

The Supreme Court Update - June 1, 2023

by Brock Huebner

Today, the Supreme Court of the United States issued three decisions:

Glacier Northwest, Inc. v. International Brotherhood of Teamsters Local Union, No.

174, No. 21-1449: This case involved the preemptive force of federal labor law—specifically, whether the National Labor Relations Act (NLRA) preempts a state tort claim against a union for intentionally destroying an employer’s property in the course of a labor dispute. In this case, a concrete company, Glacier Northwest, claimed a union ordered truck drivers to intentionally destroy loads of Glacier’s ready-mix concrete, and Glacier sued the union in state court asserting tort claims. The state courts dismissed the case, concluding the NLRA preempted the claims because they related to a labor dispute. Today, in a decision authored by Justice Barrett, the Court reversed. The Court held that “[b]ecause the Union took affirmative steps to endanger Glacier’s property rather than reasonable precautions to mitigate that risk, the NLRA does not arguably protect its conduct.” Justice Alito (joined by Justices Thomas and Gorsuch) filed a separate opinion, concurring in the judgment only. Justice Jackson dissented.

View the Court’s [decision](#).

United States ex rel Schutte v. SuperValu Inc., No. 21-1326: This case involved the interpretation of the scienter element of the False Claims Act (“FCA”), 31 U.S.C. § 3729, a federal law that imposes liability on anyone who “knowingly” submits a “false” claim to the government. Various petitioners sued retail pharmacies under the FCA, alleging the pharmacies defrauded Medicare and Medicaid, and violated the FCA, when they submitted prescription drug reimbursement claims at rates higher than the “usual and customary” charges allowed under law. The Seventh Circuit held that the pharmacies did not meet the FCA’s “knowingly” element because the claims were consistent with an objectively reasonable interpretation of “usual and customary” charges, despite evidence that the pharmacies themselves thought their claims were inaccurate. Today, in a 9-0 decision authored by Justice Thomas, the Court reversed and held that the FCA’s text and common law origins imposes a three-part definition of “knowingly” that includes

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either actual knowledge, deliberate ignorance, or recklessness. Given the evidence that the pharmacies thought the claims were inaccurate when they were submitted, the pharmacies violated the FCA by “knowingly” submitting “false” claims.

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

Slack Technologies v. Pirani, No. 22-200: This case addressed the pleading requirements for lawsuits under Section 11 of the Securities Act of 1933. The 1933 Act requires companies to prepare a registration statement with detailed information about the company prior to offering shares to the public, and imposes strict liability on the issuing company if the registration statements contain material misstatements or omissions. In 2019, Slack filed the required registration statement and conducted a direct listing to sell shares on the New York Stock Exchange. An investor who purchased a subset of these shares later filed a class-action lawsuit alleging Slack’s registration statements included material misrepresentations in violation the 1933 Act. Slack moved to dismiss, claiming the investor failed to allege that the purchased shares were directly traceable to the allegedly misleading registration statement. The district court denied the motion to dismiss and the Ninth Circuit affirmed. Today, in a 9-0 decision authored by Justice Gorsuch, the Court reversed the Ninth Circuit and held that Section 11 of the 1933 Act requires plaintiffs to plead (and ultimately prove) they purchased securities registered under a defective registration statement. The Court relied on the context and text elsewhere in the 1933 Act to interpret the “such security” language in Section 11 to include this pleading requirement.

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