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Recent Developments: Hilton v. South Carolina Public. Railway Commission: Federal Statute Imposing Liability on State-Owned Railroads for Damages to Injured Employees Enforceable in State Courts Only

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frontation Clause.

- Paula Elbich

Hilton v. South Carolina Public Railways Commission: **FEDERAL STATUTE IMPOSING LIABILITY ON STATE-OWNED RAILROADS FOR DAMAGES TO INJURED EMPLOYEES ENFORCEABLE IN STATE COURTS ONLY.**

In *Hilton v. South Carolina Public Railways Commission*, 112 S. Ct. 560 (1991), the United States Supreme Court held that the Federal Employers' Liability Act continued to authorize suits for damages against state-owned railroads and was enforceable in state courts, but not in federal courts. In reaching its decision, the Court determined that a federally-based action brought in state court did not abrogate a State's immunity from suit under the Eleventh Amendment to the United States Constitution, because that amendment has been held not to apply to state courts. The Court's ruling ensured that state-employed railroad workers would have a forum in which to redress work-related injuries.

The South Carolina Public Railways Commission, an agency of the State of South Carolina, was a common carrier engaged in interstate commerce by railroad. Kenneth Hilton, a railroad worker, claimed to have been injured while on the job due to the negligence of the Commission. Under South Carolina law, railroad workers were excluded from coverage under the workers' compensation statute. Thus, in order to recover for his injuries, Hilton sued the Commission under the remedial provisions of the Federal Employers' Liability Act (FELA) in a federal court.

While Hilton's case was pending, the Supreme Court decided the case of *Welch v. Texas Department of Highways and Public Transportation*, 483 U.S. 468 (1987), holding that a federal statute which incorporated the remedial provisions of FELA, did not allow a cause of action to be maintained

against a state agency in a federal court. In light of this decision, Hilton dismissed his suit in federal court and refiled in a South Carolina state court. The state trial court dismissed Hilton's claim, basing its decision upon a reading of *Welch*, together with the subsequent Supreme Court decision of *Will v. Michigan Department of State Police*, 491 U.S. 58 (1989). The trial court interpreted these cases as precluding a FELA suit for damages against a state agency, even if maintained in a state forum. Hilton appealed and the state supreme court affirmed the lower court's decision.

Reversing the state courts' decisions, the United States Supreme Court drew a sharp distinction between a FELA based action maintained in a federal court and one in a state court. The Court recognized that a FELA action brought in federal court implicated the States' Eleventh Amendment immunity from suit. *Hilton v. South Carolina Pub. Rys. Comm'n*, 112 S. Ct. 560, 563 (1991). Applying an Eleventh Amendment analysis, the Court found that FELA did not contain a clear expression of congressional intent to abrogate the States' Eleventh Amendment immunity, and therefore, FELA actions could not be maintained in a federal court. *Id.* (citing *Welch*, 483 U.S. at 474-76).

Because the Eleventh Amendment has been held not to apply to state courts, the Court determined that a FELA action brought in a state court did not implicate any constitutional rule of law. *Id.* at 565. Thus, *Hilton* presented a case of pure statutory construction, which left the Court to decide the issue of whether Congress, in enacting FELA, intended to create a cause of action against the States to be enforced in a state court. *Id.*

The Court re-examined its first interpretation of FELA in *Parden v. Terminal Railway of Alabama Docks Department*, 377 U.S. 184 (1964). The Court noted that in *Parden* the terms of FELA were construed to mean that when Congress used the phrase "[e]very common carrier by railroad" to describe

the class of employers subject to FELA's terms, it intended to include state-owned railroads. *Hilton*, 112 S. Ct. at 563 (citing *Parden*, 377 U.S. at 187-88). The Court then reaffirmed that interpretation, holding that FELA continued to authorize suits for damages against state-owned railroads. *Id.* The Court concluded, however, that the second part of its decision in *Parden*, which held that by entering the business of operating a railroad a State waived its Eleventh Amendment immunity from suit in a federal court, had been overturned by its subsequent decision in *Welch*. *Id.* at 563. Thus, the Court narrowed the issue presented to whether FELA based actions could be enforced in a state court.

The Commission contended that this issue was controlled by the Supreme Court's decision in *Will v. Michigan Department of State Police*, 491 U.S. 58 (1989). *Hilton*, 112 S. Ct. at 565. In *Will*, the Court held that a State is not a "person" suable under a federal statute which lacked any "clear statement" of congressional intent to impose liability. *Id.* at 563 (citing *Will*, 491 U.S. at 58). The Commission argued that the "clear statement" rule should be read in context with the Court's decision in *Welch*, that FELA did not contain a clear statement of congressional intent, to effectively overturn the entire holding of *Parden*. *Id.*

The Court disagreed, reasoning that the "clear statement" rule should not automatically be implemented when a case did not involve an issue of constitutional interpretation. *Id.* at 565-66. Instead, the Court categorized the clear statement rule as a canon of statutory construction in those cases which did not implicate the States' Eleventh Amendment immunity. *Id.* In resolving a case of pure statutory construction, the Court found the doctrine of stare decisis most compelling because it promoted stability, predictability and respect for judicial authority. *Id.* at 563-64. In the instant case, the Court determined that the policy consider-

ations for upholding *Parden* far outweighed the arguments for departure from its original interpretation of FELA in 1964. *Id.* at 564.

