

No. 26-85

IN THE
Supreme Court of the United States



BHARGAV PATEL, MD, PATEL MEDICAL CARE, P.C.

Petitioners,

v.

GOVERNMENT EMPLOYEES INSURANCE
COMPANY, GEICO INDEMNITY COMPANY,
GEICO GENERAL INSURANCE COMPANY,
GEICO CASUALTY COMPANY,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

REPLY BRIEF FOR PETITIONER

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ARGUMENT

The courts of appeals have long been divided over whether a federal statute that authorizes equitable relief “expressly authorizes” an injunction of state proceedings the statute does not prohibit. The Second and Sixth Circuits have read general remedial provisions to permit such stays, while the Third, Fourth, Fifth, Seventh, and Eleventh Circuits have refused. The decision below deepens that division and widens it, and it discards the limit the Sixth Circuit placed on its own rule: that the state suit make compliance with federal law impossible. Under the rule announced below, a stay is available whenever the state proceedings merely “help further” a violation.

Nothing in the opposition disturbs that account. GEICO merely defends the permissive side of the split, arguing that a state suit need not violate federal law to be enjoined. Opp. 22, 31. And it identifies no court of appeals, before *State Farm*, that allowed a stay because state proceedings would merely help further a violation.

The opposition also shows why the decision below conflicts with this Court’s precedent. GEICO defends the injunction on the ground that petitioners would have won the state suits, Opp. 25, which is the very premise this Court rejected in *Amalgamated Clothing Workers*.

GEICO’s principal response is that the decision below is too fact-bound to warrant review. But the rule it announced is not fact-bound. It is a general rule about the Anti-Injunction Act, and it will govern the next case on whatever facts that case presents. The petition should be granted.

I. GEICO’s Own Authorities Confirm the Conflict, and the Decision Below Widens It.

A. GEICO’s answer is that some courts have enjoined state suits that did not themselves violate federal law, so there is no split. Opp. 22, 30–35. The decisions GEICO cites that actually enjoined state suits all come from the permissive side of the split the petition describes. The restrictive-side decisions GEICO cites all denied the injunctions before them. At most, some reserved the possibility of a stay where a state suit would make compliance with federal law impossible, but a reservation is not a holding, and it does not erase a split that the Third, Fourth, and Fifth Circuits have each acknowledged.

Nor have the restrictive circuits “accepted and applied the *Buha* standard.” Opp. 32 (discussing *General Motors Corp. v. Buha*, 623 F.2d 455 (6th Cir. 1980)). The Third Circuit called *Buha* “questionable but distinguishable” and noted that the Fifth Circuit had “rejected *Buha* outright.” *1975 Salaried Ret. Plan for Eligible Emps. of Crucible, Inc. v. Nobers*, 968 F.2d 401, 410 (3d Cir. 1992); see *U.S. Steel Corp. Plan for Emp. Ins. Benefits v. Musisko*, 885 F.2d 1170, 1177 (3d

Cir. 1989) (ERISA’s enforcement section and legislative history “are inadequate to demonstrate a congressional desire to defeat the bar of section 2283”). The Fourth Circuit observed that “[o]ther circuits are divided,” found “the arguments set forth by the Second and Sixth Circuits are unpersuasive,” and adopted “the sounder position” of the Third and Fifth Circuits. *Employers Res. Mgmt. Co. v. Shannon*, 65 F.3d 1126, 1132–34 (4th Cir. 1995). It later confirmed that *Shannon* recognized a “circuit split.” *Denny’s, Inc. v. Cake*, 364 F.3d 521, 529 n.9 (4th Cir. 2004).

The opposition does not address *Denny’s*. It does not address *Total Plan Servs., Inc. v. Texas Retailers Ass’n, Inc.*, 925 F.2d 142, 144 (5th Cir. 1991), which held that a statute authorizing courts to enjoin violations cannot be read to make the filing of a state suit a violation, and which explicitly adopted the Third Circuit view and rejected *Buha. Id.* at 145 n.3. And it does not address *National R.R. Passenger Corp. v. Florida*, 929 F.2d 1532 (11th Cir. 1991), which held that a federal court may not enjoin state proceedings “merely because those proceedings interfere with a protected federal right,” and that the rule holds “even when the interference is unmistakably clear.” *Id.* at 1537 (quoting *Atlantic Coast Line R.R. Co. v. Bhd. of Locomotive Eng’rs*, 398 U.S. 281, 294 (1970)). Those decisions put the Fifth and Eleventh Circuits on the other side of this question. *See* Pet. 23–27. The opposition leaves them unmentioned to create the illusion of circuit unity.

