



The Devil Is In Those Details: Supreme Court Holds That the Clock for the Appeal of an ERISA Decision Began Running Sooner Than the Plaintiff Expected

01.29.2014

BY: MARK S. THOMAS

The U.S. Supreme Court has ruled that the plaintiffs, a group of union-affiliated employee benefit funds (the Funds), waited too late to give notice of their appeal from the trial court's judgment on the merits of their case seeking payment of employer contributions to the Funds. As a result, that appeal was barred. In *Ray Haluch Gravel Co. v. Central Pension Fund of International Union of Operating Engineers and Participating Employees*, No. 12-992 (January 15, 2014), the Supreme Court settled a question about the status of claims for attorney's fees under ERISA as well as collective bargaining agreements in a setting with a direct impact on claims administration.

The Background. The underlying case began in 2007, when the Funds sued an employer, Ray Haluch Gravel Co. (Haluch), to collect benefit contributions allegedly due under a collective bargaining agreement. The Funds also sought to recover their audit fees, attorney's fees and costs incurred in bringing the lawsuit under the bargaining agreement and related trust documents, as well as under ERISA section 502(g). On June 17, 2011, the U. S. District Court for the District of Massachusetts ruled for the Funds on the merits of their claims and held that Haluch had underpaid the required contributions to the plans, though in an amount less than the Funds had sought. The court held open the Funds' claim for fees and costs until a later date. On July 25, 2011, the court ruled for the Funds on that claim and awarded over \$34,000 in fees and costs, relying solely on ERISA section 502(g). Again, the amount awarded was less than the Funds sought.

Unhappy with the amounts awarded by the two orders, the Funds filed a notice of appeal from both decisions on August 15, 2011. One week later, Haluch filed its own cross-appeal. The U. S. Court of Appeals for the First Circuit reviewed both appeals.

Federal appellate rules require notices of appeal to be filed within thirty days of a final decision in a case. Haluch argued to the First Circuit that the clock had begun to run on the trial court's decision on the merits of the contribution claims on June 15, and thus the Funds had waited too late to give their notice of appeal from that order. In response, the Funds argued that there was no "final decision" until July 25, when the trial court decided their claim for fees and costs. The First Circuit agreed with the Funds and held that appeal was timely on all issues. The Supreme Court granted Haluch's petition to review that ruling.

The Court's Ruling. Citing its earlier decisions, the Supreme Court ruled that an unresolved issue of attorney's fees did not prevent the earlier judgment on the merits of the contribution claim from becoming final on June 15. The Court stated that the claim for attorney's fees was not part of the merits of the case, since the award of fees did not remedy the injury that gave rise to the action, namely, the failure to make the benefit plan contributions. As a result, the Funds could not ask the appellate courts to reverse the order of June 15 and, therefore, were limited to the amount of contributions that order had awarded.

The Funds contended that a different outcome was required when the unresolved claims for fees arose under a contract – in this case, the bargaining agreement with Haluch, and some related trust agreements – as opposed to a right to attorney's fees under a statute, namely, ERISA section 502(g). The Funds argued that their claim for fees and costs was a part of their contractual damages and thus a part of the merits of the case, such that all of the merits had not been resolved until the trial court's order of July 25. The Supreme Court rejected this contention. For purposes of the finality of a judgment that began the thirty-day clock for appeal, the Court held that the issue of attorney's fees and costs was still collateral to the other claims in the case. The Court specified that the same rule should apply irrespective of whether the claim for fees and costs arose under a contract or under a statutory provision. That rule, said the Court, best provided clear and predictable guidance for litigants and the courts.

The Significant Lessons. Although the decision in *Ray Haluch Gravel Co.* is not limited to ERISA cases, its ruling has a direct bearing on all ERISA litigants. The successful litigant's demand for an award of fees and costs is a common feature of ERISA litigation and was itself the subject of an important Supreme Court decision in *Hardt v. Reliance Standard Life Ins. Co.*, ___ U. S. ___, 130 S. Ct. 2149 (May 24, 2010). ERISA section 502(g) entitles an ERISA litigant to ask for an award of fees if the litigant can demonstrate that it has achieved "some degree of success on the merits", and motions to recover those fees will certainly continue. However, the decision in *Ray Haluch Gravel Co.* is a strong reminder that the Supreme Court believes that the requirements of federal procedure are important, and that failure to comply with them could result in the loss of important rights and claims under ERISA. The practical outcome of *Ray Haluch Gravel Co.* is likely to be filings of appeal notices earlier in the proceedings, with subsequent requests to consolidate appeals of any later decisions relating to fees and costs.

Related People

Related Services

- ERISA - Employee Benefits Litigation