UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

Sylvia Williams v. Costco Wholesale Corporation

Case No. 2:24-cv-08306-FLA (JPRx) · No. 2:24-cv-08306-FLA (JPRx) · Decided March 12, 2025

SUMMARY

The United States District Court for the Central District of California remanded Sylvia Williams's state-law negligence and premises-liability action against Costco Wholesale Corporation for lack of subject matter jurisdiction. The court held that Costco failed to prove by a preponderance of the evidence that the amount in controversy exceeded $75,000 for diversity jurisdiction. The court denied Williams's request for attorney's fees and costs because Costco had an objectively reasonable basis for removal.

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	March 12, 2025
DOCKET	2:24-cv-08306-FLA (JPRx)
DISPOSITION	remanded
PROCEDURAL POSTURE	Defendant removed Plaintiff's California state-law personal-injury action to federal court based on alleged diversity jurisdiction. Plaintiff moved to remand for lack of subject matter jurisdiction and sought attorney's fees and costs under 28 U.S.C. § 1447(c).
STANDARD OF REVIEW	The removing defendant bears the burden of establishing federal subject matter jurisdiction by a preponderance of the evidence. Any doubt concerning the right of removal is resolved in favor of remand, and the court must examine subject matter jurisdiction sua sponte.
PRECEDENTIAL VALUE	unpublished
PARTIES	Costco Wholesale Corporation v. Sylvia Williams

TOPICS

subject matter jurisdiction · civil procedure · attorney fees · premises liability

PRACTICE AREAS

civil procedure · removal and remand · diversity jurisdiction · premises liability · attorney fees

QUESTIONS PRESENTED

1. Whether Costco established by a preponderance of the evidence that the amount in controversy exceeded $75,000 so that diversity jurisdiction existed.
2. Whether Williams was entitled to attorney's fees and costs under 28 U.S.C. § 1447(c) after remand.

HOLDINGS

1. Costco failed to prove by a preponderance of the evidence that the amount in controversy exceeded $75,000; therefore, the court lacked diversity subject matter jurisdiction and was required to remand the action.
2. Williams was not entitled to attorney's fees and costs under 28 U.S.C. § 1447(c) because Costco had an objectively reasonable basis for removal, notwithstanding the court's conclusion that jurisdiction was lacking.

KEY QUOTATIONS

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

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

> *"Absent unusual circumstances, attorney's fees should not be awarded under § 1447(c) when the removing party has an objectively reasonable basis for removal."* (at 4)

FACTUAL BACKGROUND

Williams alleged that she slipped and fell while visiting Costco's store in Inglewood, California. She asserted state-law negligence and premises-liability claims. Her statement of damages alleged $1 million in general and special damages, while the medical records and bills submitted by Costco totaled approximately $70,000; Costco provided no estimate of lost earnings.

PROCEDURAL HISTORY

Williams filed negligence and premises-liability claims in the Los Angeles County Superior Court. Costco removed the action to the Central District of California under 28 U.S.C. § 1332. The district court granted the motion to remand because Costco failed to prove by a preponderance of the evidence that the amount in controversy exceeded $75,000, but denied attorney's fees and costs because the removal had an objectively reasonable basis.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The action was remanded to the Los Angeles County Superior Court, Case No. 24TRCV02067. All dates and deadlines in the federal action were vacated, and the clerk was directed to close the federal action administratively. Attorney's fees and costs were denied.

CASES CITED

- Kokkonen v. Guardian Life Insurance Co. of America, 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., LLC v. Owens, 574 U.S. 81, 88-89 (2014)
- Gaus v. Miles, Inc., 980 F.2d 564, 566-67 (9th Cir. 1992)
- Cohn v. Petsmart, Inc., 281 F.3d 837, 840 (9th Cir. 2002)
- Romsa v. Ikea U.S. W., Inc., 2014 WL 4273265, at *2 (C.D. Cal. Aug. 28, 2014)
- Jauregui v. Roadrunner Transportation Services, Inc., 28 F.4th 989, 994 (9th Cir. 2022)
- Schroeder v. Petsmart, Inc., 2019 WL 1895573, at *2 (C.D. Cal. Apr. 29, 2019)
- Mata v. Home Depot U.S.A., Inc., 2022 WL 3586206, at *2 (C.D. Cal. Aug. 22, 2022)
- Leon v. Gordon Trucking, Inc., 76 F. Supp. 3d 1055, 1072 (C.D. Cal. 2014)
- Martin v. Franklin Capital Corp., 546 U.S. 132, 141 (2005)

