



News Release

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Supreme Court Decision in *Standard Fire v. George Knowles* in Alignment with DRI Amicus Brief

Court Draws Line on Class Action Gamesmanship

Chicago – (March 29, 2013)—Yesterday’s U.S. Supreme Court decision in *Standard Fire v. George Knowles* sends a clear signal that the Supreme Court is taking Congress at its word: The Class Action Fairness Act of 2005 (“CAFA”) was enacted to make it more difficult for plaintiffs to engage in gamesmanship to defeat federal jurisdiction. In this case, the Supreme Court was asked to decide whether a named representative could avoid federal jurisdiction by stipulating to class damages less than the \$5,000,000 jurisdictional threshold. The Supreme Court issued a unanimous no.

“Clearly this was an attempt by plaintiffs to do an end-around the will of the Congress,” said Mary Massaron Ross, DRI president. “And clearly the Supreme Court was having none of it.”

The Class Action Fairness Act, the Court explained (in accord with what DRI had argued in its [amicus](#)) was enacted to ensure that large, national class actions can be removed to federal court and litigated there. It provides federal jurisdiction over class actions against non-citizen defendants where the matter in controversy exceeds \$5,000,000. The named plaintiff in *Standard Fire*, Knowles, represented a proposed class with claims in excess of \$5,000,000, but argued that his case nevertheless should remain in state court because he had stipulated that the class would seek less than the \$5,000,000 jurisdictional threshold.

The Supreme Court disagreed. To have legal effect, the Court held, a stipulation must be binding. Since a proposed class representative cannot legally bind absent members before certification, the stipulation

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proffered in *Standard Fire* had no effect. Knowles could not speak for the unnamed, uncertified class members. To hold otherwise, the Court explained, would allow plaintiffs to fracture \$100 million actions into twenty-some-odd state-court actions by entering into stipulations. Such a tactic is impermissible because it runs directly counter to CAFA's primary objective: ensuring the availability of federal jurisdiction for interstate cases of national importance. A copy of the Court's decision is available [here](#).

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