

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

Starr Indemnity & Liability Company v. Chart Industries, Inc.

Starr Indemnity v. Chart Industries · No. 22-cv-03484-HSG · Decided March 3, 2023

SUMMARY

The United States District Court for the Northern District of California granted Chart Industries, Inc.’s motion to dismiss Starr Indemnity & Liability Company’s declaratory judgment action concerning Starr’s alleged duty to indemnify Chart in litigation arising from the Pacific Fertility Center freezer failure. The court held that Starr’s complaint did not establish a ripe, justiciable controversy because liability and damages in the underlying litigation had not been determined. The dismissal was without prejudice, with leave to amend within 21 days.

OPINION

Starr Indemnity & Liability Company v. Chart Industries, Inc.

PER CURIAM.

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4 UNITED STATES DISTRICT COURT

5 NORTHERN DISTRICT OF CALIFORNIA

6 7 STARR INDEMNITY & LIABILITY Case No. 22-cv-03484-HSG

COMPANY,

8 ORDER GRANTING THE MOTION

Plaintiff, TO DISMISS 9 v. Re: Dkt. Nos. 20, 29 10

CHART INDUSTRIES, INC.,

11 Defendant. 12

13 Pending before the Court is Defendant Chart Industries, Inc.’s motion to dismiss or stay. 14
Dkt. No. 20. The Court finds this matter appropriate for disposition without oral argument and the
15 matter is deemed submitted. See Civil L.R. 7-1(b). For the reasons detailed below, the Court 16
GRANTS the motion to dismiss with leave to amend.

17 I. BACKGROUND

18 This is an insurance action regarding Plaintiff Starr Indemnity & Liability Company’s duty 19
to indemnify Chart in connection with several state and federal court actions arising from a March
20 2018 accident at the Pacific Fertility Center in San Francisco, California (“PFC Litigation”).
See 21 Dkt. No. 1 (“Compl.”) at ¶¶ 1, 12–13. The plaintiffs in the PFC Litigation allege that they
had 22 undergone fertility treatments at PFC, and stored their eggs and/or embryos at PFC’s San
23 Francisco location. Id. at ¶ 14. The plaintiffs further allege that the eggs and/or embryos were

24 stored in a freezer tank that Chart had manufactured; the tank failed, and the eggs and/or embryos 25 were destroyed; and Chart knew beforehand that the tank was defective. *Id.* at ¶¶ 15–25. Starr 26 brought this action for declaratory judgment regarding whether it ultimately has a duty to 27 indemnify Chart in the PFC Litigation under its excess liability policy. See *id.* at ¶¶ 44–84. 1 District of Georgia the very next day. See *Chart Industries, Inc. v. Starr Indemnity & Liability 2 Company*, Case No. 22-cv-02395-LMM (N.D. Ga.).¹ Chart now moves to dismiss this action 3 under Federal Rule of Civil Procedure 12(b)(1), or in the alternative, to stay this action or transfer 4 it to the Northern District of Georgia. See Dkt. No. 20.