OPINION

Sylvia Williams v. Costco Wholesale Corporation
PER CURIAM.
JS-6 3 4 5 6 7
g UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10 11 | SYLVIA WILLIAMS, Case No. 2:24-cv-08306-FLA (JPRx) 12 Plaintiff, ORDER REMANDING ACTION FOR
13 v. LACK OF SUBJECT MATTER
JURISDICTION [DKT. 10]
| COSTCO WHOLESALE
CORPORATION, et al., 16 Defendants. 17 18 19 20 21 22 23 24 25 26 27 28
1 RULING
2 On June 20, 2024, Plaintiff Sylvia Williams (“Plaintiff”) initiated this action 3 against Defendant Costco Wholesale Corporation (“Defendant”) in the Los Angeles 4 County Superior Court. Dkt. 1-2 at 4.1 Plaintiff asserts state-law claims for 5 negligence and premise liability, arising from

Plaintiff’s visit to Defendant’s store in Inglewood, California, where Plaintiff allegedly slipped and fell. Id. at 9–10. On September 27, 2024, Defendant removed the action to this court (“Notice of Removal”) based on alleged diversity jurisdiction, under 28 U.S.C. § 1332. Dkt. 1. On November 4, 2024, Plaintiff filed the subject Motion to Remand (the “Motion”), requesting the court remand this action to state court due to a lack of subject matter jurisdiction. Dkt. 10 (“Mot.”).[2] Plaintiff also seeks attorney’s fees for Defendant’s allegedly improper removal. Id. at 29. Defendant filed its Opposition to the Motion on November 15, 2024. Dkt. 13 (“Opp’n”). On December 5, 2024, the court found this matter appropriate for resolution without oral argument and vacated the hearing set for December 6, 2024. Dkt. 18; see Fed. R. Civ. P. 78(b); Local Rule 7-15. Having reviewed the Notice of Removal and Plaintiff’s Motion, and for the following reasons, the court finds Defendant fails to establish subject matter jurisdiction and REMANDS this action to the Los Angeles County Superior Court. Plaintiff’s request for attorney’s fees and costs is DENIED.

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1 The court cites documents by the page numbers added by the court’s CM/ECF system, rather than any page numbers that appear within the documents natively.

2 Plaintiff’s motion was untimely because it was filed after more than thirty days after the filing of the notice of removal. 28 U.S.C. § 1447(c). Since the court determines that it is without subject-matter jurisdiction to hear this case, the thirty-day timeline in 28 U.S.C. § 1447(c) does not prohibit the court from considering the Motion. See Ruhrgas AG v. Marathon Oil Co., 526 U.S. 574, 583 (1999) (“[S]ubject-matter delineations must be policed by the courts on their own initiative….”); Fed. R. Civ. P. 12(h)(3) (“Whenever it appears … that the court lacks jurisdiction … the court shall dismiss the action.”).

DISCUSSION

Federal courts are courts of “limited jurisdiction,” possessing “only that power authorized by the Constitution and statute[.]” Kokkonen v. Guardian Life Ins. Co. of Am., 511 U.S. 375, 377 (1994); U.S. Const. art. III, § 2, cl. 1. District courts are presumed to lack jurisdiction unless the contrary appears affirmatively from the record. See DaimlerChrysler Corp. v. Cuno, 547 U.S. 332, 342 n. 3 (2006). Additionally, federal courts have an obligation to examine jurisdiction sua sponte before proceeding to the merits of a case. See Ruhrgas AG v. Marathon Oil Co., 526 U.S. 574, 583 (1999). Federal courts have jurisdiction where an action arises under federal law or where each plaintiff’s citizenship is diverse from each defendant’s citizenship and the amount in controversy exceeds $75,000, exclusive of interest and costs. 28 U.S.C. §§ 1331, 1332(a). Thus, a notice removing an action from state court to federal court must include “a plausible allegation that the amount in controversy exceeds the jurisdictional threshold.” Dart Cherokee Basin Operating Co., LLC v. Owens, 574 U.S. 81, 89 (2014). Where “the plaintiff contests, or the court questions, the defendant’s allegation” concerning the amount in controversy, “both sides [shall] submit proof,” and the court may then decide whether the defendant has proven the amount in controversy “by a preponderance of the evidence.” Id. at 88–89. “Federal jurisdiction must be rejected if there is any doubt as to the right of removal in the first instance." Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992). It is Defendant's burden as the removing party to justify this court's exercise of jurisdiction. Id. at 567.

