

Federal Jurisdiction Win Sends Defendant's Repo Action to State Court

Article By:

Jason M. Ingber

Courts are clogged. That's why we, and by we I mean all citizens of TCPAWorld, avoid draining judicial resources with actions that can be consolidated. Every once in a while a larger principal overshadows our desire for efficiency, like in *Dotson v. Ally Fin. Inc.*

The Plaintiff in this case defaulted on a car loan by \$14,000. The Defendant allegedly violated the TCPA by using an ATDS to call Plaintiff to collect his debt. Plaintiff turned around and sued under the TCPA in federal court. Naturally, in response to Plaintiff's TCPA suit, the Defendant filed a counterclaim for breach of contract, and repossession of the vehicle.

Cleverly, the Plaintiff challenged the federal court's subject matter jurisdiction as to the Defendant's counterclaims, arguing the parties were not diverse and the breach of contract and repo claims do not fall under federal law. The Defendant argued for supplemental jurisdiction because the counterclaims and original TCPA claim arise from the same nucleus of common facts. The court totally bought the Defendant's argument and held it has supplemental jurisdiction.

However, the court declined to exercise its supplemental jurisdiction! The court held that the state counterclaims for breach of contract and repossession would dominate the TCPA claim. That is to say, although the contract Plaintiff allegedly breached is relevant to the TCPA claim, the evidence needed to prove each side's claims are very different; also the remedies – monetary, for the TCPA, and equitable for the repossession of the car – are very distinct. This the court said was an example of a federal tail wagging a state dog. The Court further held that the Defendant could sue in another action for repo and breach of contract in a state court. Defendants in these instances should consider conserving their resources by going to state court off the bat, instead of trying to pack it all into one case to save money, and face a ruling pattern like in *Dotson*.

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