

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA

Matthew Michelson v. Mercedes-Benz USA, LLC, et al.

Michelson · No. 2:25-cv-03611-FLA (ASx) · Decided May 27, 2025

SUMMARY

The United States District Court for the Central District of California ordered the parties to show cause why the action should not be remanded for lack of subject matter jurisdiction. The court questioned whether the removing defendant had established by a preponderance of the evidence that the amount in controversy exceeded \$75,000, and directed the parties to respond within fourteen days.

CASE DETAILS

COURT	United States District Court for the Central District of California
WRITING FOR THE COURT	Fernando L. Aenlle-Rocha
JURISDICTION	United States District Court for the Central District of California
DECIDED	May 27, 2025
DOCKET	2:25-cv-03611-FLA (ASx)
DISPOSITION	other
PROCEDURAL POSTURE	The action was removed to federal court, and the district court issued an order to show cause why the action should not be remanded for lack of subject matter jurisdiction.
STANDARD OF REVIEW	The court must examine subject matter jurisdiction sua sponte, and when the amount in controversy is contested or questioned, the party asserting jurisdiction must establish it by a preponderance of the evidence. Removal jurisdiction is rejected if there is any doubt as to the right of removal.
PRECEDENTIAL VALUE	Unknown; district court order to show cause

TOPICS

- subject matter jurisdiction
- civil procedure

PRACTICE AREAS

- civil procedure
- federal jurisdiction
- removal and remand

QUESTIONS PRESENTED

1. Whether the Notice of Removal adequately established federal subject matter jurisdiction under 28 U.S.C. § 1332(a), particularly whether the amount in controversy exceeds \$75,000.
2. Whether the action should be remanded for lack of subject matter jurisdiction.

HOLDINGS

1. A federal district court must examine its subject matter jurisdiction sua sponte before proceeding to the merits.
2. The Notice of Removal did not presently establish by a preponderance of the evidence that the amount in controversy exceeded \$75,000, so the parties were required to show cause why the action should not be remanded.

KEY QUOTATIONS

“Federal courts are courts of “limited jurisdiction,” possessing “only that power authorized by the Constitution and statute[.]”” (at 2)

“Additionally, federal courts have an obligation to examine jurisdiction sua sponte before proceeding to the merits.” (at 2)

“A complaint filed in federal court must contain “a plausible allegation that the amount in controversy exceeds the jurisdictional threshold.”” (at 2)

“If the court determines at any time that it lacks subject-matter jurisdiction, the court must dismiss the action.” (at 2)

“Federal jurisdiction must be rejected if there is any doubt as to the right of removal in the first instance.” (at 2)

FACTUAL BACKGROUND

Defendant removed the action to federal court. The court reviewed the Notice of Removal and found that its allegations did not demonstrate by a preponderance of the evidence that the amount in controversy exceeded \$75,000, exclusive of interest and costs. The court therefore required the parties to provide written responses and supporting evidence concerning the jurisdictional threshold.

PROCEDURAL HISTORY

Defendant removed the action to the Central District of California. After reviewing the Notice of Removal, the court was unable to conclude that diversity jurisdiction existed because the amount in controversy had not been shown by a preponderance of the evidence to exceed \$75,000. The court ordered the parties to respond within fourteen days and warned that Defendant's failure to respond timely and adequately would result in remand without further notice.

DISPOSITION

other

REMAND INSTRUCTIONS

The parties must respond in writing within fourteen days, limited to ten pages, explaining why the action should not be remanded and submitting evidence or judicially noticeable facts addressing the facial and factual sufficiency of Defendant's jurisdictional showing. Defendant's failure to respond timely and adequately will result in remand without further notice.

