

SUPREME COURT OF MICHIGAN

Brindley v. Severstal North America, Inc.

775 N.W.2d 742 (Mich. 2009) · No. No. 137949; COA No. 286155 · Decided December 18, 2009

SUMMARY

The Michigan Supreme Court remanded a class-certification matter to the Wayne Circuit Court for proceedings consistent with Henry v. Dow Chemical. The Court stated that the circuit court appeared to have independently considered the certification prerequisites but had used language potentially inconsistent with Henry, while a dissent argued that the circuit court clearly relied on the repudiated Neal standard and should have been directed to clarify its analysis.

CASE DETAILS

COURT	Supreme Court of Michigan
WRITING FOR THE COURT	Corrigan, J.; Young, J.; Markman, J.
JURISDICTION	Michigan
DECIDED	December 18, 2009
DOCKET	No. 137949; COA No. 286155
DISPOSITION	remanded
PROCEDURAL POSTURE	The Michigan Supreme Court considered Severstal's application for leave to appeal from the Michigan Court of Appeals' November 12, 2008 order concerning class certification. After deciding Henry v. Dow Chemical, the court remanded the case to the Wayne Circuit Court in lieu of granting leave to appeal.
STANDARD OF REVIEW	Class-certification determinations are reviewed for abuse of discretion, subject to the requirement that the trial court independently analyze the factual and legal basis for each certification prerequisite under MCR 3.501(A)(1).
PRECEDENTIAL VALUE	Published Michigan Supreme Court per curiam order; binding on Michigan courts to the extent it states and applies the governing class-certification standard.
PARTIES	Severstal North America, Inc. v. Alicia Brindley, Max Franklin, Barbara Franklin

TOPICS

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether the Wayne Circuit Court applied the proper standard under *Henry v. Dow Chemical* when evaluating the prerequisites for class certification under MCR 3.501(A)(1).
2. Whether the circuit court's class-certification analysis required remand for reconsideration or clarification.

HOLDINGS

1. A trial court may not treat plaintiffs' bare assertions that the class-certification prerequisites are met as true; it must independently determine whether plaintiffs have alleged a sufficient factual and legal basis for each prerequisite under MCR 3.501(A)(1).
2. The case should be remanded to the Wayne Circuit Court, in lieu of granting leave to appeal, so that the circuit court may revisit its class-certification analysis if its original decision depended on a framework inconsistent with *Henry*.

KEY QUOTATIONS

"The circuit court prefaced its analysis, however, with the statement that 'the trial court is required to accept the allegations made in support of the request for certification as true.' This statement is inconsistent with the standard adopted in Henry 'to the extent that it could be read to require courts to accept as true plaintiffs' bare assertions that the class certification prerequisites are met.'" (775 N.W.2d at 743)

FACTUAL BACKGROUND

Plaintiffs sought class certification based on alleged discharge of fallout and dust by Severstal, asserting nuisance and negligence claims. The Wayne Circuit Court granted certification and analyzed typicality, adequacy, and superiority. In doing so, it stated that allegations supporting certification had to be accepted as true, a formulation the Supreme Court had rejected in *Henry* to the extent it required acceptance of bare assertions that certification prerequisites were met.

PROCEDURAL HISTORY

The application for leave to appeal was held in abeyance pending the Supreme Court's decision in *Henry v. Dow Chemical*. After *Henry* was decided, the Supreme Court remanded the case to the Wayne Circuit Court. The majority concluded that the circuit court appeared to have independently determined that plaintiffs had alleged a sufficient factual and legal basis for the MCR 3.501(A)(1) prerequisites and had not abused its discretion, but permitted the circuit court to revisit its analysis if it had relied on an inconsistent framework. Justice Corrigan dissented, arguing that the circuit court had expressly relied on the repudiated Neal standard and should have been directed to clarify its class-certification analysis.

DISPOSITION

remanded

REMAND INSTRUCTIONS

Remand to the Wayne Circuit Court for proceedings consistent with the order. The circuit court may revisit its class-certification analysis if it determines that its original decision depended on an analytical framework inconsistent with *Henry v. Dow Chemical*, and may conduct an evidentiary hearing in its discretion. The Supreme Court did not retain jurisdiction.

