

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA

Michael Sandoval v. Little Caesar Enterprises, Inc.

Sandoval v. Little Caesar Enterprises · No. 8:25-cv-00727-DOC-DFM · Decided April 16, 2025

SUMMARY

The United States District Court for the Central District of California sua sponte remanded the case to the Superior Court of California, County of Orange. The court held that the First Amended Complaint eliminated federal-question jurisdiction and that the defendant had not shown by a preponderance of the evidence that the amount in controversy exceeded \$75,000 for diversity jurisdiction. The order was issued as a civil minutes order on April 16, 2025.

CASE DETAILS

COURT	United States District Court for the Central District of California
WRITING FOR THE COURT	David O. Carter
JURISDICTION	United States District Court for the Central District of California
DECIDED	April 16, 2025
DOCKET	8:25-cv-00727-DOC-DFM
DISPOSITION	remanded
PROCEDURAL POSTURE	Defendant removed an action from Orange County Superior Court asserting federal-question and diversity jurisdiction. After plaintiff filed a first amended complaint pleading only a California Unruh Civil Rights Act claim and limiting the claimed relief, the federal district court sua sponte determined that it lacked subject matter jurisdiction and remanded the action to state court.
STANDARD OF REVIEW	The removing defendant bears the burden of establishing federal jurisdiction. Where the complaint does not clearly allege more than \$75,000 in controversy, the defendant must establish by a preponderance of the evidence that the amount-in-controversy requirement is satisfied. Subject matter jurisdiction may be raised sua sponte at any time before final judgment.
PRECEDENTIAL VALUE	unpublished district court order; precedential status unknown

TOPICS

subject matter jurisdiction

civil procedure

federalism

public accommodations discrimination

PRACTICE AREAS

Civil procedure

Federal jurisdiction

Removal and remand

Americans with Disabilities Act

California Unruh Civil Rights Act

QUESTIONS PRESENTED

1. Whether plaintiff's post-removal amended complaint, which eliminated the federal claim, left federal-question jurisdiction in the district court.
2. Whether defendant established by a preponderance of the evidence that the amount in controversy exceeded \$75,000 for purposes of diversity jurisdiction.
3. Whether the district court was required to remand the action for lack of subject matter jurisdiction.

HOLDINGS

1. When a plaintiff amends the complaint after removal to eliminate all federal-law claims, the district court loses federal-question jurisdiction over the remaining state-law claims.
2. Where the complaint does not expressly allege more than \$75,000 in controversy, the removing defendant must prove by a preponderance of the evidence that the amount-in-controversy requirement is satisfied.
3. On the record presented, the amount in controversy was \$66,000, not more than \$75,000, because the court included the \$50,000 limit on injunctive relief, \$12,000 in potential statutory damages, and \$4,000 for deterrence, but declined to include speculative civil penalties or attorney's fees.
4. When a federal district court lacks subject matter jurisdiction over a removed action, it must remand the action to state court.

KEY QUOTATIONS

“If at any time before final judgment it appears that the district court lacks subject matter jurisdiction, the case shall be remanded.” (2)

“A removing defendant ‘may not meet [its] burden by simply reciting some ‘magical incantation’ to the effect that ‘the matter in controversy exceeds the sum of [\$75,000],’ but instead, must set forth in the removal petition the underlying facts supporting its assertion that the amount in controversy exceeds [\$75,000].” (3)

“Therefore, the Court respectfully encourages Congress to reconsider the amount in controversy minimum.” (5)

FACTUAL BACKGROUND

Michael Sandoval alleged that Little Caesar Enterprises's website was inaccessible to blind and visually impaired consumers. The original complaint asserted claims under the Americans with Disabilities Act and California's Unruh Civil Rights Act. After removal, Sandoval amended the complaint to plead only the Unruh Act claim,

limit injunctive relief to \$50,000, and seek \$4,000 per statutory violation, \$4,000 for deterrence, and attorney's fees.

PROCEDURAL HISTORY

Plaintiff filed the original complaint in Orange County Superior Court on April 2, 2025, alleging violations of the Americans with Disabilities Act and California's Unruh Civil Rights Act. Defendant removed the case to the Central District of California on April 9, 2025. Plaintiff filed a first amended complaint on April 15, 2025, eliminating the federal claim and limiting the requested relief. The district court remanded the case sua sponte on April 16, 2025, concluding that neither federal-question nor diversity jurisdiction existed.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The case was remanded to the Superior Court of Orange County, California. The Clerk was directed to serve the minute order on the parties.

