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Timothy Kin Hui Lee

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THE ULTIMATE EXPANSION OF THE YOUNGER DOCTRINE: PENNZOIL CO. v. TEXACO, INC.

Between December 28, 1983, and January 6, 1984, Getty Oil Inc. (Getty) and its two pursuers, Pennzoil Co. (Pennzoil) and Texaco, Inc. (Texaco), produced two agreements that subsequently became the subject of an important law suit in the Texas state courts. The battle in the state court system resulted in a judgment involving billions of dollars. While the jury in the Texas court awarded a record judgment, an issue of

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1. All three organizations were Fortune 500 companies. In 1983 Texaco ranked sixth in sales and fifth in total assets among all companies, and third and fifth respectively, among petroleum refining industries, with $40 billion in sales and $27 billion in assets. Getty Oil ranked 24th in sales and 23rd in total assets among all companies and 13th and 14th, respectively, within the petroleum industry, with $11.6 billion in sales and $10 billion in assets. Pennzoil ranked 163rd in sales and 87th in total assets among all companies and 26th and 21st, respectively, among petroleum refining companies, with $2.3 billion in sales and $3.5 billion in assets. The Fortune Directory of the Largest U.S. Industrial Corporations, 109 FORTUNE 274, 276, 282, 314-15 (April 30, 1984).

2. Negotiations between Pennzoil and Getty took place during the first few days of 1984. After several negotiation sessions and three Getty Board meetings, Getty accepted an offer that called for $110 and a $5 “stub” per share. Gordon Getty, the sole trustee of the Sarah C. Getty Trust, which was the largest shareholder of Getty, made an agreement with Pennzoil in which Gordon Getty would become the Chairman of a restructured Getty. This restructure was to occur within one year, and if it failed, Getty and Pennzoil agreed to part, with each company taking its share of the total assets. Pennzoil calculated that its share of assets included approximately one billion barrels of oil.

Between the first two Getty meetings, Getty representatives began canvassing for additional suitors, partly because of dissatisfaction with Pennzoil’s offer and partly because of Getty management’s dislike of Gordon Getty. Texaco presented its offer while Getty and Pennzoil were drafting their written agreement. Eventually the Getty Board accepted Texaco’s offer of $128 per share and repudiated its agreement with Pennzoil.

3. Texaco, Inc. v. Pennzoil Co., 729 S.W.2d 768, 784 (Tex. App.—Houston [1st Dist.] 1987, writ ref’d n.r.e.). The judgment of $7.53 billion represented the compensatory damages that Pennzoil allegedly suffered from Texaco’s tortious interference, which deprived Pennzoil of its right to acquire approximately one billion barrels of oil. Id. Pennzoil sued Texaco for the same amount in punitive damages, but received only $3 billion. Id. The magnitude of the judgment amount may induce people to perceive this case as being great. As Justice Holmes remarked in Northern Sec. Co. v. United States, 193 U.S. 197 (1904): “[G]reat cases are called great, not by reason of their real importance in shaping the law of the future, but because of some accident of immediate overwhelming interest which appeals to the feelings and distorts the judgment.” Id. at 400 (Holmes, J., dissenting) (cited in Pennzoil Co. v. Texaco, Inc., 107 S. Ct. 1519, 1534, 95 L. Ed. 2d 1, 25 (1987) (Marshall J., concurring)). This Note discusses Texaco’s case in the federal court system. Texaco’s concurrent appeal in the state court system resulted only in the reduction of the punitive damages to $1 billion. Texaco, 729 S.W.2d at 866. Pennzoil accepted Texaco’s settlement offer of $3 billion. Houston Chronicle, Dec. 10, 1987, at 1. This settlement awaits the Texaco shareholders’ approval.

4. Texaco, 729 S.W.2d at 784. The jury awarded Pennzoil $7.53 billion in compensatory damages and $3 billion in punitive damages. Id. The Second Circuit characterized the award...
greater potential significance arose in the struggle between Pennzoil and Texaco in the federal courts.

On the same day, but before the state trial court entered judgment, Texaco brought suit against Pennzoil in the Federal District Court for the Southern District of New York. Texaco, seeking to enjoin the enforcement of the state court judgment, pleaded seven claims in the federal court. Texaco theorized that the enforcement of the judgment would violate Texaco's rights under the United States Constitution. Texaco obtained a temporary injunction from the district court to prohibit Pennzoil from enforcing the Texas judgment. Pennzoil filed a counter motion to dissolve the temporary injunction on the basis that the district court lacked jurisdiction.

The district court not only confirmed its jurisdiction, but also declared that the ongoing state proceeding did not require abstention by the federal court. Subsequently, the court issued a preliminary injunction against Pennzoil. The Second Circuit held that the district court possessed no jurisdiction over five of the seven claims, but that the district court could lawfully adjudicate the remaining two claims. As a result, the Second Circuit dis-

