No. 21-2728

United States Court of Appeals for the Third Circuit

CITY OF HOBOKEN,

Plaintiff-Appellee,

v.

EXXON MOBIL CORP.; EXXONMOBIL OIL CORP.; ROYAL DUTCH SHELL PLC; SHELL OIL COMPANY; BP, PLC; BP AMERICA, INC.; CHEVRON CORP.; CHEVRON USA, INC.; CONOCOPHILLIPS; CONOCOPHILLIPS COMPANY; PHILLIPS 66; PHILLIPS 66 COMPANY; AMERICAN PETROLEUM INSTITUTE

Defendants-Appellants,

Appeal from the U.S. District Court for the District of New Jersey, No. 20-cv-14243

AMICI CURIAE BRIEF OF THE

NATIONAL ASSOCIATION OF MANUFACTURERS, NATIONAL ASSOCIATION OF CONVENIENCE STORES, NATSO, INC. (FORMERLY NATIONAL ASSOCIATION OF TRUCKSTOP OPERATORS), AND SOCIETY OF INDEPENDENT GASOLINE MARKETERS OF AMERICA IN SUPPORT OF APPELLANTS AND REVERSAL

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CORPORATE DISCLOSURE STATEMENT

Pursuant to Rules 26.1 and 29(a)(4)(A) of the Federal Rules of Appellate

Procedure, counsel for amici curiae hereby state that the National Association of

Manufacturers, National Association of Convenience Stores, NATSO, Inc., and

Society of Independent Gasoline Marketers of America have no parent corporations

and have issued no stock.

Dated: November 22, 2021 /s/ Philip S. Goldberg

Philip S. Goldberg

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INTEREST OF AMICI CURIAE¹

Amici curiae are the National Association of Manufacturers ("NAM"), National Association of Convenience Stores ("NACS"), NATSO, Inc. (formerly the National Association of Truckstop Operators), and Society of Independent Gasoline Marketers of America ("SIGMA").

The NAM is the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states. Manufacturing employs more than 12 million men and women, contributes \$2.35 trillion to the U.S. economy annually, has the largest economic impact of any major sector, and accounts for nearly two-thirds of all private-sector research and development in the nation. The NAM is the voice of the manufacturing community and the leading advocate for a policy agenda that helps manufacturers compete in the global economy and create jobs across the United States.

The NAM is dedicated to manufacturing safe, innovative and sustainable products that provide consumer benefits while protecting human health and the environment, and fully supports national efforts to address climate change and improve public health through appropriate laws and regulations. The NAM has grave

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¹ The parties provided consent to the filing of *amicus curiae* briefs. No counsel for a party authored this brief in whole or in part; and no party, party's counsel, or other person or entity—other than *amici curiae* or their counsel—contributed money intended to fund preparing or submitting the brief.

concerns, however, about the attempt here to create categorical liability for lawful, beneficial energy products essential to modern life through state tort law.

The NACS is an international trade association representing the convenience industry with more than 1,500 retail and another 1,500 supplier companies as members, the majority of whom are based in the United States. The convenience industry represents about 80 percent of retail sales of motor fuels purchased across the U.S. The industry as a whole employed about 2.34 million workers and generated more than \$548.2 billion in total sales in 2020, representing nearly 3 percent of U.S. gross domestic product. In fact, the industry processes more than 160 million transactions every single day. More than 60 percent of the 150,000 convenience stores in the U.S. are single store operators.

NATSO, Inc. ("NATSO") is a national trade association representing the travel plaza and truckstop industry, which collectively sell nearly 90 percent of U.S. retail diesel fuel. NATSO's members run the gamut from small mom and pop stores and family-run businesses to medium and larger sized corporations. NATSO, and its members, are active participants in the ongoing debate before the political branches regarding how to address climate change.

SIGMA, founded in 1958, represents a diverse membership of approximately 260 independent chain retailers and marketers of motor fuel. Its members sell

gasoline and diesel fuel to the American public at the retail level, distribute fuel to retailers and are not oil producers or refiners.

