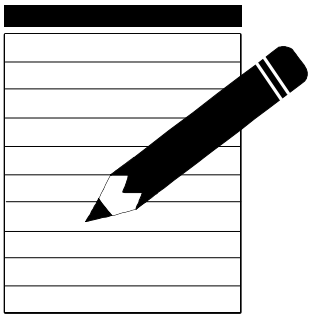


# **THE COURT SYSTEM**

## **Chapter 2**



# Chapter Issues

- **Overview of the American court system**
- **How an injured party can seek relief in the courts**
- **Jurisdiction: Which court has the power and the authority to decide the case?**



# The Federal Court System

- **Federal District Court**
  - Courts of original jurisdiction
  - Use juries or judge as “trier of fact”
  - Trial courts deal in issues of fact
- **U.S. Court of Appeals**
  - 12 courts
  - Usual rule: There is the right to appeal to this court
  - 3 judge panels deal in issues of law
- **Specialized Federal Courts**
  - Limited jurisdiction
  - I.e. Court of Appeals for the Federal Circuit--takes appeals from
    - **U.S. District Court in patent, trademark and copyright cases**
    - **U.S. Claims Court**
    - **U.S. Court of International Trade**
    - **Administrative rules of U.S. Patent & Trademark Office**



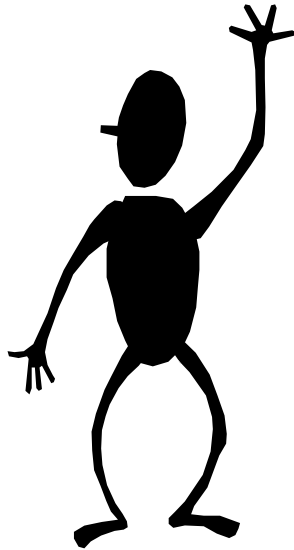
# The Federal Court System

## The U.S. Supreme Court

- **Highest court in the country**
- **Appellate review court—selects which cases to hear**
- **Cases usually heard by 9 justices**
- **Term begins First Monday in October in Washington, D.C.**
- **Reviews cases from**
  - **U.S. District Courts**
  - **U.S. Courts of Appeals**
  - **Highest Courts of the States**
- **Review is through *Writ of Certiorari***
  - **If writ not granted, lower court decision is final**

# **The Typical State Court System – Very similar to Fed. System**

- **State court of “original jurisdiction”**
    - **Where case is first brought; deals in issues of fact**
    - **Usually called District Court (but in NY, is called the “Supreme Court”)**
  - **State court of appeals**
    - **Deals with appeals and issues of law**
    - **Usually called Court of Appeals**
  - **State Supreme Court**
    - **Second appellate review dealing with issues of law**
    - **Usually called Supreme Court (but in NY, is called “Court of Appeals”) If case involves a federal issue, it can be appealed to the U.S. Supreme Court.**
- Special Jurisdiction Cts. – County, small claims, criminal, probate, juvenile.**



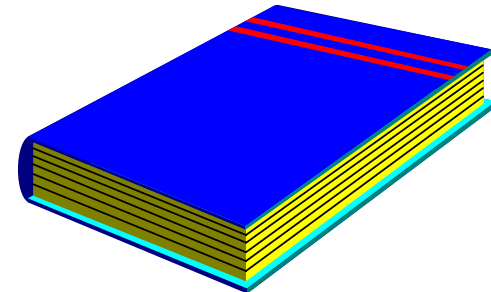
# Jurisdiction

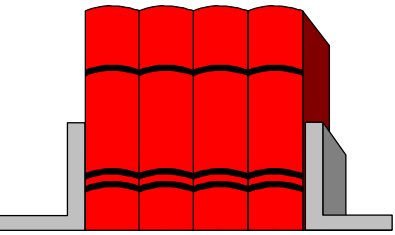
- Jurisdiction: Right of a court to hear & decide the case
- More than one court may have jurisdiction over a given case
- Need jurisdiction over the *subject matter*
- Need jurisdiction over either *persons or property*
- If jurisdiction is lacking, judgment is null & void

