

The Supreme Court Update - April 12, 2024

by Ian Blodger, Jessica M. Leano, and Brock Huebner

The Supreme Court of the United States issued three decisions today:

Sheetz v. County of El Dorado, No. 22-1074: This case involves the “unconstitutional conditions doctrine,” set forth in *Nollan v. Cal. Coastal Comm’n*, 483 U.S. 825 (1987), and *Dolan v. City of Tigard*, 512 U.S. 374 (1994). That doctrine holds that the Takings Clause prohibits a government from conditioning approval of a land-use permit on the owner’s dedication of property (e.g., money) to public projects, unless the government can prove an “essential nexus” and “rough proportionality” exists between the owner’s project and the property demanded by the government. In this case, George Sheetz wanted to build a small home on his residential plot of land. But to obtain a permit, he had to pay a large fee to offset local traffic congestion. Sheetz challenged the fee as an unlawful “exaction” of money under the Takings Clause, as interpreted by *Nollan* and *Dolan*. The state appellate court rejected that argument because the traffic impact fee was imposed by legislation, reasoning that *Nollan* and *Dolan* apply only to permit conditions imposed on an ad hoc basis by administrators. Today, in a unanimous opinion authored by Justice Barrett, the Court reversed. The Court held that the “Takings Clause does not distinguish between legislative and administrative permit conditions.” Justices Sotomayor, Gorsuch, and Kavanaugh filed separate concurrences.

View the [Court's decision](#).

Macquarie Infrastructure Corp. v. Moab Partners, L.P., No. 22-1165: This securities case addresses the intersection between SEC Rule 10b–5(b) and Item 303 of SEC Regulation S-K. Section 10(b) makes it unlawful to omit material facts in connection with buying or selling securities when that omission renders “statements made” misleading. Item 303 requires companies to disclose certain information in periodic filings with the SEC. The question in this case is whether failure to disclose information required by Item 303 can support a private action under Rule 10b–5(b), even if the failure does not render any “statements made” misleading. Today, in a unanimous opinion authored by Justice Sotomayor, the Court held that “[p]ure omissions are not actionable under Rule 10b–

Related People

- Ian Blodger
- Jessica M. Leano
- Brock Huebner

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5(b).” As the Court explained, the Rule’s plain text “covers half-truths, not pure omissions.”

View the [Court's decision](#).

Bissonnette v. LePage Bakeries Park St., LLC, No. 23-51: This arbitration case concerns the scope of the Federal Arbitration Act’s (FAA) exemption for workers engaged in foreign or interstate commerce. Neal Bissonnette and Tyler Wojnarowski worked as distributors for Flowers Foods, Inc., a producer and marketer of baked goods. After they sued Flowers for violating wage laws, Flowers moved to compel arbitration under the FAA. The petitioners responded that they are exempt from the FAA because they fall within an exception in §1 of the Act for “contracts of employment of seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce.” After the district court dismissed the case in favor of arbitration, the Second Circuit affirmed on grounds that the exemption is available only to workers in the transportation industry, but that petitioners were in the bakery industry. Today, in a unanimous opinion authored by Chief Justice Roberts, the Court reversed, holding that a “transportation worker need not work in the transportation industry to fall within the exemption from the FAA provided by §1 of the Act.”

View the [Court's decision](#).