

Shining a Light on the Importance of Article III Standing in Class Settlements

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KEY TAKEAWAY:

In *Smith v. Miorelli*, the United States Court of Appeals for the Eleventh Circuit reminded litigants of the importance of Article III standing, even where the parties agree to settle. Federal courts do not have authority to adjudicate a claim or to award a specific form of relief unless the plaintiff first satisfies this jurisdictional requirement.

On February 26, 2024, the Eleventh Circuit invalidated a settlement agreement reached by the parties to resolve a trio of class action lawsuits against major sunglasses manufacturer, Costa Del Mar, Inc.^[1] Without reaching any other arguments raised by the unnamed class-member objectors on appeal, the court voided the settlement because the named plaintiffs sought—but did not establish Article III standing entitling them to—injunctive relief.^[2]

Named plaintiffs in the three lawsuits sued Costa in state and federal court in Florida, alleging that Costa refused to honor lifetime warranties on its sunglasses when the named plaintiffs needed repairs.^[3] Each of the named plaintiffs requested money damages and injunctive relief, though none alleged any likelihood of future harm.^[4] The lawsuits were consolidated to facilitate a settlement agreement, which awarded plaintiffs product vouchers and injunctive relief.^[5] Still, the named plaintiffs had not identified a threat of future harm.^[6] But the district court nevertheless blessed the settlement, deeming it fair, reasonable, and adequate.^[7]

The Eleventh Circuit ruled that the lower court's decision to do so was an abuse of discretion.^[8] Recounting the rules for standing to sue in federal court, the Eleventh Circuit emphasized that “[a] plaintiff must demonstrate he has standing to sue ‘throughout all stages of litigation’” and “‘must demonstrate standing separately for each form of relief sought.’”^[9] To satisfy this burden for their injunctive relief claim, the named plaintiffs were required to show threat of real and immediate future injury.^[10] For example, the court conjectured that the named plaintiffs could have alleged that they own broken sunglasses in need of repairs, such that Costa's alleged misrepresentations put the named plaintiffs at an “imminent risk” of harm.^[11] In the end, though, the named plaintiffs alleged only past harm.^[12]

Because district courts are required to holistically assess the fairness, reasonableness, and adequacy of class action settlements before approving them, and because the district court here considered the value of injunctive

relief in this analysis when it lacked jurisdiction to do so, the Eleventh Circuit vacated the settlement agreement in its entirety.^[13]

[1] *Smith v. Miorelli*, 93 F.4th 1206, 1209–11 (11th Cir. 2024).

[2] *Id.* at 1209.

[3] *Id.* at 1209–10.

[4] *Id.*

[5] *Id.* at 1210.

[6] *Id.*

[7] *Id.*

[8] *Id.* at 1213.

[9] *Id.* at 1212 (quoting *United States v. Amodeo*, 916 F.3d 967, 971 (11th Cir. 2019) and *TransUnion LLC v. Ramirez*, 594 U.S. 413, 436 (2021)).

[10] *Id.*

[11] *Id.*

[12] *Id.*

[13] *Id.* at 1212–13.

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