CASES CITED

- *Henry v. Dow Chem. Co.*, 484 Mich. 483, 772 N.W.2d 301 (2009)
- *Neal v. James*, 252 Mich. App. 12, 651 N.W.2d 181 (2002)

OPINION

PER CURIAM.

775 N.W.2d 742 (2009) Alicia BRINDLEY, Max Franklin, and Barbara Franklin, Plaintiffs-Appellees, v. SEVERSTAL NORTH AMERICA, INC., Defendant-Appellant. Docket No. 137949. COA No. 286155. Supreme Court of Michigan. December 18, 2009. Order By order of March 23, 2009, the application for leave to appeal the November 12, 2008 order of the Court of Appeals was held in abeyance pending the decision in *Henry v. Dow Chemical* (Docket No. 136298).

On order of the Court, the case having been decided on July 31, 2009, 484 Mich. 483, 772 N.W.2d 301 (2009), the application is again considered and, pursuant to MCR 7.302(H)(1), in lieu of granting leave to appeal, we REMAND this case to the Wayne Circuit Court for proceedings consistent with this order. It appears that the circuit court made an independent determination *743 that the plaintiffs at least alleged a sufficient factual and legal basis to support each of the prerequisites provided in MCR 3.501(A)(1), as required by *Henry*, 484 Mich. at 505, 772 N.W.2d 301, and it does not appear that it abused its discretion in so doing.

The circuit court prefaced its analysis, however, with the statement that "the trial court is required to accept the allegations made in support of the request for certification as true." This statement is inconsistent with the standard adopted in *Henry* "to the extent that it could be read to require courts to accept as true plaintiffs' bare assertions that the class certification prerequisites are met."

Henry, 484 Mich. at 505, 772 N.W.2d 301. In this case, as in *Henry*, the Court will refrain from looking behind the circuit court's analysis to guess whether the circuit court actually utilized the correct standard. See *Henry*, 484 Mich. at 506-507, 772 N.W.2d 301.

Therefore, although it appears that the circuit court's analysis of the class certification prerequisites in MCR 3.501(A)(1) was proper, on remand the circuit court may revisit its analysis if it determines that its original decision depended on an analytical framework that is inconsistent with this Court's decision in *Henry*.

The circuit court may, in its discretion, conduct an evidentiary hearing regarding these matters if it deems such appropriate. We do not retain jurisdiction. CORRIGAN, J. (dissenting). I would direct the circuit court to clarify its reasoning in ruling that plaintiffs have met their burden to establish that the class certification requirements of MCR 3.501(A)(1) are met in light of *Henry v. Dow Chem.*

Co., 484 Mich. 483, 772 N.W.2d 301 (2009). The record before us does not establish that the circuit court's decision granting certification comported with *Henry*. To the contrary, the record reveals that the court did not truly analyze the certification criteria.

Moreover, it expressly relied on the wrong standard: *Neal v. James*, 252 Mich.App. 12, 651 N.W.2d 181 (2002), was overruled by *Henry*, supra at 505 n. 39, 772 N.W.2d 301. Given the circuit court's errors, we should direct the court to comply with *Henry* on remand.

The majority order merely invites the circuit court to "revisit its analysis if it determines that its original decision depended on an analytical framework" inconsistent with *Henry*. This order abdicates our appellate duties. It effectively affirms the circuit court's first decision by permitting the court to rubber-stamp it on remand.

The trial court's reliance on *Neal v. James* First, the circuit court clearly relied on the now-repudiated *Neal* standard in its opinion and order granting class certification, in which it cited *Neal* and stated: "When evaluating a motion for class certification, the trial court is required to accept the allegations made in support of the request for certification as true."

Henry explicitly rejected this approach. *Id.* at 505 n. 39, 772 N.W.2d 301 ("[T]o the extent that *Neal* could be read to require a trial court to accept as true a plaintiffs bare assertion that a class certification prerequisite is met, we overrule *Neal*") Further, the circuit court confirmed that it relied on the *Neal* standard when it denied defendant's motion for reconsideration, in which defendant challenged the court's reliance on *Neal*.

Thus, the court clearly based its decision on this incorrect standard. For this reason alone, I would direct the court to revisit its analysis on remand in light of *Henry*. The class certification criteria in MCR 3.501(A)(1) Second, I disagree that "[i]t appears that the circuit court made an independent *744 determination that the plaintiff at least alleged a sufficient factual and legal basis to support each of the prerequisites provided in MCR 3.501(A)(1), as required by *Henry*, 484 Mich, at 505, 772 N.W.2d 301."

