

SUPREME COURT OF THE STATE OF IDAHO

State v. Philip Morris, R.J. Reynolds

158 Idaho 874 (2015) · No. 41679 · Decided July 23, 2015

SUMMARY

The Supreme Court of Idaho affirmed the district court’s denial of the State’s motion to vacate portions of an arbitration award arising from the 1998 Tobacco Master Settlement Agreement. The court held that the State was required to establish standing, including a concrete and particularized injury, to challenge the award under the Federal Arbitration Act. Because Idaho failed to demonstrate an injury in fact, the court affirmed without reaching the merits of the motion to vacate.

CASE DETAILS

COURT	Supreme Court of the State of Idaho
WRITING FOR THE COURT	Horton, Justice; Burdick, Chief Justice; J. Jones, Justice; W. Jones, Justice; Kidwell, Justice Pro Tem
JURISDICTION	Idaho
DECIDED	July 23, 2015
DOCKET	41679
DISPOSITION	affirmed
PROCEDURAL POSTURE	The State appealed from a final judgment denying its motion to vacate portions of an arbitration award under the Federal Arbitration Act. The district court held that Idaho lacked standing because it had not shown an injury in fact.
STANDARD OF REVIEW	Standing and other jurisdictional issues are questions of law reviewed freely.
PRECEDENTIAL VALUE	Published Idaho Supreme Court opinion; precedential
PARTIES	State of Idaho v. Philip Morris, Inc., R.J. Reynolds Tobacco Company, Lorillard Tobacco Company, Inc., Commonwealth Brands, Inc., Compania Industrial de Tabacos Monte Paz, S.A., Daughters & Ryan, Inc., House of Prince A/S, Japan Tobacco International U.S.A., Inc., King Maker Marketing, Inc., Kretek International, Inc., Liggett Group LLC, Peter Stokkebye Tobaksfabrik A/S, P.T. Djarum, Santa Fe Natural Tobacco Company, Inc., Scandinavian Tobacco Group Lane

TOPICS

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether Idaho was required to establish standing, including an injury in fact, before seeking to vacate or modify the arbitration award under the Federal Arbitration Act.
2. Whether Idaho demonstrated a concrete, particularized, actual or imminent injury caused by the arbitration award and redressable by the requested relief.

HOLDINGS

1. A party seeking to vacate or modify an arbitration award under the Federal Arbitration Act must satisfy traditional justiciability requirements, including standing and an injury in fact.
2. Idaho lacked standing because it failed to demonstrate a concrete, particularized, actual or imminent injury resulting from the arbitration award.
3. Because Idaho lacked standing, the court would not reach the merits of Idaho's argument that the arbitration panel exceeded its authority.

KEY QUOTATIONS

“Under U.S. Supreme Court jurisprudence, to establish standing “a plaintiff must show (1) an ‘injury in fact,’ (2) a sufficient ‘causal connection between the injury and the conduct complained of,’ and (3) a ‘like[lihood]’ that the injury ‘will be redressed by a favorable decision.’” (at 10)

“Simply put, the State’s failure to receive funds to which it is not entitled to under the MSA does not constitute injury.” (at 12)

FACTUAL BACKGROUND

In 1998, Idaho and other states entered the Tobacco Master Settlement Agreement with participating cigarette manufacturers, requiring annual payments and providing for adjustments based on market share and enforcement of state escrow statutes. A dispute arose over the 2003 Non-Participating Manufacturer Adjustment, and an arbitration panel later approved a settlement among participating manufacturers and twenty-two states. Idaho, which had not been found non-diligent and was not subject to the 2003 adjustment, challenged portions of the award involving later payments and asserted that it was injured because settling states received distributions from disputed-payment funds that Idaho did not receive.

PROCEDURAL HISTORY

Idaho and participating tobacco manufacturers disputed the 2003 Non-Participating Manufacturer Adjustment under the Tobacco Master Settlement Agreement. The district court compelled arbitration, and the arbitration panel later entered a Stipulated Partial Settlement and Award incorporating a settlement concerning the 2003 and later adjustments. Idaho moved to vacate or modify portions of the award, but the district court denied the motion for lack of standing. The Idaho Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- In re Jerome County Board of Commissioners, 153 Idaho 298, 308, 281 P.3d 1076, 1086 (2012)
- Taylor v. Maile, 146 Idaho 705, 709, 201 P.3d 1282, 1286 (2009)
- Wattenbarger v. A.G. Edwards & Sons, Inc., 150 Idaho 308, 316 n.1, 246 P.3d 961, 969 n.1 (2010)
- Young v. City of Ketchum, 137 Idaho 102, 104, 44 P.3d 1157, 1159 (2002)
- Miles v. Idaho Power Co., 116 Idaho 635, 639, 641-42, 778 P.2d 757, 761, 763-64 (1989)
- Davidson v. Wright, 143 Idaho 616, 620, 151 P.3d 812, 816 (2006)
- Weldon v. Bonner County Tax Coalition, 124 Idaho 31, 36, 855 P.2d 868, 873 (1993)
- City of Boise City v. Keep the Commandments Coalition, 143 Idaho 254, 141 P.3d 1123 (2006)
- ABC Agra, LLC v. Critical Access Group, Inc., 156 Idaho 781, 783-84, 331 P.3d 523, 525-26 (2014)
- Koch v. Canyon County, 145 Idaho 158, 161, 177 P.3d 372, 375 (2008)
- Susan B. Anthony List v. Driehaus, 134 S. Ct. 2334, 2341 (2014)
- Lujan v. Defenders of Wildlife, 504 U.S. 555, 560-61 (1992)
- Van Valkenburgh v. Citizens for Term Limits, 135 Idaho 121, 124, 15 P.3d 1129, 1132 (2000)
- Camp Easton Forever, Inc. v. Inland Northwest Council Boy Scouts of America, 156 Idaho 893, 897, 332 P.3d 805, 809 (2014)
- Thomson v. City of Lewiston, 137 Idaho 473, 477, 50 P.3d 488, 492 (2002)
- Boundary Backpackers v. Boundary County, 128 Idaho 371, 375, 913 P.2d 1141, 1145 (1996)
- Duke Power Co. v. Carolina Environmental Study Group, Inc., 438 U.S. 59, 72 (1978)
- Martin v. Camas County ex rel. Board of Commissioners, 150 Idaho 508, 513 n.3, 513-14, 248 P.3d 1243, 1248 n.3, 1248-49 (2011)
- Day v. Bond, 500 F.3d 1127, 1137-38 (10th Cir. 2007)
- Public Citizen v. Lockheed Aircraft Corp., 565 F.2d 708, 714 n.22 (D.C. Cir. 1977)
- Commonwealth ex rel. Kane v. Philip Morris USA, Inc., No. 803, C.D. 2014, 2015 WL 1591342, at *1 (Pa. Commw. Ct. Apr. 10, 2015)
- Missouri v. American Tobacco Co., No. 22972-01465, Order & J. (Mo. Cir. Ct. May 2, 2014)
- Noh v. Cenarrusa, 137 Idaho 798, 801, 53 P.3d 1217, 1220 (2002)