# Subject Matter Jurisdiction

## State Courts

- A particular court resolves a particular subject matter, i.e.
  - Wills & Trusts: Probate Court
  - Divorces, Child Custody: Domestic Court
  - Municipal Matters: Municipal Court
  - Limited claims of usually \$5000 or less: Small Claims Court
- If there is not a particular subject matter, case first goes to general trial court
- Courts of *original jurisdiction*--where case is first brought
- Courts of *appellate jurisdiction*--where lower court decisions are reviewed
- If there is no jury, judge decides the facts
- General right to appeal to at least *one* higher court

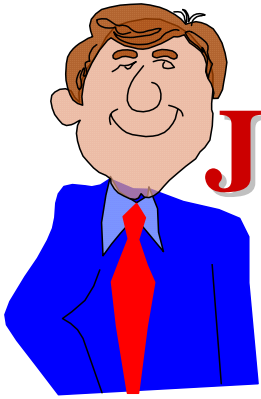




# Subject Matter Jurisdiction Federal Courts

- **Federal court jurisdiction is derived from the U.S. Constitution**
- **Federal courts may hear cases involving :**
- **Cases in which the U.S. is a party to the suit;**
- **Cases involving a federal question (law);**
  - No \$ amount for cases involving federal law**
- **Cases involving citizens of different states**
  - *Diversity of citizenship* jurisdiction
  - *Amount in Controversy* is for more than \$75,000

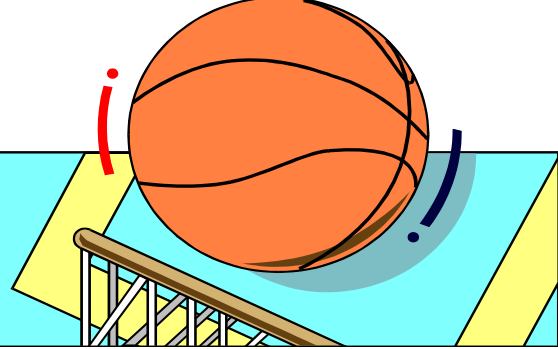




# Jurisdiction over the Person

## *In Personam Jurisdiction*

- **Over the person, usually through**
  - Residency (physical presence in state)
  - Doing business in the state
  - Submission to the jurisdiction
  - See “The ‘Long Arm’ of the Law “
  - *Summons through service of process or substituted service*
- **Out of state defendants**
  - Jurisdiction is more difficult
  - Serve them while in the state
  - May not “trick” them to get into the state for service of process
  - Long-arm statutes
    - See Exhibit 2.4
    - Aimed usually at nonresident businesses



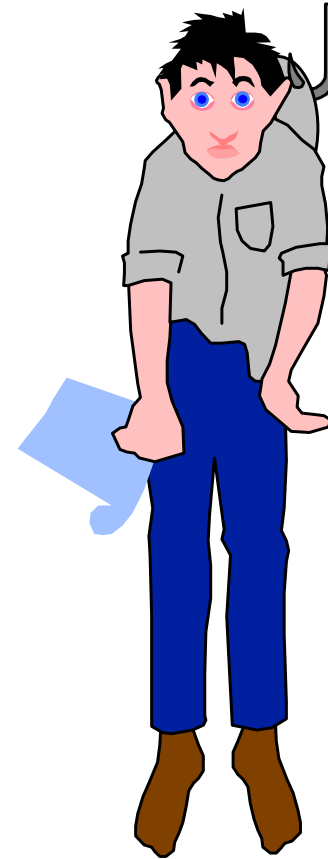
# *State of Oregon v. Lillard*

## *(Personal Jurisdiction through Minimum Contacts-Long-Arm)*

- **Killum (mother is Lillard) of California was recruited for basketball by Oregon State (OSU) in 1990**
- **In summer of 1991, he suffered a stroke when playing with friends; was given anticoagulants & told to avoid physically demanding activities**
- **In September 1991 OSU athletic trainer & athletic director assured Lillard that son would receive medical attention**
- **December 1991 OSU doctors reduced anticoagulants; Killum begins to play**
- **January 1992 Killum travels to UCLA & USC; suffers stroke and dies**
- **Lillard brings wrongful death suit in California**
- **State of Oregon argues: lack of personal jurisdiction in CA**
- **Trial court rules against State; it appeals**
- **Held: Minimum contacts through recruiting in CA**

