



Sixth Circuit Vacates Class Certification in GM Transmission Defect Litigation, Emphasizes Rigorous Element-by-Element Analysis Under Rule 23

JULY 2025

On June 27, 2025, the United States Court of Appeals for the Sixth Circuit, sitting en banc, vacated a district court's order certifying a multi-state class action against General Motors, LLC ("GM") concerning alleged defects in its eight-gear Hydra-Matic transmissions. *Speerly v. General Motors, LLC.*, No. 23-1940 (6th Cir.) provides significant guidance on the standards for class certification under Federal Rule of Civil Procedure 23, particularly in complex, multi-state consumer product cases.

Background

The litigation arises from claims by purchasers of GM vehicles equipped with eight-gear automatic transmissions sold between 2015 and 2018. Plaintiffs allege that these transmissions suffer from two "universal," but unrelated, defects: (1) a transmission fluid issue that leads in some instances to "shuddering," and (2) a valve- design flaw that may cause "harsh shifting." Plaintiffs asserted that GM was aware of these problems but failed to address them adequately, and sought relief under a variety of state-law theories, including breach of express and implied warranty, consumer protection statutes, and fraudulent concealment.

The district court certified 26 statewide subclasses, encompassing approximately 800,000 vehicle owners and asserting 59 state-law claims. GM appealed, challenging the certification on grounds of commonality and predominance, as well as the manageability of such a large, multi-state class.

Sixth Circuit Decision

The Sixth Circuit vacated the class certification order and remanded for further proceedings, holding that the district court failed to conduct the "rigorous analysis" required by Rule 23, particularly with respect to the commonality and predominance requirements.

Key Holdings

1. Element-by-Element Analysis Required for Commonality

- » The court emphasized that Rule 23(a)'s "commonality" requirement demands more than identification of generalized questions (e.g., whether a "defect" exists). Instead, the district court must "walk through each cause of action, identify the relevant elements, and evaluate which elements, if any, submit to common answers." The court found that the district court's analysis, which focused on the existence of a defect in the abstract, failed to account for the differing legal standards and elements across the 59 claims and 26 states.

1. Courts Must "Qualitatively Evaluate" Predominance

- » The court held that Rule 23(b)(3)'s "predominance" requirement means a district court must "qualitatively evaluate" whether common questions predominate over individualized questions for each claim and subclass. The majority was skeptical whether predominance could be satisfied given the variations in state law, the presence of two distinct defect theories, and the individualized inquiries required (e.g., whether a consumer's vehicle manifested the defect, whether repairs were sought or effective, and whether reliance or manifestation is required under particular state statutes).

1. Standing and the "Disjuncture Problem"

- » The majority acknowledged, but did not resolve, an open question as to whether absent class members must also have an "injury in fact" sufficient to create Article III standing at the certification stage. Concurring opinions by Judges Thapar and Nalbandian, however, expanded on the "disjuncture problem" that exists when there is a disparity between the injuries alleged by the named plaintiffs and absent class members. They took the position that a class cannot be certified if a significant number of absent class members lack standing, particularly where their alleged injuries are speculative or based solely on an overpayment theory without manifestation of a defect.

1. Arbitration Agreements as a Barrier to Certification

- » The court noted that the presence of arbitration agreements in a significant portion of class members' purchase contracts raises individualized questions that may preclude class certification. The district court was directed to determine, on remand, whether arbitration issues overwhelm common questions.

1. Damages Models Must Align with Liability Theories

- » The court cautioned that damages models must be tailored to the specific theory of harm and the requirements of each state's law. For example, "an overpayment-based model for a state consumer law claim might overcompensate in the states that require a defect

to manifest.”

Implications

The Sixth Circuit’s insistence on an element-by-element, claim-by-claim analysis for both commonality and predominance will likely make certification of large, multi-state classes more challenging. The broader the class, the more likely it is that state-specific burden-of-proof requirements (like manifestation of defect or proof of reliance) or arbitration rules will “predominate” over common questions.

The court’s discussion of standing, while not dispositive, signals continued judicial concern over “no-injury” classes and the use of overpayment theories where many class members may not have experienced the alleged defect.

Next Steps

On remand, the district court must conduct a rigorous, element-specific analysis of each claim and subclass to determine whether common questions truly predominate and whether the class definitions can be narrowed to exclude uninjured class members or non-justiciable claims. The court must also address the impact of arbitration agreements and ensure that any damages model is consistent with the legal requirements of each claim.

For companies facing multi-state class actions, this decision provides a robust framework for challenging certification where individualized issues or state-law variations are significant. Plaintiffs, in turn, will need to carefully tailor class definitions and proof to satisfy the demanding standards articulated by the Sixth Circuit.

Additional Information

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