CASES CITED

- Ethridge v. Harbor House Rest., 861 F.2d 1389, 1393 (9th Cir. 1988)
- Exxon Mobil Corp. v. Allapattah Servs., Inc., 545 U.S. 546, 553 (2005)
- Guglielmino v. McKee Foods Corp., 506 F.3d 696, 699 (9th Cir. 2007)
- St. Paul Mercury Indem. Co. v. Red Cab Co., 303 U.S. 283, 288-89 (1938)
- Crum v. Circus Enters., 231 F.3d 1129, 1131 (9th Cir. 2000)
- Gaus v. Miles, Inc., 980 F.2d 564, 567 (9th Cir. 1992)
- Sanchez v. Monumental Life Ins. Co., 102 F.3d 398, 403-04 (9th Cir. 1996)
- Richmond v. Allstate Ins. Co., 897 F. Supp. 447, 450 (S.D. Cal. 1995)
- Coleman v. Estes Express Lines, Inc., 730 F. Supp. 2d 1141, 1148-49 (C.D. Cal. 2010)
- Matheson v. Progressive Specialty Ins. Co., 319 F.3d 1089, 1090-91 (9th Cir. 2003)
- Singer v. State Farm Mut. Auto. Ins. Co., 116 F.3d 373, 377 (9th Cir. 1997)
- Gonzalez v. Crosby, 545 U.S. 524, 534 (2005)
- Steel Co. v. Citizens for a Better Env't, 523 U.S. 83, 94, 101-02 (1998)
- Snell v. Cleveland, Inc., 316 F.3d 822, 826 (9th Cir. 2002)
- Royal Canin U. S. A., Inc. v. Wulschleger, 604 U.S. 22, 30 (2025)

OPINION

Michael Sandoval v. Little Caesar Enterprises, Inc.

PER CURIAM.

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. 8:25-cv-00727-DOC-DFM Date: April 16, 2025 Title: Michael Sandoval v. Little Caesar Enterprises, Inc. et al. PRESENT:

THE HONORABLE DAVID O. CARTER, JUDGE

Karlen Dubon Not Present Courtroom Clerk Court Reporter

ATTORNEYS PRESENT FOR ATTORNEYS PRESENT FOR

PLAINTIFF: DEFENDANT: None Present None Present

PROCEEDINGS (IN CHAMBERS): ORDER SUA SPONTE

REMANDING CASE TO STATE

COURT

On the Court's own motion, the Court hereby REMANDS this case to the Superior Court of California, County of Orange. I. Background Plaintiff Michael Sandoval sued Defendant Little Caesar Enterprises, Inc. ("Defendant") and Does 1-10 in Orange County Superior Court on April 2, 2025 for alleged violations of the Americans with Disabilities Act and California's Unruh Civil Rights Act because Defendant's website is allegedly inaccessible to blind and visually-impaired consumers such as Plaintiff. See generally Complaint ("Compl.") (Dkt. 1, Ex. A). On April 9, 2025, Defendant removed the action to this Court, asserting federal question and diversity jurisdiction. Notice of Removal (Dkt. 1) ("Not."), at 1-2. On April 15, 2025, Plaintiff filed a First Amended Complaint ("FAC") which pleads only a violation of California's Unruh Civil Rights Act, limits injunctive relief to no more than

CIVIL MINUTES – GENERAL

Case No. 8:25-cv-00727-DOC-DFM Date: April 16, 2025 Page 2 \$50,000, and seeks statutory damages of \$4,000 per violation, \$4,000 for deterrence, and attorney's fees. See generally FAC (Dkt. 7). II. Legal Standard "If at any time before final judgment it appears that the district court lacks subject matter jurisdiction, the case shall be remanded." 28 U.S.C. § 1447(c). Removal of a case from state court to federal court is governed by 28 U.S.C. § 1441, which provides in relevant part that "any civil action brought in a State court of which the district courts of the United States have original jurisdiction, may be removed . . . to the district court of the United States for the district and division embracing the place where such action is pending." 28 U.S.C. § 1441. This statute "is strictly construed against removal jurisdiction," and the party seeking removal "bears the burden of establishing federal jurisdiction." *Ethridge v. Harbor House Rest.*, 861 F.2d 1389, 1393 (9th Cir. 1988) (emphasis added) (citations omitted). Federal diversity jurisdiction requires that the parties be citizens of different states and that the amount in controversy exceed \$75,000. 28 U.S.C. § 1332(a). For diversity jurisdiction purposes, a corporation is "deemed to be a citizen of every State and foreign state by which it has been incorporated and of the State or foreign state where it has its principal place of business." 28 U.S.C. § 1332(c)(1). The presence of any single plaintiff from the same state as any single defendant destroys "complete diversity" and strips the