5 II. DISCUSSION

6 Chart argues that because the PFC Litigation remains ongoing, Starr has no current duty to 7 indemnify. Dkt. No. 20 at 1, 3–4, 6–10. Consequently, Chart urges that the case is not ripe and 8 the Court lacks jurisdiction over the matter. *Id.* 9 Article III of the U.S. Constitution limits the jurisdiction of federal courts to live “cases” or 10 “controversies.” U.S. Const. art. III, § 2. One element of this case-or-controversy requirement is 11 that a case must be ripe, meaning “it must present issues that are definite and concrete, not 12 hypothetical or abstract.” *Bishop Paiute Tribe v. Inyo Cnty.*, 863 F.3d 1144, 1153 (9th Cir. 2017) 13 (quotation omitted). “Constitutional ripeness is often treated under the rubric of standing because 14 ripeness coincides squarely with standing’s injury in fact prong.” *Id.* (quotation omitted). “[T]o 15 meet the injury-in-fact prong of standing, the plaintiff must demonstrate ‘an invasion of a legally 16 protected interest which is (a) concrete and particularized and (b) actual or imminent, not 17 conjectural or hypothetical.’” *Id.* (quoting *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 560 (1992)). 18 Here, Chart urges that whether Starr has a duty to indemnify Chart in connection with the 19 PFC Litigation “is of a hypothetical and contingent nature: the injury may or may not 20 occur depending on the outcome of the [PFC Litigation].” Dkt. No. 20 at 7 (quotation omitted). 21 Unlike the duty to defend, Chart asserts that the duty to indemnify turns on a determination of 22 liability in the PFC Litigation. *Id.* Chart further argues that it is unknown at this point if Chart’s 23 liability in the PFC Litigation will exceed the \$100 million in policy limits afforded by Chart’s 24 other excess coverage such that Starr’s policy will come into play. *Id.*; see also Dkt. No. 1-1, Ex. 25 26 1 The Court notes that the Northern District of Georgia case is currently stayed through April 25, 2023, by stipulation of the parties. See *Chart Industries, Inc. v. Starr Indemnity & Liability 27 Company*, Case No. 22-cv-02395-LMM (N.D. Ga.), Dkt. No. 26. The parties indicated that they 1 A (“Starr Policy”) at 2, 14–15 (providing \$50 million of coverage for “each occurrence” for losses 2 exceeding the \$100 million in “underlying insurance policy(ies)”). 3 The parties appear to acknowledge that the PFC Litigation remains ongoing. Although 4 judgment has been entered in one federal case as to five of the individual plaintiffs, the judgment 5 and all the remaining related cases have been stayed pending appeal. See *E. v. Pacific Fertility 6 Center*, Case No. 18-cv-01586-JSC (N.D. Cal.), Dkt. Nos. 858, 902, 935; see also *A.B. v. Chart, 7 Inc.*, Case No. 21-17016 (9th Cir.). Oral argument is currently scheduled for March 30, 2023, 8 although the parties indicated that they may have

reached a settlement. See *A.B. v. Chart, Inc.*, 9 Case No. 21-17016 (9th Cir.), Dkt. No. 42. 10 Generally, the duty to indemnify only arises after damages in the underlying actions are 11 fixed. See, e.g., *Certain Underwriters at Lloyd's of London v. Superior Ct.*, 24 Cal. 4th 945, 958 12 (Cal. 2001); *Nat'l Tr. Ins. Co. v. Finishing Dynamics, LLC*, No. 1:18-CV-0351-AT, 2018 WL 13 8949791, at *5 (N.D. Ga. Sept. 18, 2018) (citing *ALEA London Ltd. v. Woodcock*, 649 S.E.2d 740, 14 746 (Ga. Ct. App. 2007)). The Court recognizes that the Ninth Circuit has previously found that a 15 declaratory judgment action to establish whether an insurer has a duty to defend and to indemnify 16 satisfies Article III's case and controversy requirement. See, e.g., *Am. States Ins. Co. v. Kearns*, 17 15 F.3d 142, 144 (9th Cir. 1994). However, the duty to defend—unlike the duty to indemnify— 18 turns on the allegations in the underlying complaint. See, e.g., *Certain Underwriters*, 24 Cal. 4th 19 at 958 (“[T]he duty to defend may arise as soon as damages are sought in some amount.”). Starr 20 does not cite—and the Court is not aware of—any Ninth Circuit case in which a declaratory 21 judgment action regarding just the duty to indemnify was found to satisfy Article III. Starr does 22 not address the distinction between the duty to defend and the duty to indemnify at all. Nor does it 23 explain how its duty to indemnify can be resolved before liability is determined in the PFC 24 litigation. 25 Instead, Starr suggests that Chart has already acknowledged that there is an actual and 26 justiciable controversy by filing its own case in the Northern District of Georgia. See Dkt. No. 32 27 at 6. In that case, Chart alleges that Starr breached the policy “by refusing to pay its limits to 1 Indemnity & Liability Company, Case No. 22-cv-02395-LMM (N.D. Ga.), Dkt. No. 1 at ¶ 47. 2 Chart further contends that under Georgia law, Starr is not entitled to recoup any money it pays in 3 settlement of the PFC Litigation. See *id.* at ¶¶ 7, 53–54. In support of its opposition, Starr has 4 attached Chart's November 2021 demand letter to the excess insurers, including Starr, requesting 5 that they “make their policy limits available to fund the resolution of the PFC Litigation.” See 6 Dkt. No. 32-6, Ex. E at 2. It has also attached Chart's January 2021 letter to Starr, challenging 7 Starr's refusal to tender its policy limits, which Chart states is “blocking the global settlement.” 8 See Dkt. No. 32-7, Ex. F at 1. 9 Chart does not dispute that it has already made a prior demand for payment of the full Starr 10 policy limits or that Starr has refused to comply. Rather, Chart urges that Starr has not adequately 11 alleged this in the complaint in this case. Dkt. No. 34 at 4–5. In this way, Chart appears to raise a 12 facial attack under Rule 12(b)(1). See *Safe Air for Everyone v. Meyer*, 373 F.3d 1035, 1039 (9th