5. Texaco, Inc. v. Pennzoil Co., 784 F.2d 1133, 1157 (2d Cir. 1986).
6. Id. at 251. The site chosen for the federal court action is also the site of Texaco's corporate headquarters. Id. at 252.
7. Id. at 251. The district court grouped the seven claims into five categories: (1) claims one and two alleged that the judgment burdened interstate commerce; (2) claim four alleged that the Securities Exchange Act of 1934, 15 U.S.C. §§ 78n(d)-(e), 78bb (1982), preempted the judgment; (3) claim five alleged that the trial court misapplied the New York tort law and, thus, violated the full faith and credit clause, U.S. CONST. art. IV, § 1, cl. 1; (4) claims three and six alleged that Texas's appeal bond and lien provisions violated the due process and equal protection clauses of the fourteenth amendment, U.S. CONST. amend. XIV, § 1; (5) claim seven alleged that the proceedings in the trial court were unfair and violated the due process clause of the fourteenth amendment, U.S. CONST. amend. XIV, § 1. Texaco, 626 F. Supp. at 251.
8. Id. at 259-61.
9. Id. at 262.
10. Texaco, Inc. v. Pennzoil Co., 784 F.2d 1133, 1136 (2d Cir. 1986). The parties presented oral arguments on February 11, 1986, the day before the Texas appellate court announced its affirmation of the trial court's decision. The Second Circuit issued its opinion on February 20, 1986. Id. at 1133.
11. Id. at 1144. The five claims were claims one, two, four, five, and seven. Texaco made similar claims in the Texas appellate court. Texaco, Inc. v. Pennzoil Co., 729 S.W.2d 768, 856-59 (Tex. App.—Houston [1st Dist.] 1987, writ ref'd n.r.e.). The Texas appellate court held that Texaco had waived the right to bring arguments under the supremacy, commerce, and due process clauses. Id. at 858. In addition, the Texas court rejected Texaco's full faith and credit clause argument. Id.
12. Texaco, 784 F.2d at 1144-45. The third and sixth claims were the due process and equal protection challenges to the Texas statutory provisions addressing judgment liens and appeal bonds. In Texas the party who wins a money judgment can place a lien on the defendant's property by recording an abstract of that judgment. TEX. PROP. CODE ANN. § 52.001-.002 (Vernon 1984 & Supp. 1987); 5 W. DORSANEO, TEXAS LITIGATION GUIDE § 132.01[3] (1987). That prevailing party may enforce the judgment through a writ of execution. TEX. R. CIV. P. 621, 622; 5 W. DORSANEO, supra, § 132.02. The defendant, while the case is on appeal, may suspend the execution of either of the above proceedings through a writ of supersedeas. TEX. R. CIV. P. 368 (current version at TEX. R. APP. P. 47); 5 W. DORSANEO, supra, § 132.06[1]. To do so, the defendant/appellant must either post a supersedeas bond or deposit
missed the five claims over which the district court lacked jurisdiction, affirmed the preliminary injunction that the district court had granted, and reissued the preliminary injunction as a permanent injunction.\textsuperscript{13}

Pennzoil appealed to the Supreme Court. The Court noted probable jurisdiction.\textsuperscript{14} \textit{Held, reversed and remanded with instruction to vacate order and dismiss complaint:} A state's interest in the enforcement of its courts' judgments justified the application of the abstention doctrine of \textit{Younger v. Harris}\textsuperscript{15} to prohibit the federal district court from interfering in an ongoing state civil proceeding. \textit{Pennzoil Co. v. Texaco, Inc.}, 107 S. Ct. 1519, 95 L. Ed. 2d 1 (1987).

I. DEVELOPMENT OF THE ABSTENTION DOCTRINES

\textbf{A. Rooker-Feldman Principle: Requirement of Jurisdiction}

The abstention doctrines permit federal courts to refrain from exercising their jurisdiction in the face of ongoing state proceedings.\textsuperscript{16} An implicit assumption of these doctrines is that a federal court possesses jurisdiction in the matter from which the court may abstain. Thus, the initial inquiry before a court can decide whether it can abstain is to determine whether the court has jurisdiction.

Both the United States Constitution\textsuperscript{17} and the United States Code\textsuperscript{18} make the Supreme Court the court of review for final state court decisions. Neither the Constitution nor the Congress has granted appellate jurisdiction of state court decisions to other courts, such as federal district courts created under article III. In \textit{Rooker v. Fidelity Trust Co.}\textsuperscript{19} the Court held that federal district courts could not entertain proceedings so as to sit in appellate review of state court decisions.\textsuperscript{20} Accordingly, once a state court has adjudicated an issue, only that state's appellate courts, the state supreme court, and the United States Supreme Court may consider an appeal.\textsuperscript{21}

In \textit{District of Columbia Court of Appeals v. Feldman}\textsuperscript{22} the Court reaf-
firmed the *Rooker* doctrine. The Court concluded, however, that federal district courts could review state court decisions in situations involving non-judicial proceedings. The *Feldman* Court stressed the importance of examining the substance of the proceeding rather than its outward formality to determine whether the proceeding was judicial. The Court noted that a district court possesses jurisdiction to determine the constitutionality of state bar rules that the state courts have issued in nonjudicial hearings. The Court explained that the review of a nonjudicial proceeding does not constitute review of a final state court judgment. The Court held, however, that federal district courts do not have jurisdiction over actions alleging the unconstitutionality of state judicial proceedings. The United States Code authorizes only Supreme Court jurisdiction in such cases. The Court added that the lack of Supreme Court jurisdiction to review a state court judgment, because of the parties’ failure to raise constitutional claims in state court, did not justify the imposition of district court jurisdiction to review state court judgments.

**B. Younger Abstention and its Progeny**

Having determined that a federal court possesses jurisdiction in a given matter, the next question is whether the court should abstain from the exercise of that jurisdiction. Federal district courts may abstain for one of four reasons. First, if the state court can dispose of a case on state law issues, then the federal court should refrain from determining federal questions. Second, if the case involves local administration of local law, then the federal court should avoid interfering with the exercise of that local prerogative. Third, if the case requires the federal court to adjudicate unsettled state law questions, the federal court should certify such questions to a competent state court. Fourth, a federal court may in certain circumstances dismiss a

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23. Id. at 476.
24. Id. at 486.
25. Id. at 477 (in *Feldman* what appeared to be administrative proceedings were actually judicial proceedings).
26. Id. at 486.
27. Id.
28. Id.
30. *Feldman*, 460 U.S. at 482 n.16.
34. *Clay* v. *Sun Ins. Office Ltd.*, 363 U.S. 207, 212 (1960). The Court held that the postponement of a decision on the federal constitutional issues was not significant enough to overcome the federalism concerns. *Id.* at 211-12. Justice Black, in his dissent, stated that this case presented an example of extending the abstention doctrine too far. *Id.* at 213 (Black, J., dissenting). For a discussion of this abstention doctrine, see C. *Wright*, *supra* note 16, § 52, at 224-27.
case if its docket is too crowded or if the court determines that it cannot conveniently exercise jurisdiction.\textsuperscript{35}