First, Defendant contends the amount in controversy is satisfied because Plaintiff's Statement of Damages alleged $1 million in general and special damages. Opp'n at 9–10 (citing Dkt. 1-2 at 22). A statement of damages "is relevant evidence of the amount in controversy if it appears to reflect a reasonable estimate of the plaintiff's claim." Cohn v. Petsmart, Inc., 281 F.3d 837, 840 (9th Cir. 2002). "A plaintiff's damage estimate will not establish the amount in controversy, however, if it appears to be only a bold optimistic prediction." Romsa v. Ikea U.S. W., Inc., Case No. 2:14-cv-05552-MMM (JEMx), 2014 WL 4273265, at *2 (C.D. Cal. Aug. 28, 2014) (internal quotation marks omitted). Plaintiff's Statement of Damages does not provide any facts to explain how Plaintiff determined the general damages stated. Dkt. 1-2 at 22. Thus, it is clear these damages are simply a "bold optimistic prediction" and not a reasonable estimate of Plaintiff's claims. See Romsa, 2014 WL 4273265, at *2.

Second, Defendant argues the amount in controversy is satisfied because Plaintiff provided medical records and bills totaling approximately $70,000, as well as lost earnings. Opp'n at 5 (citing Dkt. 1-2 at 44–68). Defendant does not provide any estimate of Plaintiff's lost earnings. See Jauregui v. Roadrunner Transp. Servs., Inc., 28 F.4th 989, 994 (9th Cir. 2022) ("[I]f a defendant provided no evidence or clearly inadequate evidence supporting its valuation for a claim, then it might be appropriate for a district court to assign that claim a $0 value."). Thus, Defendant has only shown by a preponderance of the evidence that the amount in controversy is approximately $70,000.

Any doubt regarding the existence of subject matter jurisdiction must be resolved in favor of remanding the action to state court. See Gaus, 980 F.2d at 566. Thus, under the circumstances here, the court finds Defendant has not met its burden of proving by a preponderance of the evidence that the amount in controversy meets the jurisdictional threshold. Therefore, there is no basis for diversity jurisdiction. See 28 U.S.C. § 1332; see also Romsa, 2014 WL 4273265, at *2 (remanding action where Plaintiff's statement of damages did not explain how he arrived at the damages estimated); Schroeder v. Petsmart, Inc., Case No. 2:19-cv-01561-FMO (AGRx), 2019 WL 1895573, at *2 (C.D. Cal. Apr. 29, 2019) (same); Mata v. Home Depot U.S.A., Inc., Case No. 2:22-cv-01758-FMO (AFMx), 2022 WL 3586206, at *2 (C.D. Cal. Aug. 22, 2022) (same).

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Lastly, Plaintiff seeks attorney's fees under 28 U.S.C. § 1447(c) ("§ 1447(c)'"). Mot. at 29. "Under 28 U.S.C. § 1447(c), an order remanding the case may require payment of just costs and any actual expenses, including attorney fees, incurred as a result of the removal." Leon v. Gordon Trucking, Inc., 76 F. Supp. 3d 1055, 1072 (C.D. Cal. 2014) (cleaned up) (quoting 28 U.S.C. § 1447(c)). "Absent unusual circumstances, attorney's fees should not be awarded under § 1447(c) when the removing party has an objectively reasonable basis for removal. Conversely, where no objectively reasonable basis exists, fees should be awarded."

Martin v. Franklin Capital Corp., 546 U.S. 132, 141 (2005). Plaintiff's Statement of Damages alleged $1 million in general and special damages. Even though this amount is simply a “bold optimistic prediction,” and not a reasonable estimate, of Plaintiffs claims, see Romsa, 2014 WL 4273265, at *2, Defendant had a reasonably objective basis to remove the action because of it. Accordingly, removal was objectively reasonable and does not merit an award of attorney’s fees to Plaintiff. Plaintiff's request is DENIED.

CONCLUSION

For the foregoing reasons, the court GRANTS the Motion and REMANDS the action to the Los Angeles County Superior Court, Case No. 24TRCV02067. Plaintiff's request for attorney’s fees and costs is DENIED. All dates and deadlines in this court ace VACATED. The clerk of the court shall close the action administratively. IT IS SO ORDERED.

Dated: March 12, 2025

%6 FERNANDO L. AENLLE-ROCHA

United States District Judge