UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

Claire Hickey v. University of Pittsburgh

No. 21-2013, 21-2016, United States Court of Appeals for the Third Circuit (September 6, 2023)

SUMMARY

The Third Circuit held that Financial Responsibility Agreements signed by students at the University of Pittsburgh and Temple University function as promissory notes covering only students' payment obligations, not as integrated contracts that preclude implied contract or unjust enrichment claims for tuition and fee refunds related to the COVID-19 transition to remote learning. The court reversed dismissal of breach of implied contract claims for tuition and certain mandatory fees, finding that university publications, historical practice of in-person instruction, and separate pricing for online programs plausibly supported an implied promise of in-person education. The court also reversed dismissal of unjust enrichment claims pleaded in the alternative and affirmed dismissal of Pitt's housing and dining fee claims for lack of standing by any named plaintiff.

CASE DETAILS

COURT	United States Court of Appeals for the Third Circuit
WRITING FOR THE COURT	Krause, Circuit Judge; HARDIMAN; KRAUSE; MATEY
JURISDICTION	Federal
DECIDED	September 6, 2023
DOCKET	21-2013, 21-2016
DISPOSITION	affirmed in part, reversed in part, and remanded
PROCEDURAL POSTURE	Appeal from dismissal of class action complaints under Rule 12(b)(6)
STANDARD OF REVIEW	De novo
PRECEDENTIAL VALUE	Published
PARTIES	Claire Hickey, Akira Kirkpatrick, Valeri Natoli, Candace N. Graham, Carly Swartz, Nicholas Bowes, Brooke Ryan, Christina Fusca v. University of Pittsburgh; Temple University

TOPICS

breach of contract · unjust enrichment · class actions · motions to dismiss · standard of review · damages

PRACTICE AREAS

Contracts Education Law Class Actions

QUESTIONS PRESENTED

1. Whether the FRAs preclude the Students' implied contract and unjust enrichment claims
2. Whether the Students plausibly alleged breach of an implied contract for in-person education
3. Whether the Students adequately pleaded unjust enrichment
4. Whether damages are cognizable

HOLDINGS

1. The FRAs function as promissory notes that detail only the Students' obligations to pay tuition and do not set forth the Universities' corresponding obligations, so they do not preclude implied contract or unjust enrichment claims.
2. At the pleading stage, the Complaints' allegations of university publications touting on-campus experience, tradition of in-person instruction, and separate pricing for online programs support a reasonable inference that the parties impliedly contracted for in-person education.
3. The Students have adequately alleged it was unjust for the Universities to retain full tuition and fees after transitioning to remote learning, as they retained cost savings at Students' expense.
4. The Students' alleged damages—difference in value between in-person and online education and lost services—are not speculative as a matter of law; the fact of damages is sufficiently alleged.

KEY QUOTATIONS

> *"they do not: the FRAs function as promissory notes that detail only the Students' obligations to pay tuition and do not set forth the Universities' corresponding obligations."* (12)

> *"At the pleading stage, the Complaints' allegations of frequent references to in-person instruction in university publications, the schools' tradition of in-person instruction, and their different marketing and price structure for online programming support a reasonable inference that the parties impliedly contracted for in-person education."* (23)

> *"If the school saved money by substituting online for in-person classes, it might have to give those savings back to the students."* (27)

FACTUAL BACKGROUND

Students enrolled in traditional on-campus programs at Pitt and Temple for Spring 2020, paying tuition and mandatory fees. They signed Financial Responsibility Agreements (FRAs) detailing their payment obligations. In March 2020, due to COVID-19, the universities moved to remote learning, closed campus facilities, and did not refund tuition or mandatory fees. Temple refunded housing and dining fees pro-rata; Pitt refunded only for students who moved out by April 3. Students sued for breach of implied contract and unjust enrichment.

PROCEDURAL HISTORY

The District Courts granted the Universities' motions to dismiss for failure to state a claim. The Students appealed.

DISPOSITION

affirmed in part, reversed in part, and remanded

REMAND INSTRUCTIONS

Affirm dismissal of Pitt housing and dining fee claims; reverse dismissal of all other claims; remand for further proceedings.

CASES CITED

- Elias v. Elias, 237 A.2d 215 (Pa. 1968)
- Hernandez v. Ill. Inst. of Tech., 63 F.4th 661 (7th Cir. 2023)
- Jones v. Adm'rs of the Tulane Educ. Fund, 51 F.4th 101 (5th Cir. 2022)
- Shaffer v. George Washington Univ., 27 F.4th 754 (D.C. Cir. 2022)
- Gociman v. Loyola Univ. of Chicago, 41 F.4th 873 (7th Cir. 2022)
- Swartley v. Hoffner, 734 A.2d 915 (Pa. Super. Ct. 1999)
- Cavaliere v. Duff's Bus. Inst., 605 A.2d 397 (Pa. Super. Ct. 1992)
- Gati v. Univ. of Pittsburgh, 91 A.3d 723 (Pa. Super. Ct. 2014)
- Ninivaggi v. Univ. of Del., 555 F. Supp. 3d 44 (D. Del. 2021)
- Pashak v. Barish, 450 A.2d 67 (Pa. Super. Ct. 1982)