Amici have a substantial interest in attempts by local governments—here, the City of Hoboken, New Jersey—to subject their members to unprincipled state liability for harms allegedly associated with climate change. Climate change is one of the most important public policy issues of our time, and one, as the U.S. Supreme Court found in Am. Elec. Power Co. v. Connecticut, 564 U.S. 410 (2011), that plainly implicates federal questions and complex policymaking.

INTRODUCTION AND SUMMARY OF THE ARGUMENT

This case is part of a coordinated, national litigation campaign over global climate change and the debate as to how to reduce and mitigate impacts of modern energy use. *Amici* appreciate that developing new technologies to reduce greenhouse gas ("GHG") emissions, make energy more efficient, and modify infrastructure to deal with the impacts of climate change has become an imperative across the globe. State lawsuits against the energy sector, though, cannot achieve these objectives, and state courts are not the appropriate forums to decide critical national energy issues.

In *Am. Elec. Power Co. v. Connecticut*, the U.S. Supreme Court addressed the first wave of this litigation campaign. 564 U.S. 410 (2011) (hereafter "*AEP*"). It unanimously held in an opinion written by the late-Justice Ginsburg that claims alleging harms from the effects of global climate change sound in federal common

law and Congress displaced such claims when it enacted the Clean Air Act. *See id.* at 424. Soon after, the lawyers and foundations behind the litigation campaign began developing ideas for circumventing the Supreme Court's ruling. They looked for legal theories that would achieve comparable national goals but that might *appear* different from *AEP* to some courts. The heart of this effort, as here, is re-casting the federal public nuisance claims against utilities in *AEP* as state public nuisance, consumer protection act and other state law claims against energy producers.

This case is one of two dozen nearly identical lawsuits filed since 2017 in carefully chosen states based on this premise. Each complaint asserts that various defendants' production, promotion, and sale of oil, gas or other carbon energy is a public nuisance under state law, violates a state consumer protection act or runs afoul of another state law. As the litigation campaign demonstrates, these lawsuits are not about any specific company or unique to any particular community. They are interstate and international in scope. To adjudicate these claims, state courts must create new rules governing the international production, sale, promotion, and use of fossil fuels. The defendants, as here, properly removed these cases to federal courts, and the U.S. Supreme Court has required the federal appellate courts to weigh all of the grounds for removal defendants have asserted. *See BP P.L.C. v. Mayor & City Council of Baltimore*, 141 S. Ct. 1532 (2021).

Amici request the Court to determine that putative state-law claims alleging harm from global climate change are removable because they arise under federal law. As the Supreme Court explained in *AEP*, the climate issues in these cases have major national significance. The climate litigation campaign undermines important national energy objectives. It ties the hands of federal policymakers by interfering with their ability to balance the need to meaningfully address climate change along with energy independence, economic and national security, the stability of the electric grid, and energy affordability. The Constitution requires these interstate questions to be decided in a federal forum.

ARGUMENT

I. ADJUDICATING ALLEGATIONS OVER EFFECTS OF GLOBAL CLIMATE CHANGE REQUIRES FEDERAL JURISDICTION

In *AEP*, the Supreme Court unequivocally stated that climate tort litigation raises issues of "special federal interest." 564 U.S. at 424. It explained that federal common law addresses subjects "where the basic scheme of the Constitution so demands," including "air and water in their ambient or interstate aspects." *Id.* at 422 (quoting *Illinois v. City of Milwaukee*, 406 U.S. 91, 103 (1972)). This rule of law applies to the climate change claims here in equal force as it did in *AEP*.

The factual predicate in *AEP* is the same as here: global climate change is caused by GHGs that are "naturally present in the atmosphere and . . . also emitted by human activities," including the use of fossil fuels. *Id.* at 416. These GHGs

combined with other global sources of GHGs and have accumulated in the earth's atmosphere for more than a century since the industrial revolution. "By contributing to global warming, the plaintiffs asserted, the defendants' carbon-dioxide emissions created a 'substantial and unreasonable interference with public rights,' in violation of the federal common law or interstate nuisance, or in the alternative, of state tort law." *Id.* at 418.

