

## Multi-State Unjust Enrichment Class Actions Held To Be Improper

BY MICHAEL SHUE

In *Muehlbauer v. General Motors*, the U.S. District Court for the Northern District of Illinois recently ruled that “multi-state class actions for unjust enrichment are inappropriate because the individual states’ laws regarding unjust enrichment are too nuanced to lend themselves to class treatment.” In *Muehlbauer*, plaintiffs across 38 states alleged that General Motors defectively designed anti-lock braking systems used in certain vehicle models, failed to disclose the defect, and was unjustly enriched. Despite plaintiffs’ unjust enrichment claims arising under the various state laws, plaintiffs failed to undertake any choice of law analysis and instead simply grouped states by legal similarity. The court denied plaintiffs’ motion for class certification because the unjust enrichment laws varied too greatly from state to state. Quoting a previous decision of the same court, *In re Sears Roebuck & Co.*, the court explained that “unjust enrichment is a tricky type of claim that can have varying interpretations even by courts within the same state,” let alone among 38 different states. Among the variations that the court found to be important were state law differences regarding the requirement that no adequate legal remedy existed and whether or not the defense of unclean hands was permissible.

## Arbitration Roundup

BY LANDON CLAYMAN

The Federal Arbitration Act severely limits the authority of courts to vacate or modify arbitration awards. In *AIG Baker Sterling Heights, LLC v. American Multi-Cinema, Inc.*, however, the Eleventh Circuit approved a way of getting around those limits that is available in some circumstances. During the arbitration of a dispute between a landlord and tenant over the amount of taxes owed by the tenant under the terms of the lease agreement, the tenant stipulated that it had not paid taxes for a certain six-month period, but discovered after the arbitration award was entered that it actually had paid taxes for that period. In federal court proceedings to confirm the arbitration award, the tenant persuaded the court to reduce the award by the amount of the taxes paid. The Eleventh Circuit reversed the modification of the award, holding that such relief was unavailable under the strict limitations of the FAA.



*Landlord-tenant arbitration case provides new authority for courts*

On remand, the district court entered a final judgment confirming the arbitration award in the original amount, but then granted a Rule 60(b)(5) motion reducing the judgment by the amount of the tax payment on grounds that the payment constituted a partial satisfaction of the judgment. On appeal, the Eleventh Circuit affirmed, ruling that the FAA provisions restricting the court’s authority to review arbitration awards did not apply in such circumstances. Instead, the court pointed to section 13 of the FAA, which provides that judgments confirming arbitration awards are subject to all the provisions of law relating to those judgments, including Rule 60(b). In this instance, the court of appeals ruled, the district court was authorized to relieve the party from the judgment to the extent it had satisfied or discharged the judgment, even though the court had not been authorized to modify the arbitration award upon which the judgment was based.