

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

Stephens v. Tesla Insurance Services, Inc.

Stephens · No. 23-cv-02726-AGT · Decided August 2, 2023

SUMMARY

The United States District Court for the Northern District of California granted Stephens’s motion to remand the case to California Superior Court, County of Alameda. The court held that Tesla failed to establish by a preponderance of the evidence that the amount in controversy exceeded \$75,000, rejecting Tesla’s estimates for punitive damages, attorneys’ fees, and compliance costs for injunctive relief.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Alex G. Tse
JURISDICTION	United States District Court for the Northern District of California
DECIDED	August 2, 2023
DOCKET	23-cv-02726-AGT
DISPOSITION	remanded
PROCEDURAL POSTURE	Defendant removed the action from California Superior Court, and plaintiff moved to remand for failure to establish the amount-in-controversy requirement for federal jurisdiction.
STANDARD OF REVIEW	The removing defendant must establish by a preponderance of the evidence that the amount in controversy exceeds \$75,000.
PRECEDENTIAL VALUE	Unpublished district court order; precedential status not stated

TOPICS

- subject matter jurisdiction
- civil procedure
- class actions
- injunctions
- insurance

PRACTICE AREAS

- Civil procedure
- Insurance

QUESTIONS PRESENTED

1. Whether Tesla proved by a preponderance of the evidence that the amount in controversy exceeded \$75,000.
2. Whether Tesla's estimates of punitive damages, attorneys' fees, and injunctive-relief compliance costs could be included in the amount-in-controversy calculation.

HOLDINGS

1. Tesla failed to show by a preponderance of the evidence that the amount in controversy exceeded \$75,000.
2. Tesla's \$61,000 punitive-damages estimate could not be included as sufficient proof of the amount in controversy because Tesla did not estimate compensatory damages or demonstrate that the necessary punitive-to-compensatory ratio was reasonably possible.
3. Tesla could not include its \$14,000 attorneys' fee estimate without dividing fees for class-benefiting work among the members of the proposed class and calculating Stephens's pro rata share.
4. Tesla could not include its estimated \$100,000 compliance costs because the defendant-viewpoint approach to valuing an injunction was rejected and Tesla did not calculate the benefit of the injunction to each individual plaintiff.

KEY QUOTATIONS

“Tesla has failed to show by a preponderance of the evidence that the amount in controversy exceeds \$75,000.”

“The value of injunctive relief must be “based on the benefit to each individual plaintiff.””

FACTUAL BACKGROUND

Tesla relied on potential punitive damages, attorneys' fees, and the cost of complying with possible injunctive relief to satisfy the amount-in-controversy requirement. Tesla estimated punitive damages at \$61,000 but did not estimate compensatory damages, and estimated attorneys' fees at \$14,000 based on work benefiting the proposed class without calculating the plaintiff's pro rata share. Tesla also asserted \$100,000 in compliance costs for injunctive relief but did not calculate the value of that relief based on the benefit to each individual plaintiff.

PROCEDURAL HISTORY

Tesla removed the case from California Superior Court, County of Alameda. The federal court granted Stephens's motion to remand because Tesla did not show by a preponderance of the evidence that more than \$75,000 was in controversy, and it ordered the Clerk to remand the case to state court.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The Clerk of Court was ordered to remand the case to California Superior Court, County of Alameda.

CASES CITED

- Dart Cherokee Basin Operating Co. v. Owens, 574 U.S. 81, 88 (2014)
- Greene v. Harley-Davidson, Inc., 965 F.3d 767, 773 (9th Cir. 2020)
- Kanter v. Warner-Lambert Co., 265 F.3d 853, 858 (9th Cir. 2001)
- Steenhuyse v. UBS Fin. Servs., Inc., 317 F. Supp. 3d 1062, 1073 (N.D. Cal. 2018)
- Kanter v. Warner-Lambert Co., 265 F.3d 853, 860 (9th Cir. 2001)
- Jack v. Ring LLC, 553 F. Supp. 3d 711, 717 (N.D. Cal. 2021)

OPINION

Stephens v. Tesla Insurance Services, Inc.

PER CURIAM.

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

RICKY STEPHENS, Case No. 23-cv-02726-AGT Plaintiff,

ORDER ON MOTION TO REMAND

v. Re: Dkt. No. 20

TESLA INSURANCE SERVICES, INC.,

Defendant. Stephens's motion to remand is granted. Tesla has failed to show by a preponderance of the evidence that the amount in controversy exceeds \$75,000. See 28 U.S.C. § 1446(c)(2)(B); Dart Cherokee Basin Operating Co. v. Owens, 574 U.S. 81, 88 (2014). * * * To reach the \$75,000 threshold, Tesla relies heavily on potential punitive damages. But Tesla's punitive damages estimate (\$61,000) isn't adequate. Tesla has made no attempt to estimate the amount of compensatory damages in controversy. As a result, the Court cannot determine, as it must, whether the "punitive/compensatory damages ratio is reasonably possible." Greene v. Harley-Davidson, Inc., 965 F.3d 767, 773 (9th Cir. 2020). Tesla also relies on an estimate of plaintiff's attorneys' fees to meet \$75,000. But Tesla's estimate (\$14,000) is based on attorney work (e.g., drafting the complaint, defending the named plaintiff's deposition) that would benefit the proposed class. The estimate must thus "be divided among all members of the plaintiff class," Kanter v. Warner-Lambert Co., 265 F.3d 853, 858 (9th Cir. 2001), which Tesla hasn't done. "Given [Tesla's] failure to provide any evidence estimating plaintiff's pro-rata share of the total lodestar . . . , the Court declines to include an attorneys' fee estimate as part of the amount in controversy calculation." Steenhuyse v. UBS Fin. Servs., Inc., 317 F. Supp. 3d 1062, 1073 (N.D. Cal. 2018). Third and finally, Tesla says \$100,000 should be included in the amount in controversy to account for Tesla's compliance costs should injunctive relief be awarded. This "defendant's-viewpoint approach to calculating the cost of an injunction" has been rejected. Kanter, 265 F.3d at 860. The value of injunctive relief must be "based on the benefit to each individual plaintiff." Jack v. Ring

LLC, 553 F. Supp. 3d 711, 717 (N.D. Cal. 2021). Tesla hasn't attempted to satisfy this standard, so its compliance-cost estimate won't be included in the amount in controversy. Tesla has failed to show by a preponderance of the evidence that the amount in controversy exceeds \$75,000. The Court therefore grants Stephens's motion to remand and orders the Clerk of the Court to remand this case to California Superior Court, County of Alameda. IT IS SO ORDERED. Dated: August 2, 2023 |) Alex G. Tse United States Magistrate Judge

Retrieved from lawtools.ai · <https://lawtools.ai/cases/state/united-states-district-court-for-the-northern-district-of-california-united-states-district-court-fo/2023/stephens-v-tesla-insurance-services-inc-c9padzs0>