

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA

Erin Acosta v. Nissan North America, Inc.

Acosta v. Nissan North America · No. 8:25-cv-00480-FWS-DFM · Decided October 6, 2025

SUMMARY

The United States District Court for the Central District of California remanded the action to Orange County Superior Court for lack of subject matter jurisdiction. The court held that Nissan had not established fraudulent joinder of the nondiverse California dealership and declined to sever the dealership under Federal Rule of Civil Procedure 21. Because the plaintiff and dealership were both California citizens and no federal question was presented, complete diversity was lacking.

CASE DETAILS

COURT	United States District Court for the Central District of California
WRITING FOR THE COURT	Fred W. Slaughter
JURISDICTION	United States District Court for the Central District of California
DECIDED	October 6, 2025
DOCKET	8:25-cv-00480-FWS-DFM
DISPOSITION	remanded
PROCEDURAL POSTURE	Nissan removed Plaintiff's California state-court action to federal court on the asserted basis of diversity jurisdiction. The district court issued an order to show cause regarding subject matter jurisdiction and remanded the case to Orange County Superior Court.
STANDARD OF REVIEW	The removing defendant bears the burden of establishing subject matter jurisdiction, and removal statutes are strictly construed against removal. Fraudulent joinder is evaluated under an exacting standard requiring a showing that the nondiverse defendant cannot be liable on any theory; if there is any possibility that a state court could find a viable claim, remand is required. A decision to sever a nondiverse party under Rule 21 is discretionary.
PRECEDENTIAL VALUE	unpublished district court order; nonprecedential
PARTIES	Nissan North America, Inc. v. Erin Acosta

TOPICS

subject matter jurisdiction

civil procedure

federalism

negligence

consumer protection

PRACTICE AREAS

civil procedure

removal jurisdiction

diversity jurisdiction

negligent repair

consumer protection

QUESTIONS PRESENTED

1. Whether Nissan established that the California dealership was fraudulently joined so that its citizenship could be disregarded for diversity-jurisdiction purposes.
2. Whether the court should exercise its discretion under Federal Rule of Civil Procedure 21 to sever the claims against the nondiverse dealership and retain the action in federal court.
3. Whether the court lacked complete diversity and therefore was required to remand the action to state court.

HOLDINGS

1. Nissan did not meet its heavy burden to show that the Dealership could not be liable on any theory. Because there was at least a possibility that a California court would find that Acosta stated a negligent-repair claim against the Dealership, the Dealership was properly joined and its California citizenship had to be considered.
2. The court declined to sever the Dealership under Rule 21 to create or preserve diversity jurisdiction.
3. The court lacked subject matter jurisdiction because Acosta and the Dealership were both California citizens, defeating complete diversity, and the case presented no federal question. The court was required to remand the action to state court.

KEY QUOTATIONS

“The defendant removing the action to federal court bears the burden of establishing that the district court has subject matter jurisdiction over the action, and the removal statute is strictly construed against removal jurisdiction.” (Section II)

“if there is a possibility that a state court would find that the complaint states a cause of action against any of the resident defendants, the federal court must find that the joinder was proper and remand the case to the state court.” (Section III.A)

“Because both Plaintiff and the Dealership are California citizens, and this case does not present a federal question, the court lacks subject matter jurisdiction over this case.” (Section III.C)

FACTUAL BACKGROUND

Erin Acosta, a California citizen, brought claims concerning an allegedly defective car against Nissan and its California dealership, CTG Auto, LLC. She alleged that she took the vehicle to the Dealership for repairs on numerous occasions and that the Dealership negligently stored, prepared, and repaired the vehicle. Both Acosta and the Dealership were California citizens, while Nissan was alleged to be a citizen of Delaware and Michigan.

PROCEDURAL HISTORY

Erin Acosta sued Nissan North America, Inc. and CTG Auto, LLC, doing business as Nissan of Costa Mesa, in California state court concerning an allegedly defective vehicle. Nissan removed the action, arguing that the Dealership's California citizenship should be disregarded because of fraudulent joinder or, alternatively, that the Dealership should be severed under Federal Rule of Civil Procedure 21. The district court rejected both arguments and remanded the case for lack of complete diversity.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The case was remanded to Orange County Superior Court as case number 30-2024-01393554-CU-BC-NJC.

