any civil action of which the district courts have original jurisdiction, and the last sentence of § 1367(a) expressly contemplates that the court may have supplemental jurisdiction over additional parties. So it cannot be the case that the presence of those parties destroys the court’s original jurisdiction, within the meaning of § 1367(a), over a civil action otherwise properly before it. Also, § 1367(b) expressly withholds supplemental jurisdiction in diversity cases over claims by plaintiffs joined as indispensable parties under Rule 19.

* * *

And so we circle back to the original question. When the well-pleaded complaint in district court includes multiple claims, all part of the same case or controversy, and some, but not all, of the claims are within the court’s original jurisdiction, does the court have before it “any civil action of which the district courts have original jurisdiction”? It does. Under § 1367, the court has original jurisdiction over the civil action comprising the claims for which there is no jurisdictional defect. No other reading of § 1367 is plausible in light of the text and structure of

the jurisdictional statute. Though the special nature and purpose of the diversity requirement mean that a single nondiverse party can contaminate every other claim in the lawsuit, the contamination does not occur with respect to jurisdictional defects that go only to the substantive importance of individual claims.

It follows from this conclusion that the threshold requirement of § 1367(a) is satisfied in cases, like those now before us, where some, but not all, of the plaintiffs in a diversity action allege a sufficient amount in controversy. We hold that § 1367 by its plain text overruled *Clark* and *Zahn* and authorized supplemental jurisdiction over all claims by diverse parties arising out of the same Article III case or controversy, subject only to enumerated exceptions not applicable in the cases now before us.

* * *

Justice Stevens, with whom Justice Breyer joins, dissenting [first of two dissents, totaling four justices].

Justice Ginsburg’s carefully reasoned opinion (dissenting opinion), demonstrates the error in the Court’s rather ambitious reading of this opaque jurisdictional statute. She also has demonstrated that “ambiguity” is a term that may have different meanings for different judges, for the Court has made the remarkable declaration that its reading of the statute is so obviously correct—and Justice Ginsburg’s so obviously wrong—that the text does not even qualify as “ambiguous.” Because ambiguity is apparently in the eye of the beholder, I remain convinced that it is unwise to treat the ambiguity *vel non* of a statute as determinative of whether legislative history is consulted. Indeed, I believe that we as judges are more, rather than less, constrained when we make ourselves accountable to *all* reliable evidence of legislative intent.

The legislative history of 28 U.S.C. § 1367 provides powerful confirmation of Justice Ginsburg’s interpretation of that statute. It is helpful to consider in full the relevant portion of the House Report, which was also adopted by the Senate:

This section * * * broadly authorizes the district courts to exercise supplemental jurisdiction over additional claims, including claims involving the joinder of additional parties. In diversity cases, the district courts may exercise supplemental jurisdiction, *except when doing so would be inconsistent with the jurisdictional requirements of the diversity statute.*

* * *

The section is not intended to affect the jurisdictional requirements of 28 U.S.C. § 1332 in diversity-only class actions, as those requirements were interpreted prior to *Finley* [citing *Zahn*]. * * *

Not only does the House Report specifically say that § 1367 was not intended to upset *Zahn* [which required *each* class action plaintiff’s claim to satisfy the minimum amount in controversy], but its entire explanation of the statute demonstrates that Congress had in mind a very specific and relatively modest task—undoing this Court’s 5-to-4 decision in *Finley* [affirming supplemental jurisdiction over pendent *claims*, but *not* over pendent *parties*]. In addition to overturning that unfortunate and much-criticized decision, the statute, according to the Report, codifies and preserves the “the pre-*Finley* understandings of the authorization for and limits on other forms of supplemental jurisdiction,” House Report, at 28.

The sweeping purpose that the Court’s [majority] decision imputes to Congress bears no resemblance to the House Report’s description of the statute. * * *

The Court’s reasons for ignoring this virtual billboard of congressional intent are unpersuasive.

* * *

After nearly 20 pages of complicated analysis, which explores subtle doctrinal nuances and coins various neologisms, the Court announces that § 1367 could not reasonably be read

another way. That conclusion is difficult to accept. Given Justice Ginsburg’s persuasive account of the statutory text and its jurisprudential backdrop, and given the uncommonly clear legislative history, I am confident that the majority’s interpretation of § 1367 is mistaken. I respectfully dissent.

Justice Ginsburg, with whom Justice Stevens, Justice O’Connor, and Justice Breyer join, dissenting.

These cases present the question whether Congress, by enacting 28 U.S.C. § 1367, overruled this Court’s decisions in *Clark* and *Zahn*. *Clark* held that, when federal-court jurisdiction is predicated on a specified amount in controversy, *each* plaintiff joined in the litigation must independently meet the jurisdictional amount requirement. *Zahn* confirmed that in *class actions* governed by Federal Rule of Civil Procedure 23(b)(3), “[e]ach [class member] * * * must satisfy the jurisdictional amount, and any [class member] who does not must be dismissed from the case.”

* * *

I

A

* * *

In sum, in federal-question cases before § 1367’s enactment, the Court recognized pendent-claim jurisdiction, *Gibbs*, but not pendent-party jurisdiction, *Finley*. As to ancillary jurisdiction, the Court adhered to the limitation that in diversity cases, throughout the litigation, all plaintiffs must remain diverse from all defendants. See *Kroger*.

* * *

II

A

Section 1367, by its terms, operates only in civil actions “of which the district courts have original jurisdiction.” The “original jurisdiction” relevant here is diversity-of-citizenship jurisdiction, conferred by § 1332. The character of that jurisdiction is the essential backdrop for comprehension of § 1367.

