Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Timber & Lumber Co.,* 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

SHADY GROVE ORTHOPEDIC ASSOCIATES, P. A. *v.* ALLSTATE INSURANCE CO.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

No. 08–1008. Argued November 2, 2009—Decided March 31, 2010

After respondent Allstate refused to remit the interest due under New York law on petitioner Shady Grove's insurance claim, Shady Grove filed this class action in diversity to recover interest Allstate owed it and others. Despite the class action provisions set forth in Federal Rule of Civil Procedure 23, the District Court held itself deprived of jurisdiction by N. Y. Civ. Prac. Law Ann. §901(b), which precludes a class action to recover a "penalty" such as statutory interest. Affirming, the Second Circuit acknowledged that a Federal Rule adopted in compliance with the Rules Enabling Act, 28 U. S. C. §2072, would control if it conflicted with §901(b), but held there was no conflict because §901(b) and Rule 23 address different issues—eligibility of the particular type of claim for class treatment and certifiability of a given class, respectively. Finding no Federal Rule on point, the Court of Appeals held that §901(b) must be applied by federal courts sitting in diversity because it is "substantive" within the meaning of *Erie R. Co.* v. *Tompkins*, 304 U. S. 64 (1938).

Held: The judgment is reversed, and the case is remanded.

549 F. 3d 137, reversed and remanded.

JUSTICE SCALIA delivered the opinion of the Court with respect to PARTS I and II–A, concluding that §901(b) does not preclude a federal district court sitting in diversity from entertaining a class action under Rule 23. Pp. 3–12.

(a) If Rule 23 answers the question in dispute, it governs here unless it exceeds its statutory authorization or Congress's rulemaking power. *Burlington Northern R. Co.* v. *Woods*, 480 U. S. 1, 4–5. Pp. 3–4.

(b) Rule 23(b) answers the question in dispute—whether Shady Grove's suit may proceed as a class action—when it states that "[a] class action may be maintained" if certain conditions are met. Since §901(b) attempts to answer the same question, stating that Shady Grove's suit "may not be maintained as a class action" because of the relief it seeks, that provision cannot apply in diversity suits unless Rule 23 is ultra vires. The Second Circuit's view that §901(b) and Rule 23 address different issues is rejected. The line between eligibility and certifiability is entirely artificial and, in any event, Rule 23 explicitly empowers a federal court to certify a class in every case meeting its criteria. Allstate's arguments based on the exclusion of some federal claims from Rule 23's reach pursuant to federal statutes and on §901's structure are unpersuasive. Pp. 4–6.

(c) The dissent's claim that §901(b) can coexist with Rule 23 because it addresses only the remedy available to class plaintiffs is foreclosed by §901(b)'s text, notwithstanding its perceived purpose. The principle that courts should read ambiguous Federal Rules to avoid overstepping the authorizing statute, 28 U. S. C. §2072(b), does not apply because Rule 23 is clear. The dissent's approach does not avoid a conflict between §901(b) and Rule 23 but instead would render Rule 23 partially invalid. Pp. 6–12.

JUSTICE SCALIA, joined by THE CHIEF JUSTICE, JUSTICE THOMAS, and JUSTICE SOTOMAYOR, concluded in Parts II–B and II–D:

(a) The Rules Enabling Act, 28 U. S. C. §2072, not *Erie*, controls the validity of a Federal Rule of Procedure. Section 2072(b)'s requirement that federal procedural rules "not abridge, enlarge or modify any substantive right" means that a Rule must "really regulat[e] procedure,—the judicial process for enforcing rights and duties recognized by substantive law and for justly administering remedy and redress for disregard or infraction of them," *Sibbach* v. *Wilson & Co.*, 312 U. S. 1, 14. Though a Rule may incidentally affect a party's rights, it is valid so long as it regulates only the process for enforcing those rights, and not the rights themselves, the available remedies, or the rules of decision for adjudicating either. Rule 23 satisfies that criterion, at least insofar as it allows willing plaintiffs to join their separate claims against the same defendants. Allstate's arguments asserting §901(b)'s substantive impact are unavailing: It is not the substantive or procedural nature of the affected state law that matters, but that of the Federal Rule. See, *e.g., id.*, at 14. Pp. 12–16.

(b) Opening federal courts to class actions that cannot proceed in state court will produce forum shopping, but that is the inevitable result of the uniform system of federal procedure that Congress created. P. 22.

JUSTICE SCALIA, joined by THE CHIEF JUSTICE and JUSTICE THOMAS,

concluded in Part II–C that the concurrence's analysis—under which a Federal Rule may displace a state procedural rule that is not "bound up" or "sufficiently intertwined" with substantive rights and remedies under state law—squarely conflicts with *Sibbach*'s single criterion that the Federal Rule "really regulat[e] procedure," 312 U. S., at 13–14. Pp. 16–22.

JUSTICE STEVENS agreed that Federal Rule of Civil Procedure 23 must apply because it governs whether a class must be certified, and it does not violate the Rules Enabling Act in this case. Pp. 1–22.

(a) When the application of a federal rule would "abridge, enlarge or modify any substantive right," 28 U. S. C. §2072(b), the federal rule cannot govern. In rare cases, a federal rule that dictates an answer to a traditionally procedural question could, if applied, displace an unusual state law that is procedural in the ordinary use of the term but is so intertwined with a state right or remedy that it functions to define the scope of the state-created right. Examples may include state laws that make it significantly more difficult to bring or to prove a claim or that function as limits on the amount of recovery. An application of a federal rule that directly collides with such a state law violates the Rules Enabling Act. Pp. 1–13.

(b) N. Y. Civ. Prac. Law Ann. §901(b), however, is not such a state law. It is a procedural rule that is not part of New York's substantive law. Pp. 17–22.

SCALIA, J., announced the judgment of the Court and delivered the opinion of the Court with respect to Parts I and II–A, in which ROBERTS, C. J., and STEVENS, THOMAS, and SOTOMAYOR, JJ., joined, an opinion with respect to Parts II–B and II–D, in which ROBERTS, C. J., and THOMAS, and SOTOMAYOR, JJ., joined, and an opinion with respect to Part II–C, in which ROBERTS, C. J., and, THOMAS, J., joined. STEVENS, J., filed an opinion concurring in part and concurring in the judgment. GINSBURG, J., filed a dissenting opinion, in which KENNEDY, BREYER, and ALITO, JJ., joined.