To the contrary, the court's written reasoning is sparse particularly with regard to the criteria in MCR 3.501(A)(1)(c)-(e). It supplied no oral reasoning; although the written opinion (incorrectly) states that the court "ha[d] heard oral argument," no hearing was ever held. Indeed, defendant raised the lack of hearing as a ground for reconsideration.[1] With regard to element (c) of MCR 3.501(A)(1) (typicality), the circuit court reasoned: [A]lthough there are factual differences between Plaintiffs claims and those of the putative class, her claims arise out of the same course of conduct that gives rise to the claims of the other class members, i.e., Severstal's alleged discharge of fallout and dust.

Furthermore, Plaintiffs claims and the claims of the putative class members are based on the same legal theories, nuisance and negligence. Accordingly, the Court finds that the requirement of typicality has been met. This "analysis" is scarcely distinguishable from the typicality analysis we rejected in *Henry*, supra at 506 n. 40, 772 N.W.2d 301, stating: For MCR 3.501(A)(1)(c), the typicality prerequisite, the trial court's analysis consisted of a restatement of the standard; a statement that "plaintiffs contend" that their claims "arise from the same course of conduct" and that "they share common legal and remedial theories"; and a quote from a federal district court case stating that the typicality requirement may be satisfied if "there is a nexus between the class representatives' claims [and] defenses and the common questions of fact or law which unite the class."

It is unclear from the trial court's analysis whether it independently determined that the plaintiffs alleged basic questions of law and fact sufficient to support their allegation that their legal remedial theories were typical of those of the class. Similarly, for element (d) (adequacy of representation), the circuit court stated in full: "MCR 3.501(A)(1)(d) focuses on whether the class representatives can fairly and adequately represent the interests of the class as a whole.

In the present case, for the reasons stated in Plaintiffs brief, the court believes that Plaintiff will fairly and adequately protect the class." The *Henry* opinion renders this inadequate. *Henry* rejected the trial court's similar "analysis" of element (d), stating: In the circuit court's analysis of MCR 3.501(A)(1)(d), the adequacy of representation prerequisite, it stated that "[t]he representative parties will fairly and adequately assert and protect the interest of the class."

It supported this conclusion by reasoning that "no proof has been submitted to this Court that would indicate that the Plaintiffs herein, the representative parties, would not fairly and adequately assert and protect the interest of the class."

In other words, the circuit court did not perform an analysis that sufficiently shows that it independently determined that the plaintiffs would adequately represent the class and also potentially shifted the burden to defendant to show that plaintiffs would not adequately represent the class. [*Henry*, supra at 506 n. 40, 772 N.W.2d 301.] *745 I also question the discussion of element (e) (superiority), in which the court opines: For the reasons set forth in Plaintiffs brief, this

Court is of the opinion that in this case, a class action is superior to other available means of adjudication.

Although the Court is well aware that "mini-trials" will be necessary with respect to issues of proximate causation and damages, and that such mini-trials may also involve the allocation of fault, the determination of common issues of liability via class action treatment is more efficient than joining hundreds, if not thousands, of individual plaintiffs.

As with elements (c) and (d), and particularly because the court relies primarily on plaintiffs brief, the court did not independently determine under element (e) that a class action is superior to other available means of adjudication, and it potentially shifted the burden to defendant to disprove this element. Conclusion Accordingly, I would direct the circuit court to clarify its class certification decision on remand in light of Henry.

Not only were many portions of the court's discussion brief and conclusory, but its conclusions with regard to each criterion for certification should be clarified because the court explicitly relied on the repudiated Neal standard. This Court's order is effectively meaningless because it merely invites the circuit court to revisit its analysis if the circuit court so chooses.

I therefore invite the circuit court to revisit its analysis in full, and in writing, for the benefit of the parties and future appellate courts. YOUNG and MARKMAN, JJ., join the statement of CORRIGAN, J. NOTES [1] In comparison, I note that in Henry the trial court heard extensive oral arguments regarding the class certification question. See Henry, supra at 514, 772 N.W.2d 301 (Young, J., concurring in part).