The Constitution broadly provides for federal-court jurisdiction in controversies “between Citizens of different States.” Art. III, § 2, cl. 1. This Court [today] has read that provision to demand no more than “minimal diversity,” *i.e.*, so long as one party on the plaintiffs’ side and one party on the defendants’ side are of diverse citizenship, Congress may authorize federal courts to exercise diversity jurisdiction. Further, the Constitution includes no amount-in-controversy limitation on the exercise of federal [question] jurisdiction. But from the start, Congress, as its measures have been construed by this Court, has limited federal court exercise of diversity jurisdiction in two principal ways. First, unless Congress specifies otherwise, diversity must be “complete,” *i.e.*, all parties on plaintiffs’ side must be diverse from all parties on defendants’ side. Second, each plaintiff’s stake must independently meet the amount-in-controversy specification: “When two or more plaintiffs, having separate and distinct demands, unite for convenience and economy in a single suit, it is essential that the demand of each be of the requisite jurisdictional amount.”

* * * This Court has long held that, in determining whether the amount-in-controversy requirement has been satisfied, a single plaintiff *may aggregate* two or more claims against a single defendant, even if the claims are *unrelated* [*Edwards*, 163 U.S. 279 (1896)]. But in multiparty cases, including class actions, we have unyieldingly adhered to the nonaggregation rule * * *. See *Clark* (reaffirming the “familiar rule that when several plaintiffs assert separate and distinct demands in a single suit, the amount involved in each separate controversy must be of the requisite amount to be within the jurisdiction of the district court, and that those amounts cannot be added together to satisfy jurisdictional requirements”); [and] *Snyder v. Harris*, 394 U.S. 332 (1969) (abandonment of the nonaggregation rule in class actions would undercut the congressional “purpose * * * to check, to some degree, the rising caseload of the federal courts”).

This Court most recently addressed “[t]he meaning of [§ 1332’s] ‘matter in controversy’ language” in *Zahn*. *Zahn*, like *Snyder* decided four years earlier, was a class action. In *Snyder*, no class member had a claim large enough to satisfy the jurisdictional amount. But in *Zahn*, the named plaintiffs had such claims. Nevertheless, the Court declined to depart from its “longstanding construction of the ‘matter in controversy’ requirement of § 1332.” The *Zahn* Court stated:

Snyder invoked the well-established rule that each of several plaintiffs asserting separate and distinct claims must satisfy the jurisdictional-amount requirement if his claim is to survive a motion to dismiss. This rule plainly mandates not only that there may be no aggregation and that the entire case must be dismissed where none of the plaintiffs claims [meets the amount-in-controversy requirement] but also requires that any plaintiff without the jurisdictional amount must be dismissed from the case, even though others allege jurisdictionally sufficient claims.

The rule that each plaintiff must independently satisfy the amount-in-controversy requirement, *unless Congress expressly orders otherwise*, was thus the solidly established reading of § 1332 when Congress enacted the Judicial Improvements Act of 1990, which added § 1367 to Title 28 [effectively codifying *Gibbs*, *Aldinger & Owen*].⁸

B

These cases present the question whether Congress abrogated the nonaggregation rule long tied to § 1332 when it enacted § 1367. In answering that question, “context [should provide] a crucial guide.” * * * Here, that background is the statutory grant of diversity jurisdiction, the amount-in-controversy condition that Congress, from the start, has tied to the grant, and the nonaggregation rule this Court has long applied to the determination of the “matter in controversy.”

* * *

The Court divides * * * on the impact of § 1367(a) on diversity cases controlled by § 1332. Under the majority’s reading, § 1367(a) permits the joinder of related claims [now effectively] cut loose from the nonaggregation rule that has long attended actions under § 1332. Only the claims specified in § 1367(b) would be excluded from § 1367(a)’s expansion of § 1332’s grant of diversity jurisdiction. And because § 1367(b) contains no exception for joinder of plaintiffs under Rule 20 or class actions under Rule 23, the Court concludes, *Clark* and *Zahn* have been overruled.

* * *

While § 1367’s enigmatic text defies flawless interpretation, the precedent-preservative reading, I am persuaded, better accords with the historical and legal context of Congress’ enactment of the supplemental jurisdiction statute, and the [previously] established limits on pendent and ancillary jurisdiction. It [precedent-preservative reading] does not attribute to Congress a jurisdictional enlargement broader than the one to which the legislators [expressly] adverted, cf. *Finley*, and it follows the sound counsel that “close questions of [statutory] construction should be resolved in favor of continuity and against change.”

* * *

For the reasons stated, I would hold that § 1367 does not overrule *Clark* and *Zahn*. * * *

⁸ Under the Court’s construction of § 1367, Beatriz Ortega’s family members [*Star-Kist* companion case] can remain in the action because their joinder is merely permissive, see Fed. Rule Civ. Proc. 20. If, however, their presence was “needed for just adjudication,” Rule 19, their dismissal would be required. The inclusion of those who *may* join, and exclusion of those who * * * *must* join, defies rational explanation * * * .

Notes & Questions

1. In what specific way was *Gibbs* an expansion of federal SMJ?
2. Congress enacted the supplemental jurisdiction statute for the express purpose of overruling *Finley*. What changed?
3. What was the narrow issue to be decided by the *Allapatta* court?
4. Does the supplemental jurisdiction distinction, between required (Rule 19) and permissive (Rule 20) parties make sense? Put another way, why would Congress deny supplemental SMJ for *indispensable* parties—without whom a case cannot proceed, in order to completely adjudicate the controversy—but authorize it for *permissively* joined defendants?
5. Can a plaintiff *aggregate* unrelated claims to satisfy the minimum amount-in-controversy requirement?
6. What were the related holdings in *Clark & Zahn*? Did Congress expressly overrule them when enacting the supplemental jurisdiction statute?
7. How did the majority and the dissenters divide regarding the supplemental jurisdiction statute's impact on *Clark & Zahn*?