In AEP, the Supreme Court followed the two-step analysis from United States v. Standard Oil Co. of Cal., 332 U.S. 301 (1947) in dismissing the claims. First, it determined the claims arose under federal common law and that "borrowing the law of a particular State would be inappropriate." AEP, 564 U.S. at 422. As the Court explained in Standard Oil, there are certain claims that invoke the "interests, powers, and relations of the Federal Government as to require uniform national disposition rather than diversified state rulings." 332 U.S. at 307. Determining rights and responsibilities for global climate change is one of them. Second, and only then, did the Supreme Court hold that Congress displaced remedies that might be granted under federal common law through the Clean Air Act. See AEP, 564 U.S. at 425. Here, only the initial inquiry—whether the subject requires a uniform federal rule—goes to jurisdiction and is before this Court at this time.

When the Supreme Court decided *AEP*, two other climate tort cases were pending against the energy sector. An Alaskan village was suing many of the same

energy producers as here under federal law for damages related to sea level rise. *See Native Village of Kivalina v. ExxonMobil Corp.*, 696 F.3d 849 (9th Cir. 2012). In Mississippi, homeowners sued energy producers under state law for property damage from Hurricane Katrina. *See Comer v. Murphy Oil USA, Inc.*, 718 F.3d 460 (5th Cir. 2013). The allegations were that the defendants' products caused climate change, which caused the hurricane to be more intense. *See id.* Thus, these cases have direct parallels to the case at bar.

After *AEP*, both cases were dismissed. As the Ninth Circuit explained, even though the legal theories in *Kivalina* differed slightly from *AEP*, given the Supreme Court's message in *AEP*, "it would be incongruous to allow [such litigation] to be revived in another form." *Kivalina*, 696 F.3d at 857. Climate suits alleging harm from emissions across the globe are exactly the sort of "transboundary pollution" claims the Constitution exclusively committed to federal law. *Id.* at 855. For years, the law has been clear: regardless of how the legal claims were packaged—whether over energy use or products, by public or private plaintiffs, under federal or state law, or for injunctive relief or damages—litigation alleging harms from effects of global climate change implicates uniquely federal interests.

II. THIS CASE IS PART OF A LITIGATION CAMPAIGN TO HAVE STATE COURTS UNDERMINE THE U.S. SUPREME COURT'S JURISPRUDENCE ON CLIMATE LAWSUITS

Lawyers and organizations behind this litigation campaign were undeterred by *AEP*. In 2012, they convened in La Jolla, California to brainstorm on how to repackage the litigation once again in hopes of using litigation to achieve their own national policy priorities. *See* Findings of Fact and Conclusions of Law, *In re ExxonMobil Corp.*, No. 096-297222-18 (Tex. Dist. Ct.—Tarrant Cty. Apr. 24, 2018), at 3. Organizers of the conference published their discussions. *See Establishing Accountability for Climate Damages: Lessons from Tobacco Control, Summary of the Workshop on Climate Accountability, Public Opinion, and Legal Strategies, Union of Concerned Scientists & Climate Accountability Institute (Oct. 2012).²*

Despite *AEP*, they said "the courts offer the best current hope" for imposing their national policy agenda over fossil fuel emissions. *Id.* at 28. They discussed "the merits of legal strategies that target major carbon emitters, such as utilities [as in *AEP*], versus those that target carbon producers." *Id.* at 12. They talked through causes of action, "with suggestions ranging from lawsuits brought under public nuisance laws," as here, "to libel claims." *Id.* at 11. Given *AEP*, they emphasized making the lawsuits look like traditional damages claims rather than directly asking

² https://www.ucsusa.org/sites/default/files/attach/2016/04/establishing-accountability-climate-change-damages-lessons-tobacco-control.pdf.

a court to regulate emissions or put a price on carbon use. *See id.* at 13. As one person said, "Even if your ultimate goal might be to shut down a company, you still might be wise to start out by asking for compensation for injured parties." *Id.*

They also discussed "the importance of framing a compelling public narrative," including "naming [the] issue or campaign" to generate "outrage." *Id.* at 21, 28. At a follow up session in 2016, they explained that "creating scandal" through lawsuits would also help "delegitimize" the companies politically. *See Entire January Meeting Agenda at Rockefeller Family Foundation*, Wash. Free Beacon, Apr. 2016.³ Finally, they decided to pursue claims under state law in hope that state courts would not follow *AEP*. In the end, lawsuits have been filed in multiple jurisdictions to try to "side-step federal courts and Supreme Court precedent" and convince state courts to help them advance their preferred national and international policy agenda. Editorial, *Climate Lawsuits Take a Hit*, Wall St. J., May 17, 2021.⁴

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 $^{^3}$ The agenda is available at https://freebeacon.com/wp-content/uploads/2016/04/scan0003.pdf.