In \textit{Younger v. Harris}\textsuperscript{36} the Court took the abstention doctrines a step further. \textit{Younger} involved a challenge in the federal court to an indictment that the state court issued pursuant to the California Criminal Syndicalism Act.\textsuperscript{37} Harris, the individual that the state court had indicted, sought to have the federal court enjoin the prosecution under state law because the prosecution, as well as the Syndicalism Act, allegedly infringed upon his constitutional rights.\textsuperscript{38} The Court, recognizing the long-standing general principle that the federal courts should not interfere in state proceedings,\textsuperscript{39} held that in the absence of exceptional circumstances federal courts may not enjoin state criminal prosecutions merely because of the potential unconstitutionality of state actions.\textsuperscript{40} Five companion cases contributed to the formulation of the \textit{Younger} doctrine.\textsuperscript{41} Nevertheless, uncertainty about the implications of \textit{Younger} still remained.\textsuperscript{42}

\begin{itemize}
\item\textsuperscript{35} Gulf Oil Corp. v. Gilbert, 330 U.S. 501, 507 (1947). This approach is the doctrine of forum non conveniens. C.A. Wright, supra note 16, § 52, at 227.
\item\textsuperscript{36} 401 U.S. 37 (1971).
\item\textsuperscript{37} CAL. PENAL CODE §§ 11400, 11401 (West 1953) [hereinafter Syndicalism Act].
\item\textsuperscript{38} Harris alleged that the prosecution and the Syndicalism Act violated his rights of free speech and press under the first and fourteenth amendments, U.S. CONST. amends. I, XIV. Younger, 401 U.S. at 39.
\item\textsuperscript{39} Younger, 401 U.S. at 43.
\item\textsuperscript{40} Id. at 54. The Court indicated that showings of bad faith and harassment could qualify as exceptional circumstances justifying federal intervention. Id. Moreover, the Court, citing Watson v. Buck, 313 U.S. 387, 402 (1941), declared that in certain situations a statute could violate constitutional rights to such an extent that the federal courts could intervene. Younger, 401 U.S. at 53-54. The \textit{Buck} Court stated: "It is of course conceivable that a statute might be flagrantly and patently violative of express constitutional prohibitions in every clause, sentence and paragraph, and in whatever manner and against whomever an effort might be made to apply it." \textit{Buck}, 313 U.S. at 402.
\item\textsuperscript{41} Samuels v. Mackell, 401 U.S. 66, 73 (1971) (federal court should abstain given pending state prosecution under criminal anarchy statute); Boyle v. Landry, 401 U.S. 77, 81 (1971) ("normal course of state criminal prosecutions cannot be disrupted or blocked on the basis of charges which in the last analysis amount to nothing more than speculation about the future"); Perez v. Ledesma, 401 U.S. 82, 85 (1971) (improper federal interference of court into state criminal prosecution when record showed no evidence of bad faith attempts to enforce state law); Dyson v. Stein, 401 U.S. 200, 203 (1971) (federal intervention in state criminal proceedings by injunction or declaratory judgment not justified unless record indicates threat of irreparable injury); Byrne v. Karalexis, 401 U.S. 216, 220 (1971) (federal injunction against pending and future state criminal prosecutions under state obscenity law not justified when record did not show that one's defense against state prosecution could not remove threat to one's federal rights).
\item\textsuperscript{42} One commentator noted that the \textit{Younger} Court left four issues unresolved. Note, The New Federal Comity: Pursuit of Younger Ideas in a Civil Context, 61 IOWA L. REV. 784, 794-98 (1976). The first issue questioned whether the \textit{Younger} doctrine reached the request for declaratory judgment in the pending criminal prosecution. Id. at 794. The answer came in the companion case, Samuels v. Mackell, 401 U.S. 66, 73 (1971), in which the Court held that requests for declaratory judgments and for injunctions should receive the same consideration. The second issue addressed whether declaratory judgment was appropriate when the state merely threatens criminal prosecution. Note, supra, at 795. The answer came in Steffel v. Thompson, 415 U.S. 452, 461-62 (1974), in which the Court held that neither \textit{Younger} nor Samuels applied, and "federalism [had] little vitality" in this context. The third issue questioned whether injunctive relief was appropriate when the state merely threatens criminal prosecution. Note, supra, at 795-96. The answer came in Doran v. Salem Inn, Inc., 422 U.S. 922, 930 (1972), in which the Court held the \textit{Younger} restrictions not applicable. The fourth issue
\end{itemize}
The lower courts initially limited the scope of the Younger abstention almost exclusively to situations involving pending state criminal prosecutions.43 Except for isolated comments from the Third, Fourth, Fifth, and Seventh Circuit Courts of Appeals, the federal courts remained silent on the question of whether Younger required the federal courts to abstain when only a state civil proceeding, as opposed to a criminal proceeding, was pending.44 Some Justices on the Supreme Court similarly hinted at the possibility that the application of the Younger doctrine did not hinge on the criminal/civil characterization of a particular proceeding.45 The Court, however, did not directly address the issue of extension of Younger to noncriminal cases until 1975, when it decided Huffman v. Pursue, Ltd.46

Prior to Huffman, the Supreme Court had two opportunities to extend Younger to noncriminal settings. In 1973 a three-judge federal panel held that Younger would bar federal intervention in a civil proceeding in a Georgia state court.47 The judges viewed the civil proceeding as a prosecution of the state's criminal law.48 Instead of confronting the Younger issues, the Supreme Court vacated the decision because the Georgia Supreme Court had invalidated the state statute involved in the case in the interim.49

Sosna v. Iowa50 presented the Court with its next opportunity. Justice Rehnquist stated that the Court had asked the parties to consider the appli-

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44. See Roy v. Jones, 484 F.2d 96, 102 (3d Cir. 1973) (Aldisert, J., concurring) (not limited in conceptual basis to criminal cases only); Lynch v. Snepp, 472 F.2d 769, 773 (4th Cir. 1973) (labels "civil" and "criminal" not fulcrum of Younger); Palaio v. McAuliffe, 466 F.2d 1230, 1232-33 (5th Cir. 1972) (not dependent on labels); Cousins v. Wigoda, 463 F.2d 603, 606 (7th Cir. 1972) (Younger rationale, though less compelling in civil proceeding, still applicable). For a discussion of these cases, see Note, supra note 42, at 801-05.