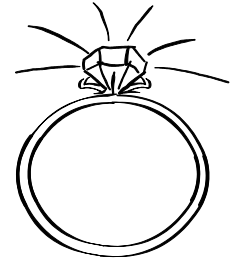
# Concurrent Jurisdiction

- Federal and state courts have *exclusive jurisdiction* over some matters; however
- **Sometimes both state & federal courts have jurisdiction (diversity)**
- **Plaintiff may bring suit in either court system**
- **If plaintiff chooses state court, defendant has right to remove to federal court (right of *removal*), but not visa versa**

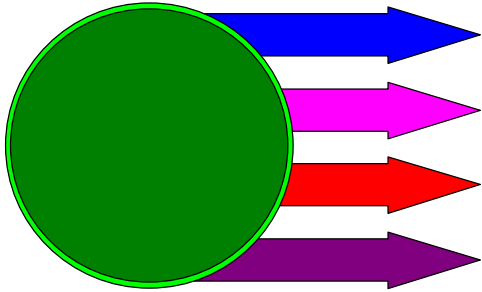




# Jurisdiction Based on Power Over Property



- *In rem jurisdiction*
  - The dispute between the parties is over property
  - Where property is located creates jurisdiction
  - Whether the defendant-property owner is within the jurisdiction does not matter
  - Tangible property creates *in rem* jurisdiction--i.e. real estate, personal property
  - Intangible property creates *in rem*--i.e. bank accounts, stocks
  - If property is removed to another state, no *in rem* jurisdiction
- *Quasi in rem jurisdiction (IGNORE)*
  - Defendant's property is attached to pay for unrelated matter
  - Ownership of property within the state is basis of jurisdiction
  - Decision in *quasi in rem* binds the parties themselves



# Venue

- Venue: Appropriate *geographical* location of the court that has jurisdiction
- In controversial or well-publicized cases, defendants will ask for *change of venue*
- Doctrine of *forum non conveniens*: Either party may request a change of venue to a more convenient court that could hear the case. Court will consider such issues as
  - Where actions of case take place
  - Where witnesses are located
  - Unfair burdens to parties



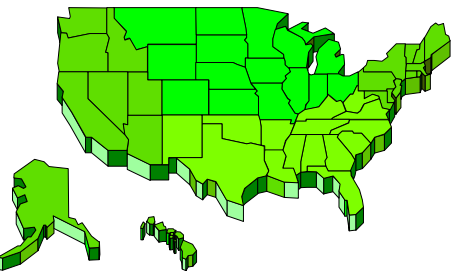
# Judicial Officials

- **Federal Judges**

- President nominates
- Confirmed by U.S. Senate majority vote
- Removed from office only if Congress impeaches them
- About 1200 federal judges
- Selection process wants to guarantee that judges are nonpartisan

- **State Judicial Officials**

- Chosen by variety of methods
- Elected, appointed or mix of both processes
- Most serve a fixed term, which ranges from 1-14 years + more in some states
- Justices must apply law evenly/consistently



