ORIGINAL In the

# Supreme Court of the United States

GULF OFFSHORE COMPANY, OF THE POOL COMPANY,	A DIVISION )		
	PETITIONER, )	No.	80-590
V.	)		
MOBIL OIL CORPORATION,	ET AL.		

Washington, D.C. March 31, 1981

Pages 1 thru 41



IN THE SUPREME COURT OF THE UNITED STATES

GULF OFFSHORE COMPANY, A DIVISION OF THE POOL COMPANY,

Petitioner,

No. 80-590

MOBIL OIL CORPORATION, ET AL.

Washington, D. C.

Tuesday, March 31, 1981

The above-entitled matter came on for oral argument before the Supreme Court of the United States at 2:08 o'clock p.m.

#### APPEARANCES:

CHARLES D. KENNEDY, ESQ., 3710 One Shell Plaza, Houston, Texas 77002; on behalf of the Petitioner.

FRANK E. CATON, ESQ., 3300 Two Houston Center, Houston, Texas 77010; on behalf of Respondent Mobil Oil Corporation.

JOSEPH D. JAMAIL, ESQ., 3300 One Allen Center, Houston, Texas 77002; on behalf of Respondent Steven Gaedecke.

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## PROCEEDINGS

MR. CHIEF JUSTICE BURGER: We'll hear arguments next in Gulf Offshore Company against Mobil Oil.

Mr. Kennedy, you may proceed when you are ready. ORAL ARGUMENT OF CHARLES D. KENNEDY, ESQ.,

ON BEHALF OF THE PETITIONER

MR. KENNEDY: Mr. Chief Justice, and may it please the Court:

We are here today on a writ of certiorari to the Texas Court of Civil Appeals, 14th Judicial District, on a matter raising two issues. First, there's an issue of subject matter jurisdiction of the courts of the State of Texas to consider and try and hear cases arising under the Outer Continental Shelf Lands Act. The second issue is an issue involving the applicability of this Court's ruling in the case of Liepelt which finds that juries are knowledgeable taxpayers of this country -- I'm paraphrasing -- and that therefore the trial court has the duty of performing and providing instructions to the jury as to the effect of federal income taxation on jury damage awards.

I'd like to first turn briefly to what I feel is the threshold question, and that is the question of subject matter jurisdiction to allow the courts of many states to take jurisdiction for matters arising on the Outer Continental Shelf.

In 1953 the Outer Continental Shelf was becoming a very vital area. The Congress of this country felt at that time that there must be a necessity for jurisdiction over this developing area. This is not a situation of the Congress going into a state and buying land or taking land away from an already existing state. This had already been laid to rest in this Court's opinion in United States v. California.

California had claimed ownership of the tidelands.

The state found that the United States had paramount jurisdiction over the tidelands. Because of the historic nature of the state's claim to rights in the tideland areas, Congress passed, also in 1953, the Submerged Lands Act which ceded to the states that area lying offshore of their land areas that had historically been claimed by the states.

QUESTION: Do you think the '53 Act was primarily thought of in terms of personal injury jurisdiction?

MR. KENNEDY: No, Your Honor, I think it was thought of to encompass the entire activities on the Outer Continental Shelf beyond the Submerged Land Act's ceding of rights to territorial waters of the state.

The personal injury aspect of this case comes up incidental. This is really a case involving a contractual dispute between the Pool Corporation, who is a drilling contractor, and Mobil Oil Company, who was the leasor of the area that was being drilled. The plaintiff in the case below was

an employee of Pool Corporation, an employee of my client.

On the basis of the Outer Continental Shelf Lands Act

Mr. Gaedecke, the plaintiff's sole gremedy against Pool Corporation was under the Longshoremen's and Harbor Workers'

Compensation Act which is definitely adopted as the exclusive remedy of employees on the Outer Continental Shelf. The Longshoremen's and Harbor Workers' Compensation Act also recognizes the right of third party suits by such employees under Section 905(b) if it happens to be due to the negligence of a vessel, under Section 33 if it is due to any other type of third party action. So this all, the plaintiff's primary claim had to arise under the Outer Continental Shelf Lands Act, and under the Longshoremen's and Harbor Workers'

Act was thereby extended.

We move then to an area where because of international implication the Government had severe reservations of attempting to take sovereignty beyond the states' historical territorial limits. They adopted the procedure set out in the Outer Continental Shelf Lands Act which was a horizontal extension of jurisdiction of the Federal Government to cover the subsoils, seabeds, and any artificial islands constructed thereon. The Act specifically did not attempt to take on any jurisdiction over the high seas, leaving that to the maritime and admiralty courts.

The Act itself, after first providing for this

extension of jurisdiction, then turned its attention to what laws would be applicable in this Outer Continental Shelf area, in this new area of jurisdiction for the Federal Government.

They first said that federal law and regulations are applicable. They delegated to the Secretary of Interior the right to promulgate rules and regulations which were made applicable.

Then, in order to plug any potential gaps or voids in the federal law as it existed at that time, they said that we are going to adopt as federal law the law of the adjacent state.