45. Mitchum v. Foster, 407 U.S. 225, 244 (1972) (Burger, C.J., concurring); Younger v. Harris, 401 U.S. 37, 55 n.2 (1971) (Stewart, J., concurring); see Fuentes v. Shevin, 407 U.S. 67, 98 (1972) (White, J., dissenting). Chief Justice Burger and Justice Blackmun joined Justice White's Fuentes dissent in which he stated that the Court should vacate the district court's decision and remand the case for reconsideration in light of Younger. Fuentes, 407 U.S. at 98 (White, J., dissenting). In Fuentes, a case involving a state provision for prejudgment replevin in a private dispute, the Court came closest to extending Younger to civil settings prior to Huffman v. Pursue, Ltd., 420 U.S. 592 (1975). See Note, supra note 42, at 800. Justices Powell and Rehnquist did not take part in the 4-3 Fuentes decision. Fuentes, 407 U.S. at 68.


48. Id.


50. 419 U.S. 393 (1975).
cability of the Younger doctrine to a situation in which the appellant sought relief in federal court from a civil proceeding, rather than appealing through the state courts.51 The parties, nevertheless, urged the Court to decide the case on the merits.52 Thus, the Court did not decide the Younger issue.53

Two months later, the Court finally addressed the issue of the extension of Younger to civil proceedings.54

In Huffman local officials prosecuted the defendant on the basis of a violation of a public nuisance statute.55 According to the Court, since nuisance proceedings were sufficiently similar to criminal prosecutions, a court should exercise abstention in the former, as well as in the latter.56 The Court held that the focal point of Younger depended on the concerns arising from the existence of the pending state proceeding and not whether the case involved a criminal prosecution.57 The court, therefore, noted that the Younger doctrine applied in Huffman even though the state court action was a civil proceeding.58

Both the majority and the dissent recognized the innovative nature of this decision.59 The Court delivered two sets of guidelines for the lower courts. The first set related to the required procedural steps for the application of Younger, and the second set related to types of civil proceedings to which the courts will apply Younger.60

In connection with the first set of guidelines, the Court held that in order to abstain from jurisdiction, as with criminal proceedings, a pending state proceeding should exist,61 and the parties must have exhausted all available state proceedings.62 The second set of guidelines dealt with the question of what type of state civil proceedings received such deference that federal district courts should abstain from exercising their jurisdiction. The Huffman court gave two rules. First, the more the civil proceeding resembled a criminal proceeding, the more a federal court should give it deference.63 Second, the greater the state's involvement in the proceeding, the greater the need for

51. Id. at 396 n.3; see Sosna v. Iowa, 415 U.S. 911, 911 (1974).
52. Sosna, 419 U.S. 396 n.3.
53. Id.
57. Id. at 606. The Court stated: "Younger turned on considerations of comity and federalism peculiar to the fact that state proceedings were pending ...." Id.
58. Id. at 594.
59. Id. at 594 (majority opinion), 615 (Brennan, J., dissenting).
60. Id. at 604-08.
61. Id. at 607. This requirement paralleled the holding in Steffel v. Thompson, 415 U.S. 452, 462 (1974) (district court may grant declaratory relief if no pending state proceeding).
62. Huffman, 420 U.S. at 608. A federal court may interfere, however, if exceptional circumstances justify intervention. Id.
63. Huffman, 420 U.S. at 604; see Bartels, Avoiding a Comity of Errors: A Model for
abstention in deference to the state.\textsuperscript{64} The \textit{Huffman} Court denied that it was setting forth a general rule for all civil litigation,\textsuperscript{65} yet it soon found other state civil litigations that appeared similar to the proceedings in \textit{Huffman}.

In \textit{Juidice v. Vail}\textsuperscript{66} the defendant sought relief from a contempt of court citation, a proceeding that the Court conceded possessed less state interest than a quasi-criminal proceeding, such as the nuisance proceeding in \textit{Huffman}.\textsuperscript{67} Rather than recharacterizing the proceeding as quasi-criminal, the Court simply regarded the centrality that the contempt proceeding occupied in the state judicial system as pivotal and justifying the use of principles that \textit{Huffman} and \textit{Younger} had developed.\textsuperscript{68} The Court clarified that, when construing \textit{Huffman}, courts should emphasize the concept of comity between federal and state courts.\textsuperscript{69} A federal court should give deference to state courts regardless of the nature of the proceeding involved, as long as a sufficient state interest exists.\textsuperscript{70} The Court expanded the \textit{Younger} doctrine, albeit not completely.\textsuperscript{71}

In \textit{Trainor v. Hernandez}\textsuperscript{72} the state department of public aid, faced with the option of bringing either a criminal or civil action against the defendant, chose the civil action.\textsuperscript{73} The Court concluded that the nature of the proceeding became insignificant due to the importance of the state interest when the state is acting in its capacity as a sovereign.\textsuperscript{74} The Court admitted at last that courts should construe the \textit{Younger} and \textit{Huffman} principles broadly when the state involved itself as a sovereign.\textsuperscript{75} Thus, the Court applied the abstention doctrine of \textit{Younger} to the civil proceeding in \textit{Trainor}.\textsuperscript{76}

In \textit{Moore v. Sims}\textsuperscript{77} the Court returned to the \textit{Huffman} reliance on the similarity between particular civil proceedings and criminal proceedings.\textsuperscript{78} The Court held that because the state was a party, and that because the temporary removal of a child in a case involving child abuse was quasi-crim-