The Court interpreted the fact that Congress had not taken any action to alter the Court's decision in the 28 years since *Parden* was decided as meaning that the legislative branch was in agreement with the holding. *Id.* The Court also recognized that many States had acted in reliance upon FELA in drafting their workers' compensation statutes, so that overruling *Parden* would require an extensive legislative response to provide coverage to railroad workers. *Id.* Most importantly, the Court noted that overruling *Parden* would strip all FELA protection from state-employed workers, leaving the plaintiff in this case, Hilton, without a forum to redress his work related injury. *Id.*

In a strongly-worded dissent, Justice O'Connor argued that the majority's overriding concern to leave Hilton a forum to redress his injuries caused the majority to misapply the Court's previous decisions, which would have clearly overruled the holding of *Parden*. *Id.* at 566, 570. The dissent found no distinction to be made between a federal or state forum when a plaintiff brought suit under a federal statute. In both situations, the "clear statement" rule enunciated in *Will* should have been applied. *Id.* at 567.

Thus, based on the holding of *Welch*, that FELA did not contain a clear statement of congressional intent to abrogate State immunity, Justice O'Connor argued that the Court should overturn the remedial provisions of FELA and affirm the state courts' decision in *Hilton*. *Id.* As a result, O'Connor concluded that state legislatures would be compelled to redraft statutes which excluded railroad workers from coverage, in order to provide an alternative remedy, and the plaintiff in this case would be denied a remedy in a court of law. *Id.* at 570.

In *Hilton v. South Carolina Public Railways Commission*, the Supreme

Court held that FELA created a cause of action against state-owned railroads to be enforced in state courts only. The Court's decision left state-employed railroad workers with a forum of recourse to redress work-related injuries. It also avoided the possibility of requiring an extensive legislative redrafting of many state workers' compensation statutes, which exclude these workers from coverage because of the drafters' reliance upon previous Supreme Court decisions.

- Linda M. Googins

***Willy v. Coastal Corp.*: RULE 11 SANCTIONS UPHELD ALTHOUGH THE FEDERAL DISTRICT COURT WAS SUBSEQUENTLY FOUND TO LACK JURISDICTION.**

In *Willy v. Coastal Corp.*, 112 S. Ct. 1076 (1992), a unanimous Court concluded that Article III of the United States Constitution was not violated when a federal district court that lacked subject matter jurisdiction imposed sanctions pursuant to Rule 11 of the Federal Rules of Civil Procedure. Those sanctions were of a collateral concern to the case because the sanctioned behavior was unrelated to Donald J. Willy's effort to convince the federal district court that it lacked jurisdiction. Accordingly, the Court determined that it did not raise the issue of a district court adjudicating the merits of a "case or controversy" over which it lacked jurisdiction.

Willy filed suit against Coastal Corporation ("Coastal") after he was discharged as in-house counsel. Willy alleged that Coastal violated state and federal environmental laws and that Coastal terminated his employment due to his refusal to participate in these alleged transgressions. Willy asserted that the termination of his employment by Coastal violated state and federal laws, including "whistleblower" provisions.

Although Willy sued in Texas state court, Coastal claimed that there was original federal question jurisdiction

under Title 28, sections 1331 and 1441 of the United States Code. The case was subsequently removed to federal district court. Despite Willy's objections, the district court concluded that it had subject matter jurisdiction. The district court granted Coastal's motion to dismiss for failure to state a claim, and the court also dismissed the pending state claims made by Willy. In addition, the district court allowed Coastal's motion for Rule 11 sanctions. The court awarded Coastal attorney's fees against Willy and his attorney, jointly and severally.

The Court of Appeals for the Fifth Circuit reversed the district court order that dismissed Willy's claims and remanded the case to state court. It concluded that the complaint did not raise claims arising under federal law, and thus, the district court lacked subject matter jurisdiction. The court of appeals, however, upheld the Rule 11 sanctions imposed by the district court, and on remand the district court was ordered to determine the appropriate amount of attorneys' fees to be recovered by Coastal.

On the second appeal, the court affirmed the district court's reassessment of the amount of attorney's fees to be paid by Willy and his attorney. The court of appeals also rejected Willy's objection that the district court did not have constitutional authority to impose Rule 11 sanctions when it lacked subject matter jurisdiction. *Id.* at 1078. The court stated that Rule 11 sanctions were within the inherent powers of all federal courts, and therefore, the district court had appropriately exercised this power.

The United States Supreme Court agreed with Willy's argument that in the Rules Enabling Act and in the Federal Rules of Civil Procedure, the "implicit premise . . . [is] that rules of practice and procedure are not necessary of disputes beyond the judicial power conferred by Article III." *Id.* at 1078-79 (quoting Brief for Petitioner at 28). Notwithstanding that premise, the Court responded that this does not