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Home › Litigation News › Top Stories

Supreme Court Narrowly Defines Younger Abstention Doctrine
By Sara E. Costello, Litigation News Associate Editor — February 14, 2014

Federal courts should abstain from deciding cases only in "exceptional" circumstances, the U.S. Supreme Court reinforced in Sprint Communications, Inc. v. Jacobs. In a strongly worded decision, the Supreme Court explained that federal courts have a "virtually unflagging" obligation to hear cases within their jurisdiction. The unanimous ruling emphasizes that abstention pursuant to Younger v. Harris is not appropriate merely because a state court is considering a case involving the same subject matter.

Federal Court Abstains From Hearing Telecommunications Dispute
Sprint Communications, Inc. filed suit against the Iowa Utilities Board (IUB) over a dispute about intrastate fees imposed on Internet telephone calls. Sprint filed a complaint in the U.S. District Court for the Southern District of Iowa alleging that the Telecommunications Act of 1996 preempted the IUB's adverse ruling on fees. In addition, Sprint filed suit in Iowa state court, raising the same preemption argument along with due process claims.

Because of the pending state court action, the IUB requested that the federal district court abstain from hearing Sprint's case. Citing Younger, the district court abstained and dismissed Sprint's suit. In Younger, the Supreme Court held that except in limited circumstances involving immediate irreparable injury, federal courts should not enjoin state criminal proceedings. The Younger abstention doctrine is based on federalism principles and the belief that federal courts should not interfere with state courts.

On appeal, the U.S. Court of Appeals for the Eighth Circuit affirmed. The Eighth Circuit relied upon the Supreme Court's ruling in Middlesex County Ethics Committee v. Garden State Bar Association, which held that Younger abstention could be applied to "noncriminal judicial proceedings." Based on the factors discussed in Middlesex, the Eighth Circuit stated that Younger abstention is required when: "(1) there is an ongoing state judicial proceeding, which (2) implicates important state interests, and (3) the state proceedings provide an adequate opportunity to raise constitutional challenges." The Eighth Circuit found that Sprint's suit in Iowa state court met each of the Middlesex factors, citing Iowa's interest in establishing and implementing its intrastate utility rates.

The Eighth Circuit, however, vacated the district court's dismissal of Sprint's complaint. Recognizing that future action in federal court might be necessary to resolve the dispute, the Eighth Circuit directed the district court to stay the matter. Sprint then appealed.

Supreme Court Reins in Younger Abstention Doctrine
In considering Sprint's argument, the Supreme Court emphasized that federal courts may abstain from hearing a matter in only three categories of cases. Abstention is appropriate in cases involving "state criminal proceedings, civil enforcement proceedings, and civil proceedings involving certain orders that are uniquely in furtherance of the state courts' ability to perform their judicial functions."

The Supreme Court concluded that none of the exceptions applied to Sprint's case. The Supreme Court noted that the proceedings were not criminal and did not impact the ability of the Iowa state court's ability to perform its functions. It further found that the IUB proceeding was not a civil state enforcement action requiring abstention. The Supreme Court emphasized that Sprint initiated the action; the fee dispute was not the result of investigative action by the state of Iowa. Thus, the lower courts erred in applying Younger to this matter.

In the Supreme Court's view, the Eighth Circuit attached too much importance to the three factors discussed in Middlesex. The Supreme Court explained that these factors are not dispositive. Middlesex involved a state legal ethics committee hearing that was "akin to a criminal proceeding," and it should not be applied outside of that context, the Supreme
Supreme Court’s Decision Will Keep More Cases in Federal Court
Because of budgetary constraints, federal courts have an incentive “to reduce their dockets,” says Laura J. McLaughlin, Chesterfield, MO, cochair of the ABA Section of Litigation’s Commercial & Business Litigation Committee. Thus, it is “easy for federal courts to abstain and wait until state courts” have ruled, she notes. The Supreme Court, however, has made a “really strong statement” that federal courts may only do so in exceptional circumstances, McLaughlin contends.

The Supreme Court’s decision “certainly clarifies the Younger doctrine” and also makes clear “that the more general abstention standard applied by the Eighth Circuit is not workable,” agrees Stephen J. Siegel, Chicago, IL, cochair of the Section of Litigation’s Commercial & Business Litigation Committee. The Supreme Court has now taken steps to “prevent an open-ended standard from being applied to abstention,” Siegel suggests.

Attorneys Should Recognize the Limits of Younger Abstention
Following the Supreme Court’s ruling, it is important that attorneys remember that “federal courts will jealously guard their jurisdiction, even when it means overlapping proceedings” will occur in federal and state courts, Siegel says. Indeed, attorneys should “see Younger abstention as a tool that will keep only a very narrow range of disputes in state court and out of federal court.”

Keywords: abstention, federal court jurisdiction, Younger v. Harris, Supreme Court, Eighth Circuit

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* Top Stories
* Trial Skills