\textsuperscript{64} Huffman, 420 U.S. at 604-05; see The Supreme Court, 1974 Term, supra note 63, at 154 (1975).
\textsuperscript{65} Huffman, 420 U.S. at 607.
\textsuperscript{66} 430 U.S. 327 (1977).
\textsuperscript{67} Id. at 335; Huffman, 420 U.S. at 604.
\textsuperscript{68} Juidice, 430 U.S. at 335-36.
\textsuperscript{69} Id. at 334.
\textsuperscript{70} Id. at 335-36.
\textsuperscript{71} Id. at 336 n.13 (disclaiming, as in Huffman, that Court was making general rule for all civil litigation).
\textsuperscript{72} 431 U.S. 434 (1977).
\textsuperscript{73} Id. at 435. The State of Illinois brought a civil action against the defendants to recover welfare payments dispersed to them. The defendant allegedly had fraudulently concealed assets during application. Such concealment constituted a crime under Illinois law. ILL. ANN. STAT. ch. 23, § 11-21 (Smith-Hurd 1968).
\textsuperscript{74} Trainor, 431 U.S. at 444.
\textsuperscript{75} Id.
\textsuperscript{76} Id.
\textsuperscript{77} 442 U.S. 415 (1979).
\textsuperscript{78} Id. at 423.
inal, the abstention doctrine of *Younger* should apply.\textsuperscript{79} After *Moore* the Court returned to the factor of state involvement in *Middlesex County Ethics Committee v. Garden State Bar Association*.\textsuperscript{80} The operative concept became the more general notion of state interest, rather than state involvement in the role of sovereign.\textsuperscript{81} The Court held that the state bar disciplinary proceeding in *Middlesex County* implicated extremely important state interests.\textsuperscript{82} Similarity with a criminal proceeding receded further as a necessary factor. The Court considered the administrative nature of the disciplinary proceedings as insignificant.\textsuperscript{83} When sufficient judicial trappings adorned the proceeding, the justifications for deference to state interest and abstention would exist.\textsuperscript{84}

The Court applied the reasoning of *Middlesex County* in *Ohio Civil Rights Commission v. Dayton Christian Schools*,\textsuperscript{85} a case involving sex discrimination issues. The Court held that the state should have an opportunity to dispose of the case, unfettered by federal interference, as long as the case involved an important state interest and the litigants were given an opportunity to raise their constitutional claims.\textsuperscript{86} Moreover, under the rule of *Middlesex County*, if the parties can raise constitutional issues in the state court review of administrative proceedings, then the state has sufficiently addressed the parties' constitutional concerns.\textsuperscript{87}

In summary, the Court has greatly expanded the reach of the *Younger* doctrine of abstention. Initially the Court applied the doctrine only to criminal proceedings.\textsuperscript{88} Currently, the doctrine encompasses state proceedings, judicial and administrative, as long as the proceedings involve a sufficiently important state interest and the litigants eventually receive an opportunity to raise constitutional claims in the state court system.\textsuperscript{89} While the scope of *Younger* had greatly increased, a question still remained as to what other types of state proceedings constituted sufficient state interest to justify the application of the *Younger* abstention doctrine.

\textsuperscript{79} Id.
\textsuperscript{80} 457 U.S. 423, 432 (1982). The case involved disciplinary action against a New Jersey attorney for unethical conduct. The state supreme court was authorized to review the administrative proceeding.
\textsuperscript{81} Id.
\textsuperscript{82} Id. at 434-35.
\textsuperscript{83} Id. at 435.
\textsuperscript{84} Id. at 435-36.
\textsuperscript{85} 106 S. Ct. 2718, 2723-24, 91 L. Ed. 2d 512, 523-24 (1986) (reasoning that administrative proceedings were judicial in nature and that sex discrimination issues were important to state).
\textsuperscript{86} Id.
\textsuperscript{87} Id. at 2724, 91 L. Ed. 2d at 523; *Middlesex County*, 457 U.S. at 436.
\textsuperscript{88} See supra note 43 and accompanying text.
\textsuperscript{89} *Dayton Christian Schools*, 106 S. Ct. at 2723-24, 91 L. Ed. 2d at 523-24.
II. PENNZOIL CO. V. TEXACO, INC.

A. Issues

In *Pennzoil Co. v. Texaco, Inc.* the United States Supreme Court expanded the scope of *Younger* by holding that the enforcement of state court judgments constituted a state interest sufficient to justify the application of the *Younger* abstention doctrine. The large damage award, the complex relationship among the parties, and the circus-like atmosphere tended to cloud the real issues in the federal court case. Pennzoil built its case around the threshold question of whether a federal district court could lawfully exercise its jurisdiction over a party in a state court suit when an appeal in state court was pending. As the Second Circuit noted, this question has two aspects: First, did the federal court have jurisdiction? And second, if it did, should the court have abstained from adjudicating the case and from granting the preliminary injunction pending the appeal?

The lower courts had addressed these questions using three basic theories. Pennzoil built its arguments in the district court on these theories. Theories derived from the Anti-Injunction Act and the *Rooker-Feldman* doctrine addressed the first question. The abstention doctrine addressed the second.

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91. Id. at 1529, 95 L. Ed. 2d at 19-20.
92. Texaco raised 90 points of error in the state appellate court. *Texaco, Inc. v. Pennzoil Co.*, 729 S.W.2d 768, 866 (Tex. App.—Houston [1st Dist.] 1987, writ ref’d n.r.e.). The court only upheld the point of error dealing with excessive punitive damages. *Id.* The court reduced these damages from $3 billion to $1 billion. *Id.*


97. For a discussion of the *Rooker-Feldman* principle, see supra notes 19-28 and accompanying text. The district court held that the fact situation did not fit the *Rooker-Feldman* pattern. *Texaco, Inc. v. Pennzoil Co.*, 626 F. Supp. 250, 254 (S.D.N.Y. 1986). The district court stated that it did not attempt to review the state court decision and that it was only trying to assure Texaco of an opportunity to raise its constitutional claims. *Id.* The likelihood of Texaco prevailing on these claims contributed to the court’s decision. *Id.* at 253-54. The Second Circuit held that the *Rooker-Feldman* principle would bar five of Texaco’s claims because the state court had already adjudicated those issues. *Texaco*, 784 F.2d at 1143-44.
second question. The Supreme Court ruled only on the second question. After summarizing the facts, the Court reversed the Second Circuit. The Court gave three reasons for the need to abstain from entertaining Texaco’s claims and answered the two major objections that Texaco had raised against abstention. The Court then concluded that the district court should have abstained from the exercise of its jurisdiction.