federal courts of original jurisdiction over the matter. *Exxon Mobil Corp. v. Allapattah Servs., Inc.*, 545 U.S. 546, 553 (2005). Generally, a removing defendant must prove by a preponderance of the evidence that the amount in controversy satisfies the jurisdictional threshold. *Guglielmino v. McKee Foods Corp.*, 506 F.3d 696, 699 (9th Cir. 2008). If the complaint affirmatively alleges an amount in controversy greater than \$75,000, the jurisdictional requirement is “presumptively satisfied.” *Id.* In that situation, a plaintiff who then tries to defeat removal must prove to a “legal certainty” that a recovery of more than \$75,000 is impossible. *St. Paul Mercury Indem. Co. v. Red Cab Co.*, 303 U.S. 283, 288-89 (1938); *Crum v. Circus Enters.*, 231 F.3d 1129, 1131 (9th Cir. 2000). This framework applies equally to situations where the complaint leaves the amount in controversy unclear or ambiguous. See *Gaus v. Miles, Inc.*, 980 F.2d 564, 567 (9th Cir. 1992); *Sanchez v. Monumental Life Ins. Co.*, 102 F.3d 398, 403-04 (9th Cir. 1996).

CIVIL MINUTES – GENERAL

Case No. 8:25-cv-00727-DOC-DFM Date: April 16, 2025 Page 3 A removing defendant “may not meet [its] burden by simply reciting some ‘magical incantation’ to the effect that ‘the matter in controversy exceeds the sum of [\$75,000],’ but instead, must set forth in the removal petition the underlying facts supporting its assertion that the amount in controversy exceeds [\$75,000].” *Richmond v. Allstate Ins. Co.*, 897 F. Supp. 447, 450 (S.D. Cal. 1995) (quoting *Gaus*, 980 F.2d at 567). If the plaintiff has not clearly or unambiguously alleged \$75,000 in its complaint or has affirmatively alleged an amount less than \$75,000 in its complaint, the burden lies with the defendant to show by a preponderance of the evidence that the jurisdictional minimum is satisfied. *Geographic Expeditions, Inc. v. Estate of Lhotka ex rel. Lhotka*, 599 F.3d 1102, 1106-07 (9th Cir. 2010); *Guglielmino*, 506 F.3d at 699. While the defendant must “set forth the underlying facts supporting its assertion that the amount in controversy exceeds the statutory minimum,” the standard is not so taxing so as to require the defendant to “research, state, and prove the plaintiff’s claims for damages.” *Coleman v. Estes Express Lines, Inc.*, 730 F. Supp. 2d 1141, 1148 (C.D. Cal. 2010) (emphases added). In short, the defendant must show that it is “more likely than not” that the amount in controversy exceeds the statutory minimum. *Id.* Summary judgment-type evidence may be used to substantiate this showing. *Matheson v. Progressive Specialty Ins. Co.*, 319 F.3d 1089, 1090–91 (9th Cir. 2003); *Singer v. State Farm Mut. Auto. Ins. Co.*, 116 F.3d 373, 377 (9th Cir. 1997). For example, defendants may make mathematical calculations using reasonable averages of hourly, monthly, and annual incomes of comparable employees when assessing the amount in controversy in a wrongful termination suit. *Coleman*, 730 F. Supp. 2d. at 1148–49. If the court lacks subject matter jurisdiction, any action it takes is ultra vires and void. See *Gonzalez v. Crosby*, 545 U.S. 524, 534 (2005); *Steel Co. v. Citizens for a Better Env’t*, 523 U.S. 83, 94, 101–02 (1998). The lack of subject matter jurisdiction may be raised at any time by either the parties or the court. Fed. R. Civ. P. 12(h)(3). If subject matter jurisdiction is found to be lacking, the court must dismiss the action, *id.*, or remand pursuant to 28 U.S.C. § 1447(c). A court may raise the question of subject matter jurisdiction sua sponte. See *Snell v. Cleveland, Inc.*, 316 F.3d

822, 826 (9th Cir. 2002). III. Discussion Plaintiff's FAC filed after removal pleads only state claims and divests this Court of federal question jurisdiction. See *Royal Canin U. S. A., Inc. v. Wullschleger*, 604 U.S. 22, 30 (2025) (holding that when a plaintiff amends her complaint to eliminate federal- law claims after removal, the court loses jurisdiction over remaining state law claims).