CASES CITED

- Shamrock Oil & Gas Corp. v. Sheets, 313 U.S. 100, 109 (1941)
- United States v. Ceja-Prado, 333 F.3d 1046, 1051 (9th Cir. 2003)
- Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992)
- United Investors Life Insurance Co. v. Waddell & Reed, Inc., 360 F.3d 960, 966 (9th Cir. 2004)
- GFD, LLC v. Carter, 2012 WL 5830079, at *2 (C.D. Cal. Nov. 15, 2012)
- Grancare, LLC v. Thrower by and through Mills, 889 F.3d 543, 548-49 (9th Cir. 2018)
- Ritchey v. Upjohn Drug Co., 139 F.3d 1313, 1318 (9th Cir. 1998)
- Hunter v. Philip Morris USA, 582 F.3d 1039, 1046 (9th Cir. 2009)
- Rattagan v. Uber Technologies, Inc., 17 Cal. 5th 1, 19 (2024)
- Southwest Forest Industries, Inc. v. Westinghouse Electric Corp., 422 F.2d 1013, 1020 (9th Cir. 1970)
- Garcia v. Ford Co., 2025 WL 314072, at *4 (E.D. Cal. Jan. 28, 2025)
- Burch v. Ford Motor Co., 758 F. Supp. 3d 1092, 1099 (N.D. Cal. 2024)
- Doyle v. General Motors LLC, 2020 WL 915887, at *3 (C.D. Cal. Feb. 25, 2020)
- Lopez v. Ford Motor Co., 2019 WL 5444391, at *2 (C.D. Cal. July 18, 2019)
- Miranda v. Ford Motor Co., 2020 WL 917280, at *2 (C.D. Cal. Feb. 25, 2020)
- Lytle v. Ford Motor Co., 2018 WL 4793800, at *2 (E.D. Cal. Oct. 2, 2018)
- Tasch v. Ford Motor Co., 2018 WL 3956493, at *1 (C.D. Cal. Aug. 16, 2018)
- Sams v. Beech Aircraft Corp., 625 F.2d 273, 277 (9th Cir. 1980)
- Healy v. FCA US LLC, 2020 WL 3868799, at *3 (N.D. Cal. July 9, 2020)

OPINION

Acosta v. Nissan North America, Inc. Present: HONORABLE FRED W. SLAUGHTER, UNITED STATES DISTRICT JUDGE Damian Velazquez for Rolls Royce Paschal N/A Deputy Clerk Court Reporter Attorneys Present for Plaintiff: Attorneys Present for Defendant: Not Present Not Present PROCEEDINGS: ORDER REMANDING CASE FOR LACK OF SUBJECT MATTER JURISDICTION I. Introduction and Background In this case, Plaintiff Erin Acosta brings claims against Defendants Nissan North America, Inc. (“Nissan”) and CTG Auto, LLC doing business as Nissan of Costa Mesa (the Dealership”) related to an allegedly defective car.

(See generally Dkt. 1-1 (“Complaint” or “Compl.”).) Nissan removed the case to this court on the basis of diversity jurisdiction, arguing that the Dealership’s California citizenship should be disregarded under the fraudulent joinder doctrine and because Plaintiffs claims against the Dealership should be severed under Federal Rule of Civil Procedure 21. (Dkt.

1 (Notice of Removal, “NOR”) at 8-11.) In the parties’ Joint Report under Federal Rule of Civil Procedure 26(f), addressing subject matter jurisdiction, Plaintiff stated that the court has diversity jurisdiction because “this action is between citizens of different states (Plaintiff is a citizen of California and Nissan is a citizen of Delaware and Michigan),” and did not address the Dealership’s citizenship; Nissan again maintained that the court should disregard the Dealership’s citizenship.

(Dkt. 13 (“26(f) Report”) at 3.) On April 15, 2025, the parties filed a document indicating their consent to proceed in this case before Magistrate Judge Stephanie Christensen. (Dkt. 11.) The parties checked a box “confirm[ing] that ALL PARTIES have consented to proceed before the selected Magistrate CIVIL MINUTES — GENERAL UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA J S 6 ☐ CIVIL MINUTES — GENERAL Case No. 8:25-cv-00480-FWS-DFM Date: October 6, 2025 Title: Erin Acosta v. Nissan North America, Inc. Judge.” (Ud. at 1.)

However, the form was signed by only Plaintiff and Nissan, and did not address the Dealership. (See generally id.) Plaintiff, a California citizen, then filed a statement confirming that “Plaintiff plans to, and continues to, proceed against” the Dealership, also a California citizen. (Dkt. 21 4] 13.)

The court issued an Order to Show Cause why the case should not be remanded to state court for lack of subject matter jurisdiction. (Dkt. 23 (“OSC”).) Nissan filed a response to the OSC. (Dkt. 27 (“OSC Response” or “Resp.”).) Plaintiff declined the court’s invitation to file a reply to Nissan’s Response. (See OSC at 3.) II. Legal Standard A defendant may remove a civil action filed in state court to a federal district court only if the federal court would have had original jurisdiction over it.

