

No. 25-506

IN THE
Supreme Court of the United States

STROMA MEDICAL CORPORATION, *et al.*,

Petitioners,

v.

SAMUEL BLUMBERG,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE COURT OF APPEAL OF CALIFORNIA,
FOURTH APPELLATE DISTRICT, DIVISION THREE

PETITION FOR REHEARING

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CORPORATE DISCLOSURE

The Corporate Disclosure Statement in the petition remains unchanged.

TABLE OF CONTENTS

	<i>Page</i>
CORPORATE DISCLOSURE	i
TABLE OF CONTENTS.....	ii
TABLE OF CITED AUTHORITIES	iv
PETITION FOR REHEARING	1
REASONS FOR GRANTING REHEARING.....	1
I. When Stroma filed for Chapter 11 bankruptcy, 11 U.S.C. § 362 imposed a mandatory automatic stay on the petition for a writ of certiorari proceedings.....	3
A. This Court is required to honor the automatic stay	4
B. The petition for a writ of certiorari was a continuation of a judicial proceeding against the debtor	5
C. No statutory exception permitted further proceedings during the automatic stay.....	6
II. Congress can require courts to suspend judicial proceedings upon the filing of a bankruptcy petition.....	7

Table of Contents

	<i>Page</i>
CONCLUSION	8
CERTIFICATION	9

TABLE OF CITED AUTHORITIES

	<i>Page</i>
Cases	
<i>Ass’n of St. Croix Condo. Owners v. St. Croix Hotel Corp., 682 F.2d 446 (3d Cir. 1982)</i>	6
<i>In re Byrd, 357 F.3d 433 (4th Cir. 2004)</i>	6
<i>Law v. Siegel, 571 U.S. 415 (2014)</i>	7
<i>Kalb v. Feuerstein, 308 U.S. 433 (1940).</i>	1, 5, 7
<i>Miller v. French, 530 U.S. 327 (2000).</i>	1, 5, 7, 8
<i>Ritzen Grp., Inc. v. Jackson Masonry, LLC, 589 U.S. 35 (2020).</i>	2, 5, 8
<i>Simon v. Navon, 116 F.3d 1 (1st Cir. 1997)</i>	6
<i>TW Telecom Holdings Inc. v. Carolina Internet Ltd., 661 F.3d 495 (10th Cir. 2011).</i>	6
<i>Teachers Ins. & Annuity Ass’n of Am. v. Butler, 803 F.2d 61 (2d Cir. 1986)</i>	6

Cited Authorities

	<i>Page</i>
Statutes and Rules	
11 U.S.C. § 362.....	1, 2, 3, 4, 5, 6
11 U.S.C. § 362(b)	6, 7
Sup. Ct. R. 44.2	2

PETITION FOR REHEARING

Petitioners Stroma Medical Corporation and Gregg Homer respectfully petition for rehearing of this Court’s January 12, 2026, Order denying their petition for a writ of certiorari.

REASONS FOR GRANTING REHEARING

Rehearing is appropriate because an intervening bankruptcy filing imposed a statutory automatic stay that required holding the petition for a writ of certiorari in abeyance.

When Stroma filed the petition in October 2025, the Court had the authority to act on the petition. That changed on December 8, 2025, when Stroma filed for Chapter 11 bankruptcy. At that moment, 11 U.S.C. § 362 imposed an automatic stay of all judicial proceedings against the debtor. That stay applied to certiorari review in the same manner as other stages of litigation.

A court cannot proceed in the face of a valid statutory stay. After all, Congress has the “the exclusive power to regulate bankruptcy” and its judicial processes. *Kalb v. Feuerstein*, 308 U.S. 433, 439 (1940). And Congress may require courts to stay all proceedings automatically upon the occurrence of a specified event. *Miller v. French*, 530 U.S. 327, 350 (2000). Section 362 does exactly that: It immediately “stay[s]” the “continuation of any judicial . . . proceeding against the debtor,” as soon as the debtor files for bankruptcy.

The Court denied certiorari while the stay was in place. Under settled bankruptcy law, actions taken in

violation of the automatic stay are treated as void. So the Court should have held the petition in abeyance unless or until the stay was lifted or modified. The Court's failure to follow § 362's mandate warrants rehearing on its own.

The consequences of the Court's actions underscore the point. The automatic stay exists to prevent "dismemberment of the estate during the pendency of the bankruptcy case." *Ritzen Grp., Inc. v. Jackson Masonry, LLC*, 589 U.S. 35, 42 (2020) (citation modified). Without it, litigation proceeds in fragments, producing piecemeal litigation and collateral effects that prevent the orderly administration of the bankruptcy estate.