CASES CITED

- Kokkonen v. Guardian Life Ins. Co. of Am., 511 U.S. 375, 377 (1994)
- DaimlerChrysler Corp. v. Cuno, 547 U.S. 332, 342 n. 3 (2006)
- Ruhrgas AG v. Marathon Oil Co., 526 U.S. 574, 583 (1999)
- Dart Cherokee Basin Operating Co. v. Owens, 574 U.S. 81, 88–89 (2014)
- Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992)
- Leite v. Crane Co., 749 F.3d 1117, 1122 (9th Cir. 2014)

OPINION

1 2 3 4 5 6 7 8 UNITED STATES DISTRICT COURT 9 CENTRAL DISTRICT OF
CALIFORNIA 10 11 MATTHEW MICHELSON, Case No. 2:25-cv-03611-FLA (ASx) 12
Plaintiff, ORDER TO SHOW CAUSE WHY 13 v. ACTION SHOULD NOT BE REMANDED
FOR LACK OF 14 SUBJECT MATTER JURISDICTION MERCEDES-BENZ USA, LLC, et al.,
15 Defendants. 16 17 18 19 20 21 22 23 24 25 26 27 28 1 ORDER 2 Federal courts are courts of
“limited jurisdiction,” possessing “only that power 3 authorized by the Constitution and statute[.]”
Kokkonen v. Guardian Life Ins.

Co. of 4 Am., 511 U.S. 375, 377 (1994); U.S. Const. art. III, § 2, cl. 1. District courts are 5
presumed to lack jurisdiction unless the contrary appears affirmatively from the 6 record. See
DaimlerChrysler Corp. v. Cuno, 547 U.S. 332, 342 n. 3 (2006). 7 Additionally, federal courts have
an obligation to examine jurisdiction sua sponte 8 before proceeding to the merits of a case.

See Ruhrgas AG v. Marathon Oil Co., 526 9 U.S. 574, 583 (1999). 10 Federal courts have
jurisdiction where an action arises under federal law or 11 where each plaintiff’s citizenship is
diverse from each defendant’s citizenship and the 12 amount in controversy exceeds \$75,000,
exclusive of interest and costs. 28 U.S.C. 13 §§ 1331, 1332(a). A complaint filed in federal court
must contain “a plausible 14 allegation that the amount in controversy exceeds the jurisdictional
threshold.” Dart 15 Cherokee Basin Operating Co. v. Owens, 574 U.S. 81, 89 (2014).

Where a party 16 contests, or the court questions, a party’s allegations concerning the amount in
17 controversy, both sides shall submit proof, and the court must decide whether the 18 party

asserting jurisdiction has proven the amount in controversy by a preponderance 19 of the evidence. Id. at 88–89; see Fed. R. Civ. P. 12(h)(3) (“If the court determines at 20 any time that it lacks subject-matter jurisdiction, the court must dismiss the action.”).

21 “Federal jurisdiction must be rejected if there is any doubt as to the right of removal in 22 the first instance.” *Gaus v. Miles, Inc.*, 980 F.2d 564, 566 (9th Cir. 1992). 23 The court has reviewed the Notice of Removal and is presently unable to 24 conclude it has subject matter jurisdiction under 28 U.S.C. § 1332(a).

In particular, 25 and without limitation, the court finds that the allegations in the Notice of Removal do 26 not demonstrate by a preponderance of the evidence that the amount in controversy 27 exceeds \$75,000. 28 / / / 1 The parties are ORDERED TO SHOW CAUSE, in writing only, within 2 || fourteen (14) days from the date of this Order, why this action should not be remanded 3 | for lack of subject matter jurisdiction because the amount in controversy does not 4 | exceed the jurisdictional threshold.

The parties are encouraged to submit evidence 5 | and/or judicially noticeable facts in response to the court’s Order. Responses shall be 6 | limited to ten (10) pages in length. The parties should consider this Order to be a two- 7 || pronged inquiry into the facial and factual sufficiency of Defendant’s demonstration 8 | of jurisdiction. See *Leite v. Crane Co.*, 749 F.3d 1117, 1122 (9th Cir.

2014). 9 As Defendant is the party asserting federal jurisdiction, Defendant’s failure to 10 | respond timely and adequately to this Order shall result in remand of the action 11 | without further notice. 12 13 IT IS SO ORDERED. 14 15 | Dated: May 27, 2025 "7 FERNANDO L. AENLI - ROCHA 18 United States District Judge 19 20 21 22 23 24 25 26 27 28