# State Judges and the *Doctrine of Judicial Immunity*



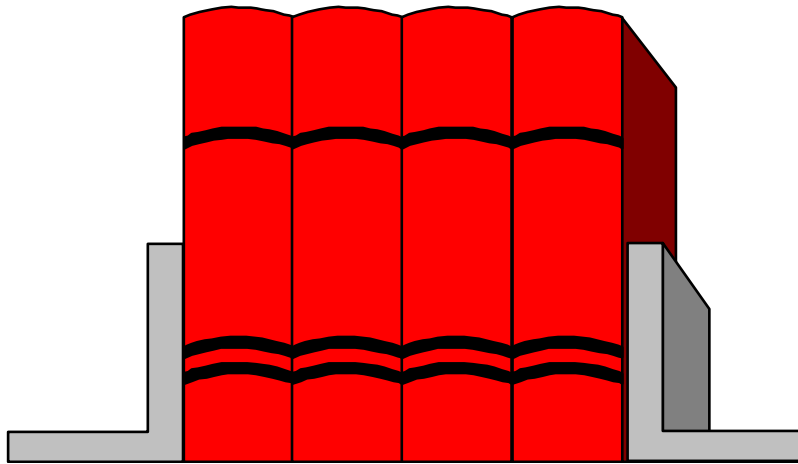
- State Judicial Officials

- Judges chosen by variety of methods
- Unlike federal court, most state judges serve fixed terms.
- State supreme court judges are appointed in 9 states; elected in 21 states; elected by the legislature in 3 states and initially appointed in 17 states, then run for retention.

- *Judicial Immunity*

- A judge is absolutely immune from suit for damages for judicial acts taken within his/her jurisdiction.
- Applies even in action is excessive or malicious
- Purpose: to protect judges from retaliatory suits against them
- Purpose: To protect the system from undue influence on judicial decision-making

# Applying Appropriate Law in Federal Court



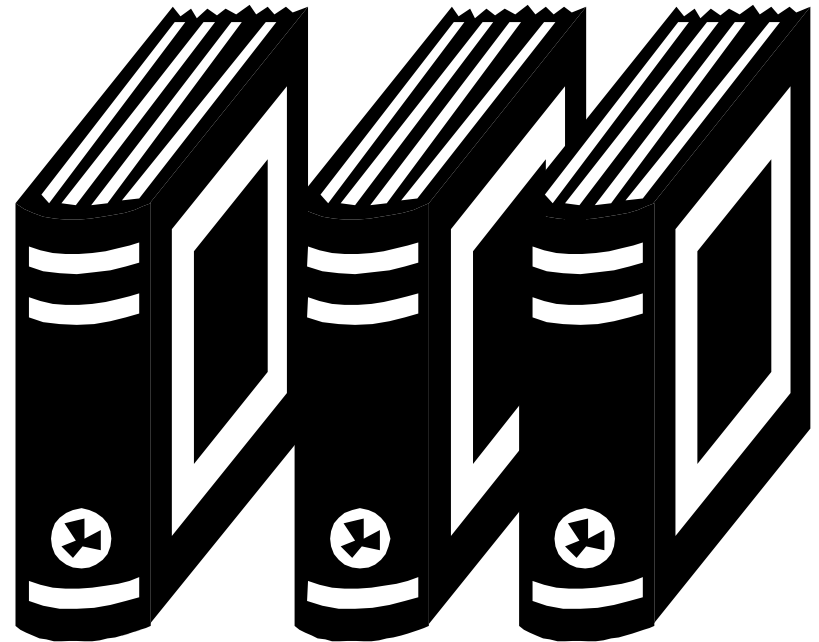
- *Issue: When there is diversity of citizenship, which substantive law should the federal court apply?*
- **Ex: Smith & Jones have contract dispute; Smith is from Arizona; Jones from California. Which law applies?**
- *See Erie v. Tompkins*



End of Chapter 2

# Applying Appropriate Law in State Court

- Incidents of the case take place in more than one state
- *Conflict of laws* rules apply
- Rules vary according to nature of dispute, i.e.
  - Contract cases: Laws of state in which contract was made will be applied
  - Tort cases: Laws of state where tort takes place
  - States try to look at interests of the parties, gov't, policies
- General rule: Laws apply for state that has with most “significant interest”
- *See Hughes v. Wal-Mart Stores*





