

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

Farwana v. Tesla, Inc.

Farwana · No. 24-cv-07518-BLF · Decided April 29, 2025

SUMMARY

The United States District Court for the Northern District of California terminated Tesla’s motion to compel arbitration without prejudice to renewal in state court. The court discharged its order to show cause and remanded the action to the Santa Clara County Superior Court because joining defendant Xinye Bai appeared to destroy complete diversity jurisdiction.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Beth Labson Freeman
JURISDICTION	United States District Court for the Northern District of California
DECIDED	April 29, 2025
DOCKET	24-cv-07518-BLF
DISPOSITION	remanded
PROCEDURAL POSTURE	Plaintiff filed the action in Santa Clara County Superior Court. Tesla removed it to federal district court based on diversity jurisdiction. After the court permitted amendment joining Xinye Bai as a defendant, the court ordered the parties to show cause why the case should not be remanded because the joinder appeared to destroy complete diversity. The court remanded the case and terminated Tesla's motion to compel arbitration without prejudice to renewal in state court.
STANDARD OF REVIEW	The court independently determined whether subject matter jurisdiction existed.
PRECEDENTIAL VALUE	Unpublished federal district court order; precedential status not identified in the source metadata.
PARTIES	Ghazi Farwana v. Tesla, Inc., Xinye Bai

TOPICS

subject matter jurisdiction

arbitration

joinder

civil procedure

PRACTICE AREAS

civil procedure

arbitration

federal jurisdiction

QUESTIONS PRESENTED

1. Whether the joinder of Xinye Bai destroyed complete diversity and required remand for lack of subject matter jurisdiction.
2. Whether Tesla's pending motion to compel arbitration should remain pending in federal court after remand.

HOLDINGS

1. The court lacked subject matter jurisdiction because joinder of Xinye Bai appeared to defeat complete diversity, requiring remand to the Santa Clara County Superior Court.
2. Tesla's motion to compel arbitration was terminated without prejudice to Tesla's renewal of the motion in state court following remand.

KEY QUOTATIONS

“Subject matter jurisdiction can never be forfeited or waived and federal courts have a continuing independent obligation to determine whether subject-matter jurisdiction exists[.]” (at 1)

FACTUAL BACKGROUND

Ghazi Farwana filed the action in Santa Clara County Superior Court against Tesla, Inc. Tesla removed the case to federal court based on complete diversity. The federal court later allowed Farwana to join Xinye Bai as a defendant, and the joinder appeared to destroy complete diversity. Tesla advised that it did not oppose remand.

PROCEDURAL HISTORY

The action was originally filed in Santa Clara County Superior Court and removed to the Northern District of California on the basis of complete diversity. The federal court granted leave to amend to join Xinye Bai, then issued an order to show cause concerning subject matter jurisdiction. Tesla did not oppose remand, and the court remanded the action to state court and terminated Tesla's arbitration motion without prejudice.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The action was remanded to the Santa Clara County Superior Court for lack of subject matter jurisdiction. Tesla may renew its motion to compel arbitration in state court following remand.

CASES CITED

- Leeson v. Transamerica Disability Income Plan, 671 F.3d 969, 975 n.12 (9th Cir.)

OPINION

Farwana v. Tesla, Inc.

PER CURIAM.

1 2 3

4 UNITED STATES DISTRICT COURT

5 NORTHERN DISTRICT OF CALIFORNIA

6 SAN JOSE DIVISION

7 8 GHAZI FARWANA, Case No. 24-cv-07518-BLF 9 Plaintiff, ORDER TERMINATING
DEFENDANT

TESLA'S MOTION TO COMPEL

10 v. ARBITRATION WITHOUT

PREJUDICE TO RENEWAL OF

11 TESLA, INC. and XINYE BAI, MOTION IN STATE COURT;

DISCHARGING ORDER TO SHOW

12 Defendants. CAUSE; AND REMANDING CASE TO

STATE COURT

13 [Re: ECF 10, 37] 14 15 16 17 This action was filed in the Santa Clara County Superior Court
and removed to federal 18 district court based on complete diversity of citizenship between
Plaintiff Ghazi Farwana 19 ("Farwana") and Defendant Tesla, Inc. ("Tesla"). See Notice of
Removal, ECF 1. After removal, 20 this Court issued an order granting Farwana's motion for leave
to file an amended pleading joining 21 Xinye Bai ("Bai") as a defendant. See Order, ECF 37. The
order included an Order to Show 22 Cause why the case should not be remanded for lack of
subject matter jurisdiction, as it appeared 23 that joinder of Bai likely would destroy complete
diversity of citizenship. See *id.* "Subject matter 24 jurisdiction can never be forfeited or waived
and federal courts have a continuing independent 25 obligation to determine whether subject-
matter jurisdiction exists[.]" *Leeson v. Transamerica* 26 *Disability Income Plan*, 671 F.3d 969, 975
n.12 (9th Cir. 2012) (internal quotation marks and 27 citation omitted). The Court deferred
consideration of Tesla's motion to compel arbitration 1 Tesla filed its show cause response on
April 28, 2025, advising that Tesla does not oppose 2 || remand of this case to state court because
the joinder of Xinye Bai as a defendant appears to defeat 3 || diversity jurisdiction. See Tesla's
Response, ECF 40. Given Tesla's response, the Court finds it 4 || unnecessary to wait for Farwana
to file a show cause response before remanding the case. The 5 || Court will terminate Tesla's
motion to compel arbitration without prejudice to Tesla's renewal of 6 || its motion to compel
arbitration in state court.

7 ORDER

8 (1) Defendant Tesla's motion to compel arbitration (ECF 10) is TERMINATED 9 WITHOUT
PREJUDICE to Tesla's renewal of its motion to compel arbitration in 10 state court following
remand; 11 (2) The Order to Show Cause (ECF 37) is DISCHARGED; 12 (3) This action is
REMANDED to the Santa Clara County Superior Court for lack of 5 13 subject matter
jurisdiction; and 14 (4) This order terminates ECF 10 and 37. 16 || Dated: April 29, 2025

ETH LABSON FREEMAN

Z 18 United States District Judge 19 20 21 22 23 24 25 26 27 28