

ALERTS

Appeals Alert - The Supreme Court Meant What It Said About The Finality Of Judgments

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Twenty-five years after the Supreme Court first explained how an unresolved attorney's fee issue impacts the finality of a district court's decision, the Court once again addressed this surprisingly confusing question last week. This question has far-reaching practical implications for litigants and appellate practitioners alike because the date a decision is "final" starts the 30-day clock on the time to file an appeal. A litigant who fails to file a notice of appeal within the 30-day window forever loses the right to appeal the district court's adverse decision.

This is what happened to the unfortunate pension funds in *Ray Haluch Gravel Co. v. Central Pension Fund of Int'l Union of Operating Eng'rs*, No. 12-992 (Jan. 15, 2014). In *Ray Haluch*, several pension funds (Funds) sued Ray Haluch Gravel Co. for failure to make certain payments to the Funds which were required by federal law. The Funds also sought attorney's fees pursuant to both federal law and the terms of a collective bargaining agreement (CBA) the Funds had with the company. The district court decided the amount of unpaid benefits the company owed the Funds on June 17, 2011, and the attorney's fees to which the Funds were entitled on July 25. Unhappy with the district court's calculations, the Funds appealed both of the district court's decisions on Aug. 15, 2011 – less than 30 days after the attorney's fee award but more than 30 days after the court's calculation of benefits owed. On appeal, the First Circuit concluded that the Funds' appeal of both decisions was timely because the fees awarded to the Funds under the CBA were really part of the Funds' overall damages so the district court's decision was not "final" until both the benefits and attorney's fee questions were resolved.

Because federal appellate courts had thoroughly split (4-4) on this issue even after guidance from the Court in *Budinich v. Becton Dickinson & Co.*, 486 U.S. 196 (1998), the Supreme Court took the case and decided unanimously against the Funds. According to the Supreme Court, "[w]hether the claim for attorney's fees is based on a statute, a contract, or both, the pendency of a ruling on an award for fees and costs does not prevent, as a general rule, the merits judgment from becoming final for purposes of appeal."

The Funds asserted several arguments that, at first blush, might support their position. First, they argued that the district court's calculation of benefits was not really "final" for appellate purposes because the attorney's fees were really part of the merits of the claim against the company. The Supreme Court had rejected that argument in *Budinich*, but the Funds argued that, in that case, the basis for attorney's fees was statutory. Here, the right to attorney's fees derived from the contract between the Funds and the company that provided the right to benefits; so the fees and benefits were really part of the same award and should

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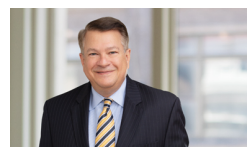
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be considered together. Second, the Funds argued that, because some of the fees were incurred before the litigation began, that somehow exempted these decisions from *Budinich*'s observation that "[a]s a general matter, . . . a claim for attorney's fees is not part of the merits of the action to which the fees pertain."

The Supreme Court rejected those arguments however. Instead, it concluded that "operational consistency and predictability" in applying the rules governing when to file an appeal required a "uniform rule" regardless of the basis for the right to attorney's fees. Having different types of attorney's fee awards have different effects on when appeals should be filed would only engender greater unpredictability in an area that requires certainty and clarity. The myriad of contractual or statutory obligations giving rise to attorney's fees created simply confusion and not a logical starting point for the appellate process. The Court therefore opted to reemphasize the *Budinich* rule that unresolved motions for attorney's fees and costs did not impact when a district court judgment becomes "final" for appellate purposes.

While perhaps not resolving an emotionally divisive issue, the Court's decision here does provide clarity to an issue that has divided appellate courts for 25 years. In deciding that the Funds' appeal was untimely, the Court again demonstrated the truism that federal litigation often turns on simply understanding civil procedure.

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