13 Cir. 2004) (“A Rule 12(b)(1) jurisdictional attack may be facial or factual.”). “In a facial attack, 14 the challenger asserts that the allegations contained in a complaint are insufficient on their face to 15 invoke federal jurisdiction.” *Id.* And a court addressing a facial attack must confine its inquiry to 16 the allegations in the complaint. See *Savage v. Glendale Union High Sch.*, Dist. No. 205, 17 Maricopa Cty., 343 F.3d 1036, 1039, n.2 (9th Cir. 2003); see also *Leite v. Crane Co.*, 749 F.3d 18 1117, 1121 (9th Cir. 2014) (“The district court resolves a facial attack as it would a motion to 19 dismiss under Rule 12(b)(6): Accepting the plaintiff's allegations as true and drawing all 20

reasonable inferences in the plaintiff's favor.”). 21 The Court is reluctant to credit Chart’s apparent gamesmanship, and has little doubt that 22 based on the information Starr has already provided, it can adequately amend its complaint to 23 establish a justiciable case or controversy. Cf. *NewGen, LLC v. Safe Cig, LLC*, 840 F.3d 606, 614 24 (9th Cir. 2016) (“[A] facial attack is easily remedied by leave to amend jurisdictional allegations 25 pursuant to 28 U.S.C. § 1653.”). But Starr has not identified any allegations in the current 26 complaint that establish the case is ripe.² The Court therefore GRANTS the motion to dismiss 27 1 based on the face of the complaint with leave to amend.

2 || II. CONCLUSION

3 The Court GRANTS the motion to dismiss with leave to amend. Plaintiff may file an 4 amended complaint within 21 days of the date of this order. Plaintiff’s administrative motion 5 seeking leave to file a motion for determination of applicable law, Dkt. No. 29, is DENIED 6 || without prejudice to raising at a later time. Given the recent developments in both the Ninth 7 Circuit and Northern District of Georgia cases, the Court further DIRECTS the parties to file a 8 status report regarding the status of any settlement negotiations between Starr and Chart, as well 9 as regarding the underlying PFC Litigation, and any impact those developments may have on this 10 || declaratory judgment action. The parties shall file a joint statement of three pages or less by

11 March 10, 2023.

12 IT IS SO ORDERED. 13 || Dated: 3/3/2023 v 14 . HAYWOOD S. GILLIAM, JR. IS United States District Judge 16 = 17 Z 18 19 20 21 22 23 24 25 26 27 28 . . allegations in evaluating a facial attack.