

Subject Matter Jurisdiction

by Sophia



WHAT'S COVERED

In this lesson, you will learn about the concept of subject matter jurisdiction, and how it impacts legal proceedings in the United States.

1. What Is Subject Matter Jurisdiction?

Jurisdiction is an essential concept in understanding courts and the legal system. Jurisdiction is a combination of two Latin words: *juris* (law) and *diction* (to speak). Which court has the power “to speak the law” is the basic question of jurisdiction.

There are two questions about jurisdiction that must be answered before a judge will hear a case:

- The question of **subject matter jurisdiction**
- The question of **personal jurisdiction**

Here, we will consider the question of subject matter jurisdiction first, because judges do; if they determine, on the basis of the initial documents in the case (the “pleadings”), that they have no power to hear and decide that kind of case, they will dismiss it.

To put this in perspective, the Constitution was constructed with the idea that state courts would continue to deal with basic kinds of claims, such as tort, contract, or property claims.



DID YOU KNOW

State courts have their origins in colonial era courts. After the American Revolution, state courts functioned (with some differences) much like they did in colonial times. The big difference after 1789 was that state courts coexisted with federal courts.

Since states sanction marriages and divorce, state courts would deal with “domestic” (family) issues. Likewise, since states deal with birth and death records, it stands to reason that paternity suits, probate disputes, and the like usually wind up in state courts.

➔ **EXAMPLE** You cannot get married or divorced in federal court, because federal courts have no jurisdiction over matters that are historically (and are still) exclusively within the domain of state law.

Matters that historically get raised and settled in state court under state law include not only domestic and probate matters, but also law relating to corporations, partnerships, agency, contracts, property, torts, and commercial dealings generally.

In terms of subject matter jurisdiction, then, state courts will typically deal with the kinds of disputes just cited.

➔ **EXAMPLE** If you are a Michigan resident and have an auto accident in Toledo with an Ohio resident and you blame each other for the accident, the state courts would ordinarily resolve the matter if the dispute cannot otherwise be settled.

People have had a need to resolve this kind of dispute long before our federal courts were created, and you can tell from Article III that the founders did not specify that tort or negligence claims should be handled by the federal courts.

Again, federal courts are courts of **limited jurisdiction**, limited to the kinds of cases specified in Article III. If the case before the federal court does not fall within one of those categories, the federal court cannot constitutionally hear the case because it does not have subject matter jurisdiction.



BIG IDEA

A court must have subject matter jurisdiction to hear and decide a case. Without it, a court cannot address the merits of the controversy or even take the next jurisdictional step of figuring out which of the defendants can be sued in that court. The question of which defendants are appropriately before the court is a question of personal jurisdiction. An easy way to remember this is that you would not be able to file for bankruptcy in a court that handles family law. Only U.S. Bankruptcy Court can hear bankruptcy cases due to subject matter jurisdiction.



TERMS TO KNOW

Subject Matter Jurisdiction

A court's power to hear and determine cases of a certain class or category of cases.

Personal Jurisdiction

The authority a court has over a person being sued. The U.S. Constitution requires that in order for a court to have power over a person, that person must have minimum contacts with the forum (geographical area covered by the court). A court lacking personal jurisdiction over someone cannot issue a judgment against that person.

Limited Jurisdiction

Limitations on the subject matter courts can hear and determine.

2. The Federal-State Balance

Federalism was the system devised by the nation's founders in which power is shared between states and the federal government. This sharing requires a division of labor between the states and the federal government.

It is Article III of the U.S. Constitution that spells out the respective spheres of authority (jurisdiction) between state and federal courts.

IN CONTEXT

Take a close look at [Article III of the Constitution](#). Article III makes clear that federal courts are courts of limited power or jurisdiction. Notice that the only kinds of cases federal courts are

authorized to deal with aside from diversity jurisdiction have strong federal connections.

For example, federal courts have jurisdiction when a federal law is being used by the plaintiff or prosecutor (a **federal question** case) or the case arises in **admiralty** (meaning that the problem arose not on land but on sea, beyond the territorial jurisdiction of any state, or in navigable waters within the United States) or is about **intellectual property**, as in trademarks, copyright, or patents.

Implied in this list is the clear notion that states would continue to have their own laws, interpreted by their own courts, and that federal courts were needed only where the issues raised by the parties had a clear federal connection. The exception to this, of course, is diversity jurisdiction, as we discussed previously.