⁴ A reporter who follows the litigation has observed the incongruity between the way the litigation is presented in and out of court: "State and local governments pursuing the litigation argue that the cases are not about controlling GHG emissions . . . But they also privately acknowledge that the suits are a tactic to pressure the industry." Dawn Reeves, *As Climate Suits Keeps Issue Alive, Nuisance Cases Reach Key Venue Rulings*, Inside EPA, Jan. 6, 2020, at https://insideepa.com/outlook/climate-suits-keeps-issue-alive-nuisance-cases-reach-key-venue-rulings.

As discussed above, these lawsuits were meant to look different from AEP, which targeted fossil fuel users (utilities) and sought injunctive relief under federal public nuisance law. These cases target energy producers, invoke state tort laws, and seek abatement and damages. To name the litigation, supporters asserted some widespread "campaign of deception" involving the many, various companies named in the lawsuits. See, e.g., Complaint, City of Hoboken v. ExxonMobil Corp., No. HUD-L-003179-20 (N.J. Super. Ct. Sept. 2, 2020) (using this or similar phrases 11 times). The City of Hoboken named more than a half dozen energy companies and a trade association in this lawsuit, whereas others have named only one or two and some have named around thirty companies including local entities in an effort to keep the cases in state court. This ever-changing list of companies alleged to have participated in this so-called "campaign of deception" highlights the specious nature of the narrative.

Supporters of this litigation campaign have used political-style tactics, both to drive the litigation and to leverage the litigation to achieve their true, extrajudicial goals. They have taken out advertisements and billboards blaming energy companies for climate change and urging public officials to file lawsuits, as well as hosted symposiums and press conferences to generate media attention. *See generally* Beyond the Courtroom, Manufacturers' Accountability Project⁵ (detailing this

⁵ https://mfgaccountabilityproject.org/beyond-the-courtroom.

litigation campaign). Thus, unlike traditional state tort suits, success here includes merely filing and maintaining state lawsuits they can use for national policy goals.

III. CLAIMS ALLEGING HARMS FROM CLIMATE CHANGE PRESENT UNIQUELY FEDERAL INTERESTS

To be clear, the state law theories in this litigation are mere fig leaves. Unlike traditional local property damage cases, the theory of harm here is not moored to any specific plaintiff, defendant, location or jurisdiction. As the Second Circuit stated in response to a similar lawsuit by the City of New York, "we are told that this is merely a local spat about the City's eroding shoreline, which will have no appreciable effect on national energy or environmental policy. We disagree. Artful pleading cannot transform the City's complaint into anything other than a suit over global greenhouse gas emissions." *City of New York v. Chevron Corp.*, 993 F.3d 81, 91 (2d Cir. 2021).

As the Second Circuit explained, merely referencing state claims and asking for compensation does not make these federal matters suddenly suitable for state courts. This litigation, the court stated, seeks to subject energy manufacturers to state tort liability "for the effects of emissions made around the globe over the past several hundred years," which includes "conduct occurring simultaneously across just about every jurisdiction on the planet." *Id.* at 92. "Such a sprawling case is simply beyond the limits of state tort law." *Id.* Thus, as the Second Circuit did, this Court should consider the substance of the claims, not merely the labels the complaint uses.

