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**March 2013**

Supreme Court  
of the United States

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**Supreme Court Clarifies Amount in Controversy Removal Threshold for Class Actions*****Standard Fire Ins. Co. v. Knowles, No. 11-1450 (Mar. 19, 2013)***

This morning, the U.S. Supreme Court unanimously held that a plaintiff in a class action cannot defeat removal under the Class Action Fairness Act of 2005 ("CAFA") by stipulating that the class would seek damages below the statutory threshold amount of \$5 million. *Standard Fire Ins. Co. v. Knowles*, No. 11-1450 (Mar. 19, 2013).

CAFA provides that the federal district courts have original jurisdiction over class actions if the amount in controversy exceeds \$5 million. The statute further states that a court should aggregate the claims of individual class members to determine whether the \$5 million threshold has been met.

In *Standard Fire*, the Court, in an opinion by Justice Breyer, held that a plaintiff may not thwart CAFA-based removal of a class action filed in state court by stipulating in the state court action that the class will seek to recover no more than \$5 million in damages. The Court reasoned that at the point when the named plaintiff enters the stipulation, the plaintiff cannot bind the entire class – because no class has been certified at that time. In other words, "His precertification stipulation does not bind anyone but himself." *Id.* at 4. Because a certified class could, in the absence of the stipulation, claim amounts in excess of \$5 million, the federal courts have jurisdiction over the case and removal was proper.

*Standard Fire* is a significant win for defendants in class actions. It removes one tactic commonly used by plaintiffs to avoid removal of cases to federal court. The opinion helps to ensure that CAFA is applied in a manner consistent with its language and purpose.

Click [here](#) to view the opinion.