Because there are two court systems, it is important for a plaintiff to file in the right court to begin with. The right court is the one that has subject matter jurisdiction over the case— that is, the power to hear and decide the kind of case that is filed. Not only is it a waste of time to file in the wrong court system and be dismissed, but if the dismissal comes after the filing period imposed by the applicable **statute of limitations**, it will be too late to refile in the correct court system.

Such cases will be routinely dismissed, regardless of how deserving the plaintiff might be in his quest for justice. The plaintiff's only remedy at that point would be to sue his lawyer for negligence for failing to mind the clock and get to the right court in time!



TERMS TO KNOW

Federal Question

A type of subject matter jurisdiction giving federal courts the power to hear questions of federal law.

Admiralty

The area of law that deals with ships, the sea, or other navigable waters.

Intellectual Property

A type of personal property derived from a person's creativity, such as a patent, trademark, copyright, etc.

Statute of Limitations

A statute that limits the time within which an action can be filed in court.

3. Exclusive Jurisdiction in Federal Courts

As noted earlier, federal courts have exclusive jurisdiction over certain kinds of cases. By excluding diversity cases, we can assemble a list of the kinds of cases that can only be heard in federal courts:

1. Suits between states: Cases in which two or more states are a party
2. Cases involving ambassadors and other high-ranking public figures: Cases in which ambassadors or other high-ranking public officials are parties
3. Federal crimes: Crimes defined by or mentioned in the U.S. Constitution or those defined or punished by federal statute; such crimes include treason against the United States, piracy, counterfeiting, crimes

against the law of nations, and crimes relating to the federal government's authority to regulate interstate commerce. However, most crimes are state matters.

4. Bankruptcy: The statutory procedure, usually triggered by **insolvency**, by which a person is relieved of most debts and undergoes a judicially supervised reorganization or liquidation for the benefit of the person's creditors
5. Patent, copyright, and trademark cases
 - a. *Patent*: The exclusive right to make, use, or sell an invention for a specified period (usually seventeen years), granted by the federal government to the inventor if the device or process is novel, useful, and non-obvious
 - b. *Copyright*: The body of law relating to a property right in an original work of authorship (such as a literary, musical, artistic, photographic, or film work) fixed in any tangible medium of expression, giving the holder the exclusive right to reproduce, adapt, distribute, perform, and display the work
 - c. *Trademark*: A word, phrase, logo, or other graphic symbol used by a manufacturer or seller to distinguish its product or products from those of others
6. Admiralty: The system of laws that has grown out of the practice of admiralty courts, or courts that exercise jurisdiction over all maritime contracts, torts, injuries, and offenses
7. Antitrust: Federal laws designed to protect trade and commerce from restraining monopolies, price fixing, and price discrimination
8. Securities and banking regulation: The body of law protecting the public by regulating the registration, offering, and trading of securities and the regulation of banking practices
9. Other cases specified by federal statute: Any other cases specified by a federal statute where Congress declares that federal courts will have exclusive jurisdiction



TERM TO KNOW

Insolvency

The financial inability by a debtor (individual or business) to pay debts as they come due.

4. Concurrent Jurisdiction

When a plaintiff takes a case to state court, it will be because state courts typically hear that kind of case (i.e., there is subject matter jurisdiction).

If the plaintiff's main cause of action comes from a certain state's constitution, statutes, or court decisions, the state courts have subject matter jurisdiction over the case. If the plaintiff's main cause of action is based on federal law (e.g., Title VII of the Civil Rights Act of 1964), the federal courts have subject matter jurisdiction over the case.

But federal courts will also have subject matter jurisdiction over certain cases that have only a state-based cause of action; those cases are ones in which the plaintiff(s) and the defendant(s) are from different states and the amount in controversy is more than \$75,000.

State courts can have subject matter jurisdiction over certain cases that have only a federal-based cause of action. Therefore, state courts have **concurrent jurisdiction** of any federal cause of action unless Congress has given exclusive jurisdiction to federal courts.

In short, a case with a federal question can often be heard in either state or federal court, and a case that has

parties with a diversity of citizenship can be heard in state courts or in federal courts where the tests of complete diversity and amount in controversy are met.