# Cyberlaw: The Long Arm of the Internet

- When does a web site advertiser in nationwide sales become subject to another state's jurisdiction?
- Generally personal jurisdiction occurs when defendant is engaged in "continuous business" in a state.
- No jurisdiction if contact with a forum is "only informational" (*GTE v. BellSouth*, 2000)
- No jurisdiction if web site gives information about sales, allows customers to download forms and provides email address for inquiries (*Mink. V. AAAA Devel. LLC*, 1999)
- Unclear area re: how much sale activity needed.
  - *Ex: One low cost item is not "active business", esp. if buyer initiates the contact.*



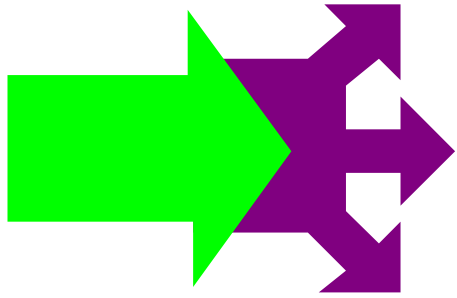
## The “Long Arm” of the Law

- **Dr. Alvarez citizen of Mexico**
- **U.S. Drug Enforcement Agency (DEA) believes he tortured & murdered an agent**
- **Alvarez is kidnapped from Mexico with knowledge of DEA & taken to El Paso, TX & is arrested**
- **Alvarez says that U.S./Mexico Extradition Treaty is violated**
- **Trial court dismisses the case; Alvarez returns to Mexico**
- **Supreme Court reverses**
- **Alvarez is forced to stand trial under U.S. criminal law**

# The Litigation Process

- **Civil Litigation: Process to resolve disputes**
- **Civil Procedure**
  - **Plaintiff--claims damages before court**
  - **Defendant--defends against plaintiff**
  - **States develop own procedural rules**
    - **Often similar to Federal Rules of Civil Procedure**





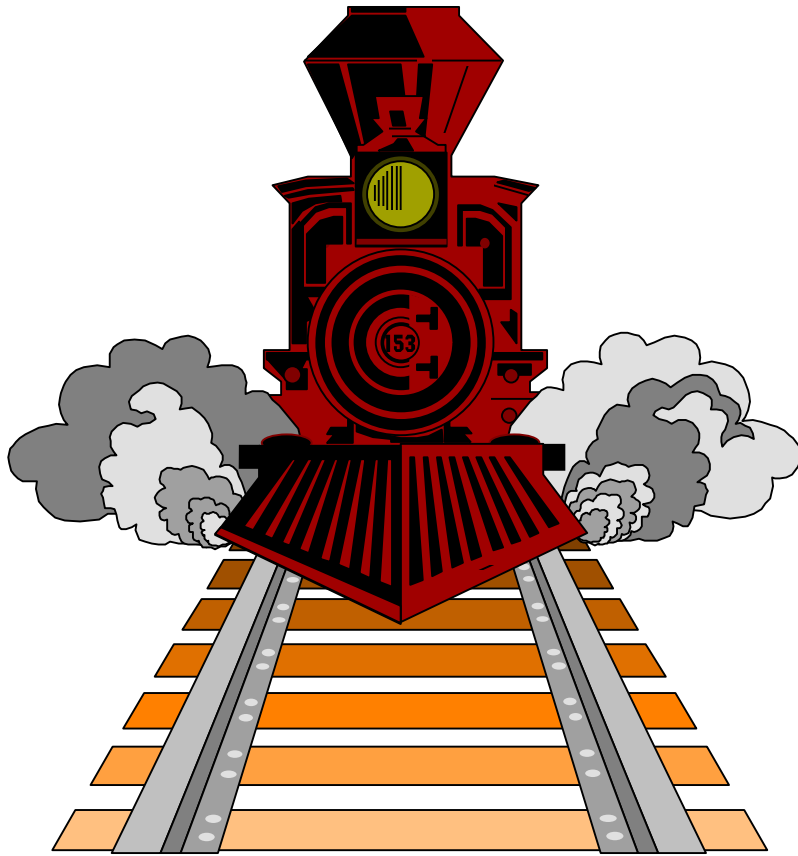
# Territorial Jurisdiction

## “Minimum Contacts”

- “Transacting business” within the state
- Landmark case--*International Shoe Company v. Washington* ( Supreme Court, 1945)
- Legal contact--legal “nexus”
- Examples of “minimum contacts” within a state:
  - Sales office
  - Sales representative(s)
  - Selling product
  - Advertising
  - Placing product in specific markets
- See *State of Oregon v. Lillard*