That risk is real in this case. The judgment includes substantial punitive damages and, once bankruptcy was filed, carries significant implications for estate administration and creditor interests. The judgment will affect creditors' rights even though they are not before the Court—exactly the type of piecemeal result that Congress designed § 362 to avoid.

Rule 44.2 provides the appropriate vehicle for the Court to address this intervening circumstance. Stroma's Chapter 11 filing is an "intervening circumstance[]" of a substantial or controlling effect." And § 362's clear mandate is a "substantial ground[]" not "previously presented" to the Court in the petition. Sup. Ct. R. 44.2.

Congress has spoken clearly, and the Court must follow its command. The Court should grant the petition for rehearing, vacate its January 12, 2026, Order, and hold the petition for a writ of certiorari in abeyance until the automatic stay is lifted or modified.

I. When Stroma filed for Chapter 11 bankruptcy, 11 U.S.C. § 362 imposed a mandatory automatic stay on the petition for a writ of certiorari proceedings.

The chronology of events establishes that the Court denied the petition for a writ of certiorari while the automatic stay was in place under 11 U.S.C. § 362. Specifically,

- Petitioners petitioned for a writ of certiorari on **October 21, 2025**. The petition explained how California courts continue to regularly flout this Court’s Due Process precedent in their review of punitive damage judgments—including in this case.
- On **December 8, 2025**, Petitioner Stroma Medical Corporation filed for Chapter 11 bankruptcy in the United States Bankruptcy Court for the District of Delaware.
- That same day, **December 8, 2025**, Petitioners alerted this Court to the bankruptcy filing with a suggestion of bankruptcy—and the consequent automatic stay of this case under 11 U.S.C. § 362.
- On **December 10, 2025**, less than forty-eight hours later, the petition for a writ of certiorari was distributed for conference.
- On **January 12, 2026**, this Court denied the petition despite the mandatory automatic stay imposed by force of statute.¹

1. When the denial was posted on the docket, counsel for the Debtor immediately contacted the Clerk’s office to again alert the Court to the automatic stay.

Section 362 required a different result. To comply with Congress’s mandatory stay of all judicial proceedings against the debtor (Stroma), this Court should have held the petition for a writ of certiorari in abeyance on December 8, 2025, until the automatic stay was lifted or modified.

In relevant part, § 362 provides that the filing of a bankruptcy petition “operates as a stay, applicable to all entities, of . . . the commencement or continuation . . . of a judicial . . . proceeding against the debtor that was . . . commenced before the commencement of the [bankruptcy] case.”

This mandate applies with full force here because (1) this Court is required to honor the automatic stay, (2) the petition for a writ of certiorari was a “continuation . . . of a judicial . . . proceeding . . . against the debtor,” and (3) none of the exceptions to the automatic stay apply.

A. This Court is required to honor the automatic stay.

Section 362 provides that the filing of a bankruptcy petition “operates as a stay, applicable to all entities, of the commencement or continuation of a judicial proceeding against the debtor.” The automatic stay is a mandatory statutory command that takes effect immediately upon the filing of a bankruptcy petition and requires courts to halt further proceedings affecting the debtor unless a statutory exception applies.

This Court has repeatedly described the automatic stay as operating broadly to suspend litigation outside

the bankruptcy case in order to protect the centralized administration of the estate and the interests of all creditors. *See Ritzen Grp., Inc. v. Jackson Masonry, LLC*, 589 U.S. 35, 42 (2020). Settled bankruptcy law requires that proceedings affecting the debtor not continue during the pendency of the stay.

Consistent with that understanding, federal courts uniformly recognize that judicial actions taken after the automatic stay has attached are unauthorized absent relief from the stay. The stay applies by force of statute, not by judicial discretion, and courts lack authority to proceed in derogation of its terms. *See Kalb v. Feuerstein*, 308 U.S. 433, 439 (1940); *Miller v. French*, 530 U.S. 327, 350 (2000).

Accordingly, once Petitioners notified the Court of Stroma's bankruptcy filing and the resulting automatic stay, the appropriate course was to refrain from further action on the petition for a writ of certiorari unless and until the stay was lifted or modified.

B. The petition for a writ of certiorari was a continuation of a judicial proceeding against the debtor.

Section 362 stays “the commencement or continuation . . . of a judicial proceeding against the debtor” once a bankruptcy petition is filed. That provision applies where, as here, the underlying action was originally brought against the debtor and resulted in a judgment against the debtor prior to the bankruptcy filing.