Since AEP, state public nuisance theory has been the primary tort of choice for climate litigation because, in large part, its "vague" sounding terms are often misunderstood. City of Milwaukee v. Illinois, 451 U.S. 304, 317 (1981). Supporters of this effort have bemoaned their fifty-year failure to transform public nuisance into a tool for industry liability. See Denise E. Antolini, Modernizing Public Nuisance: Solving the Paradox of the Special Injury Rule, 28 Ecol. L.Q. 755, 838 (2001) (recounting campaign to change elements of the tort that would have "[broken] the bounds of traditional public nuisance"). Indeed, the Supreme Court of New Jersey has already rejected the application of public nuisance theory in a situation similar to the one at bar, explaining that such claims "would stretch the concept of public nuisance far beyond recognition and would create a new and entirely unbounded tort antithetical to the meaning and inherent theoretical limitations of the tort of public nuisance." In re Lead Paint Litig., 924 A.2d 484, 501 (N.J. 2007).

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⁶ See also W. Page Keeton, et al., Prosser & Keeton on the Law of Torts 616 (5th ed. 1984). "In popular speech [nuisance] often has a very loose connotation of anything harmful, annoying, offensive or inconvenient. . . . Occasionally this careless usage has crept into a court opinion. If the term is to have any definite legal significance, these cases must be completely disregarded." Restatement (Second) of Torts § 821A cmt. b (1979).

⁷ The Oklahoma Supreme Court recently issued a similar ruling. *See State ex rel. Hunter v. Johnson & Johnson*, 2021 WL 5191372, --- P.3d --- (Okla. Nov. 9, 2021) ("Public nuisance is fundamentally ill-suited to resolve claims against product manufacturers. . . . [It covers] conduct, performed in a location within the actor's control, which harmed those common rights of the general public. It has historically been linked to the use of land by the one creating the nuisance.").

The more recent lawsuits, including the one at bar, also lean on state consumer protection acts, which also use highly vague terminology. As with public nuisance, consumer protection acts have intentionally broad language to apply to a wide variety of conduct, but only within narrow boundaries. The case at bar and others like it, exist far outside these boundaries. They seek to base liability on interstate and international carbon emissions. The accumulation of GHGs in the atmosphere, sea level rise around the world allegedly caused by climate change, and the international promotion and sale of fossil fuels similarly exist far outside any local government's authority. Merely invoking state-based causes of action cannot turn participation in the energy industry or how one engages in the international public policy debate over fossil fuel emissions into state law liability-inducing events. These causes of action do not apply even if the alleged misconduct at issue here were true. Thus, this attempt to mask federal issues under state law does not stand up to minimal scrutiny.

The allure of such expansive legal theories for subjecting companies to liability for a wide variety of social and environmental issues is understandable: the lawsuits are generally funded by outside counsel, promise funding for local governments, and target largely out-of-state corporations. See City of Hoboken

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⁸ See Phil Goldberg, Christopher E. Appel & Victor E. Schwartz, Can Governments Impose a New Tort Duty to Prevent External Risks? The 'No-Fault' Theories Behind Today's High Stakes Government Recoupment Suits, 44 Wake Forest L. Rev. 923 (2009) (discussing the drivers behind this and other similar litigations).

Petroleum Institute for Climate Change Damages, Sept. 2, 2020 ("Legal fees associated with the lawsuit are funded, in part, by the Institute for Governance and Sustainable Development and, in part, through a contingency arrangement."). But, they are unfounded, and courts have been rightfully skeptical of them. See, e.g., North Carolina v. Tennessee Valley Auth., 615 F.3d 291 (4th Cir. 2010); see also Donald G. Gifford, Public Nuisance as a Mass Products Liability Tort, 71 U. Cin. L. Rev. 741 (2003) (discussing cases).

In climate litigation, federal judges have seen through these attempts to mischaracterize the federal public policy nature of this litigation as merely seeking state law damages. For example, Judge Keenan, who dismissed New York City's climate lawsuit, observed the City's claims were "trying to dress a wolf up in sheep's clothing" by hiding an emissions case. Larry Neumeister, *Judge Shows Skepticism to New York Climate Change Lawsuit*, Assoc. Press, June 13, 2018. As indicated, the Second Circuit affirmed this dismissal. This is the context in which the Supreme Court, in *BP P.L.C. v. Mayor & City Council of Baltimore*, 141 S. Ct. 1532 (2021), remanded the other cases for further review.

⁹ https://www.hobokennj.gov/news/hoboken-sues-exxon-mobil-american-petroleum-institute-big-oil-companies.