**B. Rooker-Feldman Principle**

The Supreme Court did not reach the Rooker-Feldman issue. The Court based its decision solely on the issues involving the Younger doctrine. Absent the Younger abstention, Texaco would have prevailed on the jurisdiction question relating to two of its claims, as occurred in the Second Circuit. An analysis of the Justices’ opinions indicated that Texaco would have garnered five votes for sustaining the Second Circuit’s holding that the Rooker-Feldman principle did not prohibit federal court jurisdiction.

Justice Scalia, joined by Justice O’Connor, noted that the Rooker-Feldman doctrine would not eliminate the Court’s jurisdiction because the parties had not litigated the two remaining issues in state court and because such issues were not “inextricably intertwined” with other issues litigated in the state court. Justices Brennan, Blackmun, and Stevens declared that the case involved collateral review, and thus Rooker-Feldman did not bar jurisdiction of the federal district court. Justice Marshall, while joining the opinions of Brennan and Stevens, took a contrary position on this doctrine. Marshall declared that the district court lacked jurisdiction under Rooker-Feldman because the constitutional claims were inextricably inter-
The five Justices, even without Justice Marshall, would constitute a majority; the Younger abstention, however, proved to be a hurdle too high for Texaco.

C. Younger Doctrine

The United States Supreme Court set forth three reasons why the district court should have abstained from exercising its jurisdiction. The first reason concerned the nature of equity jurisprudence. Generally, a court of equity should refrain from interfering with a court of law, especially when the case involves a criminal prosecution and when the litigant can pursue an available alternative legal remedy. The Court quoted the Younger v. Harris decision on equitable restraint without elaboration. The second reason that the Court asserted for a federal court to abstain from adjudicating cases in which proceedings have begun in the state court involved the concept of comity. The comity concept addresses the relationship between the national and state governments, and more particularly between federal and state courts. The Younger court had placed greater emphasis on this reason than on the first reason for the abstention doctrine. According to Younger, the federal government should not interfere with the state's prerogative to carry out legitimate state activities.

In decisions following Younger, the Court equated the legitimate interest of the state with legitimate activities of the state. If the proceeding is noncriminal, then the state's interest must be important. The decisions that invoked Younger in noncriminal settings all involved cases in which the state possessed a stake in the outcome. The present case, however, involved a purely private dispute, and arguably the State of Texas maintained only a tangential interest. The Court, nevertheless, held that the case in-
volved an important state interest related to the state's ability to enforce orders and judgments of its courts.\textsuperscript{122} The third reason for abstaining was the preservation of limited federal judicial resources.\textsuperscript{123} The Court wanted to avoid deciding issues that it need not address.\textsuperscript{124} Until the courts of the state judicial system have rendered a final decision, the federal decision might become advisory or even discredited upon the completion of the state proceeding.\textsuperscript{125} The Court noted that this reason assumed additional importance in this case because Texaco did not litigate the constitutional issues in the trial court.\textsuperscript{126}

The Court, then, moved on to answer Texaco's objections against the application of the \textit{Younger} abstention.\textsuperscript{127} Texaco first argued that the case implicated no important state interest. Justice Stevens echoed this sentiment in his separate opinion concurring in the judgment.\textsuperscript{128} The Court answered by pointing to \textit{Juidice v. Vail}.\textsuperscript{129} The Court construed the \textit{Juidice} opinion broadly to refer to all facets of the administration of the state judicial system.\textsuperscript{130} The federal district courts, therefore, should abstain under these circumstances so as not to infringe upon the operation of the state courts.\textsuperscript{131}

Texaco next argued that abstention from entertaining its claims would be inappropriate in this case. Texaco claimed that the rules of Texas appellate procedure precluded Texaco from asserting its constitutional rights.\textsuperscript{132} The Court held Texaco's claim to be groundless as it did not fairly characterize Texas law.\textsuperscript{133} The fact that Texaco made no attempt to avail itself of the Texas appellate procedure prior to coming to the federal courts hurt Texaco's assertion of preclusion.\textsuperscript{134} Applying Texas law, the Court held that Texaco had an opportunity to raise its constitutional claims.\textsuperscript{135} The Court surmised that had Texaco taken advantage of the opportunity, Texaco would likely have witnessed positive results.\textsuperscript{136}

The Court, therefore, held that the district court should have abstained.\textsuperscript{137} The state's interest in enforcing orders and judgments of its courts justified

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went to the very essence of the state judicial system. \textit{Id.} at 1527 \& n.12, 95 L. Ed. 2d at 17 \& n.12.

122. \textit{Id.} at 1527, 95 L. Ed. 2d at 17.
125. \textit{Id.}
126. \textit{Id.}
127. \textit{Id.} at 1527-29, 95 L. Ed. 2d at 17-19.
128. \textit{Id.} at 1536 n.2, 95 L. Ed. 2d at 28 n.2 (Stevens, J., concurring).
129. 430 U.S. 327, 335 (1977).
130. \textit{Pennzoil}, 107 S. Ct. at 1527, 95 L. Ed. 2d at 17.
131. \textit{Id.} (citing \textit{Juidice}, 430 U.S. at 335).
133. \textit{Pennzoil}, 107 S. Ct. at 1528, 95 L. Ed. 2d at 18.
134. \textit{Id.}
135. \textit{Id.}
136. \textit{Id.}
137. \textit{Id.} at 1529, 95 L. Ed. 2d at 19.
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the application of the Younger doctrine. The principles of comity and federalism mandated the district court's deferral to the proceedings in the state system.