Whether a case will be heard in a state court or moved to a federal court will depend on the parties. If a plaintiff files a case in state trial court where concurrent jurisdiction applies, a defendant may (or may not) ask that the case be removed to federal district court.



TERM TO KNOW

Concurrent Jurisdiction

The jurisdiction of more than one court, each authorized to decide the same subject matter at the choice of the plaintiff.

5. General Rules of Subject Matter Jurisdiction

When considering the basic rules of subject matter jurisdiction, refer to the following list:

1. A court must always have subject matter jurisdiction, and personal jurisdiction over at least one defendant, to hear and decide a case.
2. A state court will have subject matter jurisdiction over any case that is not required to be brought in a federal court. Some cases can *only* be brought in federal court, such as bankruptcy cases, cases involving federal crimes, patent cases, and Internal Revenue Service tax court claims. The list of cases for exclusive federal jurisdiction is fairly short. That means that almost any state court will have subject matter jurisdiction over almost any kind of case. If it's a case based on state law, a state court will always have subject matter jurisdiction.
3. A federal court will have subject matter jurisdiction over any case that is either based on a federal law (statute, case, or U.S. Constitution) OR a federal court will have subject matter jurisdiction over any case based on state law in two specific instances:
 - a. *The parties are from different states:* This requirement means that no plaintiff can have permanent residence in a state where any defendant has permanent residence— there must be complete diversity of citizenship between all plaintiffs and defendants.
 - b. *The amount in controversy is at least \$75,000:* This requirement means that a good-faith estimate of the amount the plaintiff may recover is at least \$75,000.
4. In diversity cases:
 - a. Federal civil procedure rules apply to how the case is conducted before and during trial and any appeals.
 - b. State law will be used as the basis for a determination of legal rights and responsibilities. This **choice of law** process is interesting but complicated. Basically, each state has its own set of judicial decisions that resolve conflict of laws.

CASE STUDY: *World-Wide Volkswagen Corp. v. Woodson*

Recall the case mentioned in a previous lesson: Mr. and Mrs. Robinson and their products-liability claim against Seaway Volkswagen and the other three defendants. There is no federal products-liability law that could be used as a cause of action. They are most likely suing the defendants using

products-liability law based on common-law negligence or common-law strict liability law, as found in state court cases. They were not yet Arizona residents at the time of the accident, and their accident does not establish them as Oklahoma residents, either. They bought the vehicle in New York from a New York-based retailer. None of the other defendants is from Oklahoma.

They file in an Oklahoma state court, but how will they (their attorney or the court) know if the state court has subject matter jurisdiction? Unless the case is *required* to be in a federal court (i.e., unless the federal courts have exclusive jurisdiction over this kind of case), any state court system will have subject matter jurisdiction, including Oklahoma's state court system. But if their claim is for a significant amount of money, they cannot file in small claims court, probate court, or any court in Oklahoma that does not have statutory jurisdiction over their claim. They will need to file in a court of general jurisdiction. In short, even when filing in the right court system (state versus federal), the plaintiff must be careful to find the court that has subject matter jurisdiction.

If they wish to go to federal court, can they? There is no federal question presented here (the claim is based on state common law), and the United States is not a party, so the only basis for federal court jurisdiction would be diversity jurisdiction. If enough time has elapsed since the accident and they have established themselves as Arizona residents, they could sue in federal court in Oklahoma (or elsewhere), but only if none of the defendants— the retailer, the regional Volkswagen company, Volkswagen of North America, or Audi (in Germany) are incorporated in or have a principal place of business in Arizona. The federal judge would decide the case using federal civil procedure but would have to make the appropriate choice of state law. In this case, the choice of conflicting laws would most likely be Oklahoma, where the accident happened, or New York, where the defective product was sold.



TERM TO KNOW

Choice of Law

In conflict of laws (as when laws of different states may apply), the choice by a court of which law should govern a case.



SUMMARY

In this lesson, you learned that **subject matter jurisdiction** is the determination of whether a state court or federal court has the authority to oversee a particular type of case. The purpose of subject matter jurisdiction is to maintain **the federal-state balance** in which there is a division of responsibilities between states and the federal government. However, some cases have **exclusive jurisdiction in federal courts**, while others can have **concurrent jurisdiction**. There are some **general rules for subject matter jurisdiction** that can help in determining which court has the power to hear a particular case.

Best of luck in your learning!

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