¹⁰ https://apnews.com/dda1f33e613f450bae3b8802032bc449.

Plaintiffs should not be able to avoid federal scrutiny by painting federal claims with a state law brush. In the past, the Supreme Court has appreciated that state court proceedings "may reflect 'local prejudice' against unpopular federal laws" or defendants. *Watson v. Philip Morris Cos.*, 551 U.S. 142, 150 (2007). The same dynamics could occur here. Indeed, Annapolis officials in announcing their climate suit expressed unusual confidence "the Maryland courts will get us there." Brooks Dubose, *Annapolis Sues 26 Oil and Gas Companies for their Role in Contributing to Climate Change*, Cap. Gazette, Feb. 23, 2021. Hometown recoveries would be highly inappropriate, as state courts are not positioned to decide who, if anyone, is to be legally accountable for climate change, how energy policies should change to address it, and how local mitigation projects should be funded.

IV. THE COURT SHOULD MAINTAIN THE INTEGRITY OF THE FEDERAL-STATE DUAL COURT SYSTEM

This Court should not permit the City of Hoboken and the other state and local governments to mask their attempts to regulate national GHG emissions and the worldwide production of fossil fuels by "artfully" pleading claims under state law. *Rivet v. Regions Bank of Louisiana*, 522 U.S. 470, 475 (1998). The crux of this case raise uniquely federal interests. *See Fry ex rel. E.F. v. Napoleon Cmty. Schs.*, 137 S.

¹¹ https://www.capitalgazette.com/maryland/annapolis/ac-cn-annapolis-fossil-fuels-lawsuit-20210222-20210223-vs2ff7eiibfgje6fvjwticys2i-story.html.

Ct. 743, 755 (2017) ("What matters is the crux—or, in legal speak, the gravamen—of the plaintiffs[s]' complaint, setting aside any attempts at artful pleading.").

In addition to being unfounded, the legal strong-arming over federal energy policies could undermine federal efforts to reach America's climate goals by tying the hands of federal leaders. They also could hurt efforts by other states. More than fifteen state attorneys general objected to similar litigation because the City of Hoboken and other governments are using it to "export their preferred environmental policies and their corresponding economic effects to other states." *Amicus* Brief of Indiana and Fourteen Other States in Support of Dismissal, *City of Oakland v. BP*, No. 18-1663 (9th Cir. filed Apr. 19, 2018). What these attorneys general understand is that despite Hoboken's rhetoric to the contrary, when courts impose liability the impact is to regulate conduct. As the Second Circuit observed, "If the Producers want to avoid all liability, then their only solution would be to cease global production altogether." *City of New York*, 993 F.3d at 93.

A state court, wielding state law cannot decide whether to stop the sale of fossil fuel. As is evident from the current Administration's recent request urging the oil producing countries to produce more oil, it may not be in the national interest to do so. *See* Andrea Shalal and Jeff Mason, *Biden Pushes G20 Energy Producing*

Countries to Boost Production, Reuters, Oct. 30, 2021.¹² Also, as leaders in other coastal communities in New Jersey have explained, "Hoboken is sticking the rest of us with the bill" as the litigation "will make it much more expensive for us to put gas in our cars and turn on our lights." Michael Thulen, Why Hoboken's Climate Change Lawsuit Is Bad for New Jersey, NJBiz, Oct. 11, 2021 (Thulen served as President of the Point Pleasant Borough Council).¹³

The Court should reverse the order to remand and grant removal to federal court. There are two dozen climate suits currently pending around the country, with organizers actively recruiting more lawsuits. Lawsuits alleging that energy manufacturers can be subject to untold liability for local harms caused by global climate change should not be the result of state-by-state ad hoc rulings. Only uniform federal law can supply the governing standards that can be applied here.

CONCLUSION

For these reasons, the Court should reverse the district court's remand order.

Respectfully submitted,

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https://www.reuters.com/business/energy/biden-push-g20-energy-producers-boost-capacity-ease-price-pressures-2021-10-30/.

¹³ https://njbiz.com/opinion-wrong-course/.

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Dated: November 22, 2021

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