# *Erie RR Co. v. Tompkins, 1938*

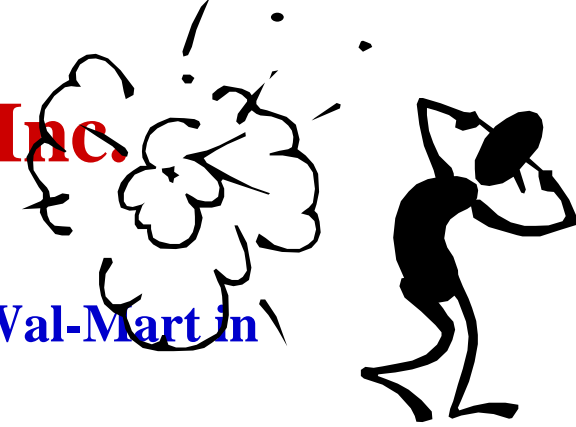
## **Which Law Applies?**



- **Protruding object from train injures Tompkins**
- **Tompkins--PA citizen**
- **Erie--incorporated in NY**
- **Accident--in PA**
- **If federal common law applies: Erie is liable**
- **If PA common law: Tompkins trespassed & Erie is not liable**
- **Held: Concept of federal common law in diversity of citizenship cases is ended. PA law applies. Tompkins is a trespasser; Erie not liable.**

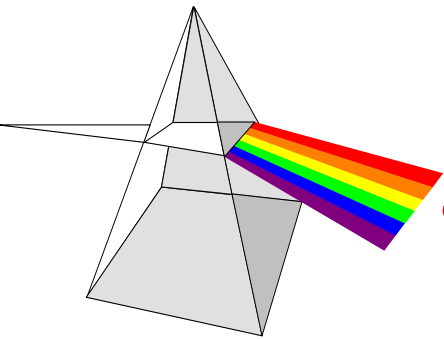
# Hughes v. Wal-Mart Stores, Inc.

(8<sup>th</sup> Circuit, 2001)



- Hughes buys Rubbermaid gasoline container at Wal-Mart in Louisiana.
- He pours diesel fuel onto stumps to burn; the fuel in the container explodes; his daughter is injured standing 40 feet away.
- He sues Wal-Mart for product defect in Federal District Court and wants Arkansas (where Wal-Mart is headquartered) law to apply.
- If LA law applies, distributor is not liable unless it knew of defect.
- If AR law applies, an injured party has greater chance of recovery.
- District Ct. applied LA law, precluding recovery. Hughes appeals.
- **HELD: Louisiana law applies. Judgment is affirmed.**
- **The court looked at factors for conflict of laws application .**
- **Louisiana has the most significant contacts to the litigation.**
- **Container was purchased in Louisiana by a resident of the state and the injured party is a Louisiana resident as well.**
- **The only “contact” with Arkansas is it is the principle place of business of Wal-Mart.**





# **Technology's Impact: On-Line Availability of Legal Documents**

## **“Curbs Debated As Court Records Go Public on Net”**

- **Article expresses concerns that court documents, once in “practical obscurity”, are now on the Web in a “treasure trove” of information**
- **Social security, bank, credit card numbers, account balances, names and ages of children, medical and psychiatric records, tax returns, etc: All Accessible!**
- **Privacy advocates warn of use for customer databases, for embarrassment, by criminals, and other purposes.**
- **Others say, “If it’s sensitive, ask judge to seal it.”**
- **Courts are grappling with the impact of technology on obtainable legal information.**