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Supreme Court (Again) Declines to Address Class Certification and Article III Standing

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For more than a decade, the United States Supreme Court has avoided answering a deceptively simple question:

"Whether a federal court may certify a class action pursuant to Federal Rule of Civil Procedure 23(b)(3) when some members of the proposed class lack any Article III injury."

On June 5, 2025, the Court passed on this question again. *See Lab'y Corp. of Am. Holdings v. Davis*, 605 U.S. ___ (2025) (dismissing writ as improvidently granted) (slip op. at 1); *see Comcast Corp. v. Behrend*, 569 U.S. 27, 39 (2013) (Ginsburg, J., dissenting) (noting the Court "rephrase[ed]" the question presented).

Dissenting, Justice Kavanaugh would have held "a federal court may not certify a damages class that includes both injured and uninjured class members." 605 U.S. at ____ (Kavanaugh, J., dissenting) (slip op. at 1). He noted that the Ninth Circuit's decision was "incorrect under Rule 23" and "will generate serious real-world consequences" because classes "overinflated with uninjured members raise the stakes for businesses that are the targets of class actions." *Id.* at ___ (slip op. at 6). To him, "[o]verbroad and incorrectly certified classes threaten massive liability" and "can coerce businesses into costly settlements that they sometimes must reluctantly swallow rather than betting the company" at trial. *Id.*

There's hope, however, that we will not have to wait another decade for an answer. Despite *Labcorp*'s anticlimactic outcome, the same issue is raised in a separate petition that was distributed for conference in May. *State Farm Mut. Auto. Ins. Co. v. Jama*, 24-933, 2025 WL 672922 (Feb. 25, 2025).

There, the plaintiffs allege that State Farm undervalues "totaled" vehicles by applying a "negotiation discount" and a "condition discount" not allowed under Washington law. *See Jama v. State Farm Mut. Auto. Ins. Co.*, 113 F.4th 924, 926 (9th Cir. 2024). The district court initially certified a "negotiation" class and a "condition" class, but later decertified them and entered summary judgment against the plaintiffs due to the insureds' "failure to demonstrate injury." *Id.* at 927. The decertification relied heavily on *Lara v. First National Insurance Co. of America*, 25 F.4th 1134 (9th Cir. 2022), which addressed only a "condition class."

The Ninth Circuit affirmed decertification of the "condition class" because it required "each plaintiff" to "show that they received less money than they were owed," a question that was

not common to the class, and the class "might easily include members who were not actually injured" by the adjustment. *Jama*, 113 F.4th at 1136, 1139.

But the negotiation class, the Ninth Circuit said, was different because if the plaintiffs were right on the law—that Washington "flatly prohibits *any* negotiation adjustment"—then every class member "suffered damages equal to the amount of the negotiation adjustment State Farm made." *Jama*, 113 F.4th at 932. In dissent, Judge Rawlinson posited *Jama* "directly conflicts with" *Lara* and "creates an unnecessary circuit split." *Id.* at 938; *see also id.* at 940 (discussing *Sampson v. United Servs. Auto. Ass'n.*, 83 F.4th 414, 422 (5th Cir. 2023) (finding *Lara* "particularly instructive")).

In its petition for certiorari, State Farm presents two questions:

(1) Whether a Rule 23(b)(3) damages class can be certified based on an alleged violation of a statute, regulation, or contract, even if determining whether the violation resulted in any real-world harm to each class member would require highly individualized proceedings; and

(2) Whether a Rule 23(b)(3) damages class can be certified when some members of the proposed class lack any Article III injury.

The second question mirrors *Labcorp*, perhaps with a cleaner procedural vehicle.

What's next? For now, the question that has percolated since *Comcast* remains unanswered. Whether the Court will take up *Jama* remains to be seen.

Justice Kavanaugh's dissent can be found here.

Additional Information

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