The decision below does more than adopt the permissive side of that split. On the restrictive side, a statute expressly authorizes a stay only when the state proceeding itself violates federal law. The Seventh Circuit, whose holding GEICO quotes, Opp. 33, reads *Vendo* to authorize a stay “if, and only if, the state court suit itself violates the antitrust law.” *Trustees of Carpenters’ Health & Welfare Trust Fund of St. Louis v. Darr*, 694 F.3d 803, 809 (7th Cir. 2012). The impossibility language GEICO quotes is the ERISA form of the same rule: a stay only where the state suit would force a violation of the statute itself. *See Nobers*, 968 F.2d at 410 (no stay where the state suit “does not force the plans to violate substantive ERISA law”). The permissive circuits have allowed stays of state suits that do not themselves violate federal law, but only to keep the federal scheme from being defeated: impossibility in the Sixth, *Buha*, 623 F.2d at 459, and in the Eighth a showing that the injunction was “the only means available” to give the statute its intended scope, *In re BankAmerica Corp. Sec. Litig.*, 263 F.3d 795, 803 (8th Cir. 2001). The Second Circuit asks for less still, requiring only that the proceedings “help further” a violation. App. 34a, 146a–147a. As Judge Park explained in his concurrence, that rule “departed from the well-established rule that a federal statute must prohibit the continuation of state proceedings.” App. 44a (Park, J., concurring).

B. GEICO’s history of the word “further” does not close the gap either. GEICO traces the Second

Circuit’s usage to *Studebaker Corp. v. Gittlin*, 360 F.2d 692 (2d Cir. 1966). Opp. 35–37. But *Studebaker* did not rest on the idea that a state suit furthered a violation. Its rationale was that “the very act of prosecuting the state proceeding violated federal law.” 360 F.2d at 698. *Studebaker* also explained why an ordinary suit is different. The decisions refusing to enjoin state suits under the Clayton Act, Judge Friendly wrote, “rested on the ground that the prosecution of the state court action sought to be enjoined would involve no ‘violation of the anti-trust laws,’ but would simply require the federal court plaintiff to assert an antitrust defense in the state tribunal.” *Id.*

GEICO’s other “further” cases refused injunctions because the state proceedings before them were not themselves violations. Both arose under Section 21(e) of the Securities Exchange Act, which authorizes injunctions only against “acts or practices which constitute or will constitute a violation” of the Act. *Jennings v. Boenning & Co.*, 482 F.2d 1128, 1130 (3d Cir. 1973) (quoting 15 U.S.C. § 78u(e)). In *Vernitron Corp. v. Benjamin*, 440 F.2d 105, 108 (2d Cir. 1971), the Second Circuit held that the statute’s plain wording “would seem to foreclose” an injunction. It used “further” only to describe *Studebaker*, where “the prosecution of the state action there relevant would itself have furthered the violation.” *Id.* The operative word is “itself”—the *Studebaker* suit was the violation, not just a help to one. In *Jennings*, the Third Circuit explained that “[t]he very continuance of the

state court action in *Studebaker* constituted a ‘violation of the provisions’ of regulations under the Securities Exchange Act, while a proceeding “concerned solely with” a contractual relationship “did not constitute a furtherance of an ongoing violation.” 482 F.2d at 1130–31. In both cases, a state proceeding “furthered” a violation only if it was itself unlawful; that the proceeding sought to collect on a claim tainted by a federal violation was not enough. GEICO alleges the same kind of taint here: that the collection suits seek payment on fraudulent bills and thus, in *State Farm*’s words, “monetize the RICO scheme.” App. 146a n.14. The decision below nonetheless enjoined the suits because they “help further” a violation, App. 34a, 146a–147a, without finding that the suits themselves violate RICO, App. 145a n.14.