Four justices wrote separate opinions concurring only in the judgment. Justice Brennan devoted almost his entire opinion to an attack of the Court's application of the Younger doctrine. He relied upon the reasoning of his dissent in *Huffman v. Pursue, Ltd.* Brennan reasoned that in a noncriminal proceeding, the district court, as a rule, should not apply the Younger doctrine. According to Brennan, when a party brings a civil proceeding under section 1983 of the United States Code, as Brennan claimed was the case before the Court, abstention is especially inappropriate. Brennan did not find federalism an issue because he considered Texas's interest negligible. Brennan concurred in the judgment, however, because he felt Texaco's claim that Texas rules violated Texaco's constitutional rights was without merit. Texaco could go forward with its appeal even if the corporation were to file for bankruptcy. Bankruptcy proceedings would not prevent Texaco or its successor after reorganization from appealing the Texas trial court decision.

Justice Marshall rejected the Court's reasoning. He agreed, however, with the disposition of the case. He stated that the question regarding abstention should not arise because the district court lacked jurisdiction. Marshall indicated that he would reverse should he reach the merits.

Justice Blackmun agreed with Justices Brennan and Stevens that the district court should not abstain based on the Younger doctrine. Blackmun objected to the Court's expansion of the Younger abstention to all pending state cases, criminal or civil. According to Blackmun, under the Court's reasoning, no state interest would be too insignificant to allow the federal courts to proceed despite a concurrent state court proceeding. Blackmun

138. *Id.* at 1527, 95 L. Ed. 2d at 17.
139. *Id.* at 1529, 95 L. Ed. 2d at 19-20.
140. *Id.* at 1530, 95 L. Ed. 2d at 20 (Brennan, J., concurring).
142. *Id.* 107 S. Ct. at 1530, 95 L. Ed. 2d at 21 (Brennan, J., concurring) (citing *Huffman*, 420 U.S. at 613 (Brennan, J., dissenting)).
144. *Pennzoil*, 107 S. Ct. at 1530, 95 L. Ed. 2d at 22 (Brennan, J., concurring) (citing *Huffman*, 420 U.S. at 616 (Brennan, J., dissenting); *Mitchum v. Foster*, 407 U.S. 225, 242 (1972)).
145. *Id.*, 95 L. Ed. 2d at 21 (Brennan, J., concurring).
146. *Id.* at 1531-32, 95 L. Ed. 2d at 22-23 (Brennan, J., concurring).
147. *Id.*, 95 L. Ed. 2d at 23 (Brennan, J., concurring).
148. *Id.*
149. *Id.* at 1532, 95 L. Ed. 2d at 23 (Marshall, J., concurring).
150. *Id.*
151. *Id.*
152. *Id.* (accepting the opinions of Justices Brennan and Stevens that Texaco's case was without merit); see *supra* notes 146-48 and accompanying text & *infra* note 162.
154. *Id.* (expansion to "an unprecedented extent").
155. *Id.* (abstention regardless of attenuation of state interest and regardless of harm that federal plaintiffs suffered).
would have ordered the district court to abstain, but he would have done so only under the doctrine presented in *Railroad Commission v. Pullman Co.*; the procedural facts presented in *Pennzoil* met the requirements of the *Pullman* doctrine. The federal court should not proceed until after the state courts have reached a final disposition of the case. Justice Powell, writing for the Court, considered Blackmun’s distinction between the two types of abstention unnecessarily narrow. Powell stated that no clear line of demarcation existed between the two doctrines to warrant such mechanical application of one doctrine over the other.

Justice Stevens presented a strong opposition, even though he relegated the discussion of the *Younger* abstention to a footnote. He agreed with the Second Circuit that the state interest in the line of cases from *Huffman* to *Dayton Christian Schools* differed drastically from the state interest in *Pennzoil*. Powell, on the other hand, while writing for the Court, replied that the interests in those cases revolved around the authority of the state judicial system in general.

### III. Conclusion

Of the seven cases in the *Huffman-Pennzoil* line, only the *Huffman* major-
ity opinion garnered six votes; the other cases received only five votes. 164 Justices dissented in the first four cases. 165 Those Justices who disagreed with the abstention rationale of the majority in the last three cases, nevertheless concurred in the judgments. 166 Despite the narrowness of these margins, these cases have established the application of the Younger doctrine in civil proceedings. Except for Justice Blackmun, each Justice, to the extent that he or she was on the Court at the time, has taken a definite position on this issue. 167 Justice Blackmun’s shift demonstrates the extent to which the

164. Pennzoil, 107 S. Ct. at 1519, 95 L. Ed. 2d at 1 (5-4 decision); Ohio Civil Rights Comm’n v. Dayton Christian Schools, Inc., 106 S. Ct. 2718, 91 L. Ed. 2d 512 (1986) (5-4 decision); Middlesex County Ethics Comm. v. Garden State Bar Ass’n, 457 U.S. 423 (1982) (5-4 decision); Moore v. Sims, 442 U.S. 415 (1979) (5-4 decision); Trainor v. Hernandez, 431 U.S. 434 (1977) (5-4 decision); Juidice v. Vail, 430 U.S. 327 (1977) (5-4 decision); Huffman v. Pursue, Ltd., 420 U.S. 592 (1975) (6-3 decision). Strictly speaking, the first four cases were really 9-0 decisions, as all Justices joined or concurred in the judgment.