28 U.S.C. § 1441. Federal courts have diversity jurisdiction over cases between completely diverse parties that involve an amount in controversy exceeding \$75,000. 28 U.S.C. § 1332. Principles of federalism and economy require courts to “scrupulously confine their [removal] jurisdiction to the limits which [Congress] has defined.” See *Shamrock Oil & Gas Corp. v. Sheets*, 313 U.S. 100, 109 (1941).

Indeed, “[n]othing is to be more jealously guarded by a court than its See *United States v. Ceja-Prado*, 333 F.3d 1046, 1051 (9th Cir. 2003) (internal quotations omitted). The defendant removing the action to federal court bears the burden of establishing that the district court has subject matter jurisdiction over the action, and the removal statute is strictly construed against removal jurisdiction.

Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992). Federal courts have a duty to examine their subject matter jurisdiction whether or not the raise the issue. See *United Investors Life Ins. Co. v. Waddell & Reed, Inc.*, 360 F.3d 960, 966 (9th Cir. 2004) (“[A] district court’s duty to establish subject matter jurisdiction is not contingent upon the parties’ arguments.”). “The court may—indeed must—remand an action sua sponte if it determines that it lacks subject matter jurisdiction.” *GFD, LLC v. Carter*, 2012 WL 5830079, at *2 (C.D.

Cal. Nov. 15, 2012). CIVIL MINUTES — GENERAL UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA S 6 □ CIVIL MINUTES — GENERAL Case No. 8:25-cv-00480-FWS-DFM Date: October 6, 2025 Title: Erin Acosta v. Nissan North America, Inc. It. Analysis There is no dispute that both Plaintiff and the Dealership are California citizens such that if the court considers the Dealership’s citizenship, the court lacks subject matter jurisdiction over this case and must remand it.

In the Response, Nissan argues the case should not be because (1) the Dealership’s citizenship should be disregarded because it is fraudulently joined, and (2) Rule 21 severance is appropriate. (Resp. at 4-11.) The court considers these arguments in turn. A. Fraudulent Joinder Nissan contends the Dealership is fraudulently joined because Plaintiff’s negligent repair claim fails under *Rattagan v. Uber Techs, Inc.*, 17 Cal.5th 1, 19 (2024), which discussed an “independent tort principle,” and under the economic loss rule.

(See NOR at 8-11; Resp. at 4- 9.) When there is a sufficient showing of fraudulent joinder, a court will not consider the citizenship of the fraudulently-joined party in determining whether there is complete diversity. See *Grancare, LLC v. Thrower by and through Mills*, 889 F.3d 543, 548 (9th Cir. 2018).

However, “a defendant invoking federal court diversity jurisdiction on the basis of fraudulent bears a heavy burden since there is a general presumption against [finding] fraudulent /d. (internal quotations omitted). A defendant can establish fraudulent joinder by showing that the defendant

who purportedly destroys complete diversity “cannot be liable on any theory.” See *Ritchey v. Upjohn Drug Co.*, 139 F.3d 1313, 1318 (9th Cir.

1998). This is an exacting standard—“if there is a possibility that a state court would find that the complaint states a cause of action against any of the resident defendants, the federal court must find that the joinder was proper and remand the case to the state court.” *Hunter v. Philip Morris USA*, 582 F.3d 1039, 1046 (9th Cir. 2009).

The court finds Nissan has not met its heavy burden to demonstrate that the Dealership is fraudulently joined. “One who undertakes repairs has a duty arising in tort to do them without negligence.” *Sw. Forest Indus., Inc. v. Westinghouse Elec. Corp.*, 422 F.2d 1013, 1020 (9th Cir. 1970).

In support of her negligent repair claim, Plaintiff alleges that she took the allegedly CIVIL MINUTES — GENERAL UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA J S 6 □ CIVIL MINUTES — GENERAL Case No. 8:25-cv-00480-FWS-DFM Date: October 6, 2025 Title: Erin Acosta v. Nissan North America, Inc. defective car to the Dealership for repairs “on numerous occasions.” (Compl. § 63.)

She further alleges that the Dealership owed her a duty “to use ordinary care and skill in the storage, and repair” of the allegedly defective car and that the Dealership breached this duty “by failing to properly store, prepare, and repair” the car according to industry standards. (/d. 64-65.) And she alleges this breach was a proximate cause of her damages. (/d. { 66.)

Nissan argues this claim “is barred from the face of the Complaint” under what Nissan calls Rattagan’s “independent tort doctrine” and the economic loss rule. (Resp. at 4-9.) Although it is possible that a state court could find Plaintiff’s negligent repair claim against the Dealership is barred under one or both of these authorities, the court finds Nissan has not adequately demonstrated that the Dealership “cannot be liable on any theory.” *Ritchey*, 139 F.3d at 1318.