II. The Decision Below Departs from This Court’s Precedents.

A. The opposition states the premise of this injunction more plainly than the court of appeals did. The stay was needed, GEICO explains, because “[t]he Second Circuit had every reason to believe that Defendants would prevail in the No-Fault collection suits.” Opp. 25. *State Farm* said it more gently: the state courts “are unlikely to even recognize the alleged massive RICO scheme because those proceedings often concern individual claims.” App. 145a. Either way, the reason for enjoining the state adjudications is a presumption that the state courts will get them wrong. That is the precise argument this Court rejected in

Amalgamated Clothing Workers of Am. v. Richman Bros., 348 U.S. 511, 518 (1955). The Second Circuit used to reject it too: A party “should not be permitted to use the exceptions to Section 2283 as a means of avoiding an adverse state decision.” *Vernitron*, 440 F.2d at 108. This Court has also answered the practical form of the concern, that a scheme is hard to detect one claim at a time. Any disadvantage to the federal plaintiff in the state proceeding “is diminished by his ability to set up the federal antitrust claim as an affirmative defense . . . and his ability to sue for treble damages resulting from the vexatious prosecution of that state-court litigation.” *Vendo Co. v. Lektro-Vend Corp.*, 433 U.S. 623, 635 n.6 (1977) (plurality opinion); see Part III.B, *infra*.

The same admission—that GEICO expects to lose some of the state proceedings—refutes GEICO’s claim that the court of appeals faithfully applied *Vendo*. Opp. 25–26. The controlling opinion there required “a pattern of baseless, repetitive claims or some equivalent showing of grave abuse of the state courts.” 433 U.S. at 644 n.* (Blackmun, J., concurring). Suits the movant expects to lose are not baseless, and prosecuting them is not an abuse of the state courts.

B. GEICO’s principal affirmative argument is that Section 1964(a) is broad. It authorizes “appropriate orders,” including restrictions on a defendant’s “future activities” and even an order barring a person “from engaging in the same type of endeavor as the enterprise engaged in.” So, GEICO

says, RICO injunctions cannot be confined to predicate acts, and an injunction that hinders an enterprise from monetizing its fraud is within the statute's intended scope. Opp. 3–5, 19, 27–28.

Petitioners have never argued that RICO injunctions are confined to predicate acts. Section 1964(a) authorizes divestiture, dissolution, and restrictions on a defendant's future activities, and the Anti-Injunction Act touches none of that. The AIA question is *Mitchum*'s: whether the statute "could be given its intended scope only by the stay of a state court proceeding." *Mitchum v. Foster*, 407 U.S. 225, 238 (1972). *Mitchum* stated that test in general terms and *Vendo* shows how it works. The controlling opinion there would allow a stay only where the state proceedings are themselves the violation, used "as an anticompetitive device in and of itself." 433 U.S. at 645 (Blackmun, J., concurring). See also App. 35a (Park, J., concurring). In *Mitchum*, Section 1983 qualified because the state proceedings could themselves be the instruments of the constitutional deprivation, *Mitchum*, 407 U.S. at 240, which is why its rationale reaches state litigation "only when the state litigation is itself the violation of the Constitution," *Hickey v. Duffy*, 827 F.2d 234, 240 (7th Cir. 1987). That is the violation rule. The court of appeals did not find that the collection suits are themselves RICO violations, App. 145a n.14, and every remedy Section 1964(a) provides remains available against petitioners. The

Act forbids only the thing GEICO asked for, an order stopping state courts from adjudicating.

Nor is Section 1964(a) unusually broad. ERISA authorizes “other appropriate equitable relief” beyond acts that violate the law. 29 U.S.C. § 1132(a)(3)(B). Section 16 of the Clayton Act authorizes private suits for injunctive relief against threatened antitrust violations. 15 U.S.C. § 26. The courts that decline to enjoin state suits under those statutes do not doubt that the remedies are broad. They hold that the law’s breadth is not the test.

The Second Circuit’s own understanding of RICO confirms the point. It grounded RICO’s status as a uniquely federal remedy in the Clayton Act, the model for civil RICO, which “all the Justices in *Vendo* agreed was a specific and uniquely federal right or remedy.” App. 140a. That status did not save the injunction in *Vendo*. A uniquely federal remedy is necessary under *Mitchum*, but it is not sufficient; the stay must also be the only way to give the statute its intended scope, which under *Vendo* means state proceedings that are themselves a violation.