Justices Brennan, Marshall, and Stevens did not join any of the majority opinions. Justice Brennan wrote his own dissent on three of the four cases in which a dissent existed. Trainor, 431 U.S. at 435 (Brennan, J., dissenting); Juidice, 430 U.S. at 341 (Brennan, J., dissenting); Huffman, 420 U.S. at 613 (Brennan, J., dissenting). He joined Justice Stevens’s dissenting opinion in the fourth case. Moore, 442 U.S. at 435 (Stevens, J., dissenting). Justice Stevens did not take part in the Huffman decision; however, he authored three opinions, one dissenting and two concurring in the judgment, while disagreeing with the majority on the Younger issue. Pennzoil, 107 S. Ct. at 1535, 95 L. Ed. 2d at 28 (Stevens, J., concurring); Trainor, 431 U.S. at 460 (Stevens, J., dissenting); Juidice, 430 U.S. at 339 (Stevens, J., concurring). Justice Marshall generally joined with either Justice Brennan, Justice Stevens, or both. He wrote concurring opinions in only two cases. Pennzoil, 107 S. Ct. at 1532, 95 L. Ed. 2d at 23 (Marshall, J., concurring); Middlesex County, 457 U.S. at 438 (Marshall, J., concurring). Chief Justice Burger and Justice Blackmun joined the majority in the first four cases. Moore, 442 U.S. at 417; Trainor, 431 U.S. at 435; Juidice, 430 U.S. at 328; Huffman, 420 U.S. at 593. Justice Stewart cast a dissenting vote in three of the 5-4 decisions. Moore, 442 U.S. at 435 (Stevens, J., dissent-
NOTES

Court expanded the abstention doctrine.

Given the disparate views of the Supreme Court Justices, what is the future for litigants in a state court? By not discussing the jurisdiction question, the Court made the abstention doctrine the overriding concern when these litigants come to the federal courts. With its generous characterization of the state interest in its own judicial system, the *Pennzoil* Court closed the federal forum to potential federal plaintiffs when state proceedings are pending until these plaintiffs have exhausted all avenues for federal constitutional claims in the state system. Under *Pennzoil*, a court would consider just about any challenge to a state proceeding a threat to the authority of the state judicial system.

The Court regarded almost every aspect of a legal action to be part of the core of the state's judicial system. Whenever a state official or a state agency is involved, the case implicates state interest regardless of the role that the official plays. That official may be a county sheriff (*Pennzoil* and *Huffman*) or a state judge (*Judice*). The state agency may be the state supreme court (*Middlesex County*), an administrative department (*Moore* and *Trainor*), or merely a commission (*Dayton Christian Schools*).

The state's interest pervades from the beginning to the end. The interest may arise in an administrative proceeding that precedes an action in the

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*Middlesex County*, 457 U.S. at 438 (Marshall, J., concurring). Marshall objected to applying *Younger* on the basis of the proceeding's nature. *Id.* He did not think an administrative proceeding necessarily afforded litigants the opportunity to raise constitutional issues. *Id.* at 438-39 (Marshall, J., concurring). To Marshall, the Court had moved far from the *Younger* requirement of a pending state criminal proceeding. *Id.*

Justice Blackmun next joined Justice Stevens's opinion concurring in the judgment in *Dayton Christian Schools*, 106 S. Ct. at 2724, 91 L. Ed. 2d at 523 (Stevens, J., concurring). Justice Stevens argued that, by giving such weight to the existence of ongoing state administrative proceedings, the Court was doing exactly what the Court previously had proscribed in *Steffel v. Thompson*, 415 U.S. 452, 462 (1974). *Dayton Christian Schools*, 106 S. Ct. at 2726 n.5, 91 L. Ed. 2d at 526 n.5 (Stevens, J., concurring). The curtailment of access to the federal courts, according to Justice Stevens, was too great and the expansion of the *Younger* abstention went too far. Justice Blackmun adopted this argument as his own in *Pennzoil*. For a discussion of his argument, see *supra* notes 154-55 and accompanying text.

Justice Blackmun remained consistent, even though he was the only Justice on the Court that decided the present case to have changed his position. In *Trainor*, 431 U.S. at 448 (Blackmun, J., concurring), he had already shown his concern for the possibility of expanding an otherwise useful doctrine too far. While joining the majority opinion, he also wrote his own concurring opinion. *Id.* (Blackmun, J., concurring). His concern was the substantiality of the state's interest. *Id.* As examples of proper holdings, he cited cases in which the Court held that abstention was inappropriate because the state's interest was too remote or too "attenuated." *Id.* at 449 (Blackmun, J., concurring). This attenuation was precisely his charge against the majority in *Pennzoil*. See *supra* notes 153-58 and accompanying text. He came full circle from his initial position and saw materialize exactly what he had feared.
state court (Dayton Christian Schools and Middlesex County). It may arise during the trial (Moore and Trainer). The state interest may even begin after the trial, either before or after the court enters judgment (Pennzoil, Judice and Huffman). The setting may be either criminal (Younger) or civil (Huffman-Pennzoil). One cannot hide from the broad expansion of the Younger doctrine. Few alternative, but unpromising, avenues to the federal courts remain for state litigants.\textsuperscript{168}

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\textsuperscript{168} For a discussion of exceptional or extraordinary circumstances justifying federal intervention under Younger, see supra note 40. Similarly, the Court would consider incompetence on the part of the state adjudicator as extraordinary. Gibson v. Berryhill, 411 U.S. 564, 577 (1973). The Court, however, has retreated even in this area. See Kugler v. Helfant, 421 U.S. 117, 126 n.6 (1975) (alleged collusion of state officials did not justify federal intervention). Also, note that although future judgments approaching the amount in the Pennzoil case appear unlikely, the Court did not consider $12 billion extraordinary. In an effort to circumvent the abstention doctrine, a party could attempt to file in the federal court before the state action begins. The Supreme Court in Hicks v. Miranda, 422 U.S. 332 (1975), held that the important date was not the date of filing, but the beginning of proceedings on the substance of the merits. \textit{Id.} at 349. Younger \textit{does not} bar federal courts from issuing declaratory judgments when no state proceeding is pending. See Wooley v. Maynard, 430 U.S. 705, 711 (1977) (Younger does not prohibit jurisdiction when criminal prosecution litigants seek relief from prospective state prosecutions); Doran v. Salem Inn, Inc., 422 U.S. 922, 930 (1975) (absence of pending state prosecution); Steffel v. Thompson, 415 U.S. 452, 475 (1974) (federal jurisdiction exists if plaintiff shows threat of enforcement of allegedly unconstitutional state act and no pending state prosecution). In a purely private dispute, as in Pennzoil, a potential federal plaintiff would need prophetic insight in order to use this approach.