Although certiorari review is discretionary, a petition for a writ of certiorari is procedurally a continuation of the

underlying judicial proceeding for purposes of § 362 once the automatic stay attaches. In seeking further review of the judgment entered against the debtor, the petition for a writ of certiorari perpetuates the same adversarial proceeding and advances it to the next level of judicial review.

The Courts of Appeals uniformly hold that appellate proceedings involving judgments against debtors are “continuation[s]” of “judicial proceeding[s] against the debtor” within the meaning of § 362, even when the debtor itself seeks appellate review. *See, e.g., Simon v. Navon*, 116 F.3d 1, 4 n.2 (1st Cir. 1997); *Teachers Ins. & Annuity Ass’n of Am. v. Butler*, 803 F.2d 61, 64–65 (2d Cir. 1986); *Ass’n of St. Croix Condo. Owners v. St. Croix Hotel Corp.*, 682 F.2d 446, 449 (3d Cir. 1982); *In re Byrd*, 357 F.3d 433, 439 (4th Cir. 2004); *TW Telecom Holdings Inc. v. Carolina Internet Ltd.*, 661 F.3d 495, 497 (10th Cir. 2011).

The rationale underlying those decisions applies with equal force once a petition for certiorari has been filed with the Court. Further consideration of the petition for a writ of certiorari would constitute a continuation of judicial proceedings affecting a judgment against the debtor, and settled bankruptcy law requires that such proceedings not continue during the pendency of the automatic stay unless relief from the stay is obtained.

C. No statutory exception permitted further proceedings during the automatic stay.

Section 362(b) sets forth twenty-nine specific and carefully delineated exceptions to the automatic stay. None of those exceptions applies here.

This Court has emphasized that courts are not free to create exceptions to the automatic stay beyond those Congress expressly provided. Where the Bankruptcy Code enumerates exceptions, the omission of others reflects a deliberate legislative choice. *See Law v. Siegel*, 571 U.S. 415, 424 (2014) (explaining that the Code’s detailed enumeration of exceptions “confirms that courts are not authorized to create additional exceptions”).

Consistent with that principle, the absence of any exception in § 362(b) applicable to proceedings concerning a petition for a writ of certiorari confirms that the automatic stay remained in effect once Stroma filed for Chapter 11 protection. In the absence of relief from the stay, further proceedings affecting the judgment against the debtor should not have continued during the pendency of the bankruptcy case.

II. Congress can require courts to suspend judicial proceedings upon the filing of a bankruptcy petition.

Congress’s authority to impose a mandatory automatic stay as part of the Bankruptcy Code is firmly established. The automatic stay is a central feature of federal bankruptcy law and reflects Congress’s judgment that litigation affecting the debtor should halt to preserve the centralized administration of the bankruptcy estate and protect the interests of all creditors.

This Court has long recognized that Congress may require courts to suspend judicial proceedings automatically upon the occurrence of a specified event, including the filing of a bankruptcy petition. *See Kalb v. Feuerstein*, 308 U.S. 433, 439 (1940); *Miller v. French*,

530 U.S. 327, 350 (2000). Where Congress has imposed such a stay by statute, courts lack discretion to proceed in derogation of its terms.

Consistent with that understanding, this Court has described the automatic stay as operating broadly to prevent fragmentation of litigation and to avoid interference with the orderly administration of the bankruptcy estate. *See Ritzen Grp., Inc. v. Jackson Masonry, LLC*, 589 U.S. 35, 42 (2020). The stay serves to centralize disputes affecting the debtor within the bankruptcy forum and to prevent piecemeal adjudication elsewhere.

Accordingly, once a bankruptcy petition has been filed, further judicial proceedings affecting the debtor should not continue absent relief from the stay as provided by statute.

CONCLUSION

This Court should grant the petition for rehearing, vacate its January 12, 2026, Order, and hold the petition for a writ of certiorari in abeyance until the mandatory automatic stay is lifted or modified.

Respectfully submitted,

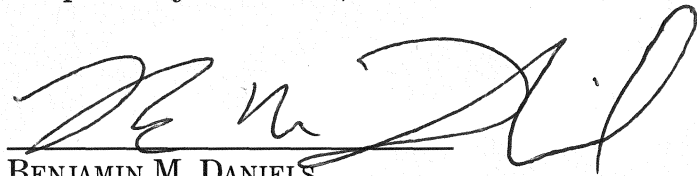
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CERTIFICATION OF PARTY

The undersigned hereby certifies that this Petition for Rehearing is restricted to the grounds specified in Rule 44.2 of the Rules of the Supreme Court and is presented in good faith and not for delay.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'B. M. Daniels', is written over a horizontal line.

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