Rather, the court finds “there is a possibility that a state court would find that the complaint states a cause of action” against the Dealership, *Hunter*, 582 F.3d at 1046, or that a state court would determine that any “deficiency in the complaint can possibly be cured by granting the plaintiff leave to amend,” *Grancare*, 889 F.3d at 549. See, e.g., *Garcia v. Ford Co.*, 2025 WL 314072, at *4 (E.D.

Cal. Jan. 28, 2025) (permitting joinder of local dealership and remanding when “[i]t is possible a state court could find a negligent repair claim viable under these circumstances”); *Burch v. Ford Motor Co.*, 758 F. Supp. 3d 1092, 1099 (N.D. Cal. 2024) (similar); *Doyle v. Gen. Motors LLC*, 2020 WL 915887, at *3 (C.D. Cal. Feb. 25, 2020) (similar); *Lopez v. Ford Motor Co.*, 2019 WL 5444391, at *2 (C.D.

Cal. July 18, 2019) (remanding because “Defendants have not established that a customer could never against a dealership for negligent repair of a vehicle under warranty”); *Miranda v. Ford Co.*, 2020 WL 917280, at *2 (C.D. Cal. Feb. 25, 2020) (similar); *Lytle v. Ford Motor Co.*, 2018 WL 4793800, at *2 (E.D. Cal. Oct. 2, 2018) (“California law is not so settled that a could not possibly recover against a dealership for negligent repair of a vehicle.”); *Tasch vy.*

Ford Motor Co., 2018 WL 3956493, at *1 (C.D. Cal. Aug. 16, 2018) (similar); *v. Jaguar Land Rover N. Am., LLC*, 2016 WL 3396925, at *4 (C.D. Cal. June 13, 2016) (similar). Accordingly, the court “must find that the joinder was proper and remand the case to the state court.” *Hunter*, 582 F.3d at 1046. Nissan’s arguments regarding □□□□□□□□□□ statements in the 26(f) Report that the court has subject matter jurisdiction and Plaintiff’s failure to actively pursue a claim against the Dealership, (see Resp. at 9-10), do not alter this conclusion.

CIVIL MINUTES — GENERAL UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA S 6 □ CIVIL MINUTES — GENERAL Case No. 8:25-cv-00480-FWS-DFM Date: October 6, 2025 Title: Erin Acosta v. Nissan North America, Inc. B. Rule 21 Severance In the alternative, Nissan argues that if the court does not find an adequate showing that the Dealership is fraudulently joined, “the Court should nevertheless exercise its discretion to sever the claim against” the Dealership.

(Resp. at 10.) Federal Rule of Civil Procedure 21 “srrants a federal district or appellate court the discretionary power to perfect its diversity by dropping a nondiverse party provided the nondiverse party is not indispensable to the action under Rule 19.” *Sams v. Beech Aircraft Corp.*, 625 F.2d 273, 277 (9th Cir. 1980).

The rule provides that “the court may at any time, on just terms, add or drop a party” or “sever any claim against a party.” Fed. R. Civ. P. 21. “The decision to sever a defendant for jurisdictional purposes is entrusted to the Court’s sound discretion, and is by no means required or mandatory.” *Healy v. FCA US LLC*, 2020 WL 3868799, at *3 (N.D. Cal. July 9, 2020) (cited in Resp. at 10-11).

Even if the court found the Dealership to be “not indispensable to the action under Rule 19,” *Sams*, 625 F.2d at 277, the court would find it inappropriate to exercise the court’s discretion to sever the Dealership, including because the claims against Nissan and the Dealership are “sufficiently intertwined, factually and legally, that severance would be inconvenient and inefficient” and due to “the important considerations of federalism and comity, which counsel that a state law claim as alleged here ought to be heard in a state court.” *Healy*, 2020 WL 3868799, at *3.

C. Summary Plaintiff filed this case against Nissan and the Dealership. The court is not persuaded that the court should disregard the Dealership’s citizenship on the basis of fraudulent joinder, or

that the court should exercise its discretion to sever the Dealership under Rule 21.

Because both Plaintiff and the Dealership are California citizens, and this case does not present a federal question, the court lacks subject matter jurisdiction over this case. Accordingly, the court must remand the case. CIVIL MINUTES — GENERAL UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA J S 6 □ CIVIL MINUTES — GENERAL Case No. 8:25-cv-00480-FWS-DFM Date: October 6, 2025 Title: Erin Acosta v. Nissan North America, Inc. IV.

Disposition For the reasons stated above, the court REMANDS this case to Orange County Superior Court as case number 30-2024-01393554-CU-BC-NJC. CIVIL MINUTES — GENERAL