C. GEICO’s last justification is that the collection suits might reach judgment first and give rise to res judicata. Opp. 12–13. But that is how a dual court system is supposed to work, not a RICO violation. The Second Circuit said so in the very case GEICO cites: the preclusive effect of a state judgment, “far from requiring the federal court to stay

proceedings in the state court, is a result which should be welcomed.” *Vernitron*, 440 F.2d at 108. The Act’s relitigation exception permits a federal court to protect or effectuate a judgment it has entered. 28 U.S.C. § 2283. It does not permit a stay of parallel state litigation in anticipation of a judgment the plaintiff hopes to obtain in federal court.

III. The Question Is Important and Recurring, Not Fact-Bound.

A. GEICO’s lead argument is that the decision below is “unlikely to shape the law in any meaningful way.” Opp. 17. That is hard to square with the rest of the opposition. GEICO defends two propositions of general application: that a state suit need not violate federal law to fall within the “expressly authorized” exception, Opp. 22, and that an injunction may stay state proceedings that are neither predicate acts nor themselves violations of federal law, Opp. 27–28. Neither depends on no-fault insurance, on how many States have adopted no-fault, or on what federal law might permit the injunction. A rule is not narrow because the first case to announce it arose on specific facts. It is narrow if its language confines it, and the holding of the court of appeals does not.

Nor is the rule idle. Before *State Farm*, district courts in the Second Circuit had “repeatedly granted” injunctions against no-fault arbitrations and new collection filings. *Gov’t Emps. Ins. Co. v. Akiva Imaging Inc.*, No. 1:24-CV-6549, 2025 WL 1434297, at

*1 (E.D.N.Y. May 19, 2025). *State Farm* then “embraced that approach and expanded its reach,” enabling district courts “to enjoin ongoing state-court collections proceedings.” *Id.* at *2; see App. 44a n.6. That the applications thus far come from one industry shows only that the insurers who found the tool used it first. The rule announced below reaches every statute under which the exception has been litigated. See Pet. 30.

B. The federalism cost is not abstract. GEICO claims *Gov’t Emps. Ins. Co. v. Mayzenberg*, 45 N.Y.3d 397 (2025), is beside the point because insurers remain free to deny claims. Opp. 29–30. But *Mayzenberg* says a good deal more than that: “Insurers are not without recourse if they conclude that a provider has fraudulently billed for unnecessary or nonexistent services.” 45 N.Y.3d at 409. An insurer must report to the State “any patterns of overcharging, excessive treatment or other improper actions by a health provider,” and the State in turn “may temporarily prohibit the provider from demanding or requesting any payment for medical services” for up to ninety days. *Id.* (quoting N.Y. Ins. Law § 5108(c) and N.Y. Comp. Codes R. & Regs. tit. 11, § 65-5.5(a)). New York thus already has a mechanism for stopping a provider from collecting on suspect claims, and it gives that authority to the State. The injunction here supplants that authority by federal order, at the behest of an insurer that never asked the State to act. Enjoining state proceedings when the insurer has not sought

recourse from the State, Judge Park concluded, “violates the principles of federalism and comity.” App. 45a.

IV. This Case Presents the Question Cleanly.

A. The judgment rests on one ground. The panel held that *State Farm* “dictates our response to Defendants’ argument.” App. 34a. *State Farm*, in turn, did not decide whether the state-court proceedings “constitute predicate acts under RICO”; it was enough that they were “allegedly designed to perpetuate and monetize the RICO scheme.” App. 145a–146a n.14. Judge Park read the holding the same way. App. 39a. The Court can decide the scope of the exception without untangling any claim that the enjoined proceedings independently violate federal law.¹

B. GEICO’s alternative argument that the suits “likely violated RICO” after all, Opp. 23, does not change that. No court has so held. The district court rested on a different exception, App. 78a–80a, and the court of appeals said the question was unnecessary to reach, App. 145a n.14. This Court is “a court of review, not of first view.” *Cutter v. Wilkinson*, 544 U.S. 709,

¹GEICO objects to the petition’s description of the point as one the parties “concede.” Opp. 23; *see* Pet. i, 18 n.1. GEICO chose not to allege that the collection proceedings are predicate acts or are otherwise unlawful, and in the three years since has never amended the complaint to say so. Whatever label one puts on that choice, the legality of the enjoined proceedings has never been in dispute, and the court of appeals declined to decide it. App. 145a–146a n.14.

718 n.7 (2005). The question presented is the one the court of appeals decided.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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