CIVIL MINUTES – GENERAL

Case No. 8:25-cv-00727-DOC-DFM Date: April 16, 2025 Page 4 Defendants also state that this Court has diversity jurisdiction. Not. at 2-5. The Court disagrees. Here, Plaintiff's original complaint and the FAC do not expressly allege an amount in controversy over \$75,000. Accordingly, Defendant must show by a preponderance of the evidence that the jurisdictional minimum is satisfied. See *Geographic Expeditions, Inc.*, 599 F.3d at 1106-07; *Guglielmino*, 506 F.3d at 699. Defendant argues that the Court has diversity jurisdiction. Not. at 2-5. Defendant argues that the amount in controversy requirement is met based on the likely cost of remedying the purported violations, monetary damages of at least \$4,000 per violation, and attorney's fees. However, the FAC limits the value of injunctive relief to \$50,000, seeks \$4,000 in statutory damages per violation, \$4,000 for deterrence, and attorney's fees. FAC at 12-13. Assuming, as Defendant does, that Plaintiff has visited the website three times, statutory damages might amount to \$12,000. The Court will not include speculative civil penalties or attorneys' fees to meet the amount in controversy requirement. See *Galt G/S v. JSS Scandinavia*, 142 F.3d 1150, 1156 (9th Cir. 1998) ("We hold that where an underlying statute authorizes an award of attorneys' fees, either with mandatory or discretionary language, such fees may be included in the amount in controversy.") (emphasis added). Therefore, \$50,000 for injunctive relief plus \$12,000 in statutory damages and \$4,000 for deterrence amounts to \$66,000 which is below the jurisdictional threshold. The Court's decision not to include speculative awards in the amount in controversy is reinforced by the fact that Congress has not raised the amount in controversy since 1996—nearly three decades ago.¹ See The Federal Courts Improvement Act of 1996, 110 Stat. 3850. Since then, the inflation rate is nearly 100% (i.e., prices have almost doubled). Thus, adjusted for inflation, the amount in controversy should be around \$150,000. Stated conversely, a case worth \$75,000 in 1996 is worth only \$37,500 in today's dollars. Because inflation has plainly decreased the "real" value of the amount in controversy, more and more cases are able to meet the jurisdictional threshold and can be brought in federal court. As federal diversity jurisdiction expands, state court jurisdiction to decide purely state law issues and develop state law correspondingly decreases. Thus, the federal jurisdictional creep is incompatible with the most basic principles of federalism.

1 For reference, in 1996, the minimum wage was \$4.75 per hour, and only 16% of Americans had cell phones. Indeed, the current amount-in-controversy is older than both of my law clerks.

CIVIL MINUTES – GENERAL

Case No. 8:25-cv-00727-DOC-DFM Date: April 16, 2025 Page 5 Federalism is not the only loser in Congress's failure to increase the amount in controversy. When a case is improperly removed,

ultimate resolution is delayed. Moreover, if a court does not immediately remand a case sua sponte, a plaintiff may move to remand. Because cases subject to motion to remand are typically small dollar cases, this increased motion work can quickly cause attorneys' fees to outrun any potential recovery and places an immense burden on a plaintiff's lawyer working on contingency. In this respect, the current low jurisdictional threshold reduces access to justice. Therefore, the Court respectfully encourages Congress to reconsider the amount in controversy minimum. Accordingly, the Court finds that Defendant has not shown by a preponderance of the evidence that the amount in controversy exceeds \$75,000. Thus, the Court finds that it lacks diversity jurisdiction over this matter. IV. Disposition For the reasons set forth above, the Court hereby REMANDS this case to the Superior Court of Orange County, California. The Clerk shall serve this minute order on the parties. MINUTES FORM 11 Initials of Deputy Clerk: kdu
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