4 of your brief? You're paraphrasing now from pages 3 and

MR. KENNEDY: I'm paraphrasing; yes. They said -I'm paraphrasing this -- that if there is a void, if Congress
has not acted, or if there has been no rule or regulation
promulgated by the Secretary of Interior, then, to fill these
voids, we will adopt, or we will have as surrogate for federal
law -- surrogate federal law -- the law of the adjacent
state. But, in the Act itself -- and I think the Act itself
clearly shows that there is exclusive jurisdiction. They
put a caveat -- pardon me?

QUESTION: I was just going to say, it's on page three of your brief, Section B of the statute says the United States district courts shall have original jurisdiction of cases and controversies. It does not say original and exclusive, and certainly in FELA cases and in 1983 cases

the federal courts are the primary fora but nonetheless state courts can entertain 1983 actions and it's my understanding that state courts can entertain FELA actions.

MR. KENNEDY: Yes, Your Honor, that's correct, and I think you have to look to the enactment, in its entirety, to see the Congressional scheme, and after we get through that, I think that the Congressional scheme within the Act itself will be sufficient. But even if you get beyond that, then you're left with the legislative intent which I'll go into in a minute.

The caveat that was put in the Act in Subsection (a)(2), after they say, "will adopt state law as surrogate federal law," says, "all applicable laws shall be administered and enforced by the appropriate officers and courts of the United States."

QUESTION: And again, it doesn't say "exclusively."
MR. KENNEDY: No.

QUESTION: But you want us to read it that way, I take it?

MR. KENNEDY: Yes, Your Honor. Because I think this is the clear congressional intent.

QUESTION: In our own Article III jurisdiction, as you no doubt know, the provision is, with respect to some kinds of cases our jurisdiction is original and exclusive, and with respect to others it's just original but not

exclusive.

MR. KENNEDY: That's right. The reason I think Congress did not feel compelled to include this word "exclusive," and as we'll discuss later, in the 1978 amendments to this Act, even dropped out the word "original," was because this was an area where there was no concurrent jurisdiction, where the states had no jurisdiction. And so the Federal Government went out and said, we are taking jurisdiction over this area. And therefore the word "original" and the word --

QUESTION: A state court is generally a court of general jurisdiction and if one party from Venezuela sues another party from Holland over an accident that happened 500 miles out at sea, unless there is some federal prohibition or statutory enactment prohibiting it, the federal court can take jurisdiction or the state court can take jurisdiction of that, can't it?

MR. KENNEDY: I think -- of course, if we're getting out to sea I think we're getting into an entirely different area, where we're getting into the admiralty and maritime courts. Whether the states have any jurisdiction between foreign nationals for injuries on the high sea, my recollection is that it's exclusively federal at that point, when you have foreign nationals on the high seas.

OUESTION: How about Bremen v. Zapata?

MR. KENNEDY: The federal courts took jurisdiction

over that. It was a federal court case arising in admiralty, I believe.

In subsection (3) of the same portion of the Outer Continental Shelf Lands Act, I think even further confirmed what the congressional intent was. They say that the adoption of the state law as the law of the United States shall never be interpreted as a basis for claiming any interest in or any jurisdiction on behalf of any state for any purpose over the seabeds and subsoil of the Outer Continental Shelf; which to me I find very exclusive in its --

QUESTION: But it says, "the provisions of this section." It doesn't say excludes provisions or existing law that may be found in other sections.

MR. KENNEDY: Well, Your Honor, I don't know of any existing law at the time of the passage of the 1953 Act that gave any general jurisdiction to state courts over what happens on the high seas or, at that time, the Outer Continental Shelf. Prior to 1953 there was no Outer Continental Shelf as we know it now; it was all high seas. This was just the ground under the high seas.

The congressional intent is clear from a reading of the legislative history. The report of the Senate Committee on Interior and Insular Affairs, which is the majority report, the Court will recall this case, this Act, came first up through the House, was sent to the Senate. The Senate

deleted practically all of the House Act, substituted their own. The Commerce Committee accepted it and then it became law. So therefore the report of the Senate Committee was actually the majority report. It stated that the purpose of the bill was to assert the exclusive jurisdiction and control of the Federal Government of the United States over the seabed, subsoil, and artificial islands. They said that we're going to carry out this primary purpose of the measure, the asserting of exclusive jurisdiction, by developing a body of law which is going to extend exclusively to this area.

This body of law is going to consist of the Constitution and the laws in the civil and political jurisdiction of the Federal Government. Next, it's going to incorporate the regulations, rules, and operating orders of the Secretary of Interior. And three, in the absence of any applicable federal law or adequate secretary's regulation, the civil and criminal law of the state adjacent will be adopted as federal law. So, here again, they knew exactly what they were doing.

QUESTION: Is there any reason why the Texas state courts can't apply federal law the way they do under FELA and under 1983?

MR. KENNEDY: I think you have to look at the compelling reasons for this under the Outer Continental Shelf
Act itself. Jurisdiction could have been ceded by the Federal Government to state governments. I think, in a situation such as

this, since we have no concurrent jurisdiction to begin with or no state jurisdiction over this area to begin with, there was a taking enacted by Congress, ceding it back as they did in the Submerged Lands Act, saying, okay, Mr. Louisiana, Mr. Texas, we give you the right over this area.

QUESTION: Isn't there an intermediate ground where you don't cede the territory back but you say that federal law may be applied in the courts of the adjacent state?

MR. KENNEDY: But there is nothing in the Act to indicate that this was an intent of Congress. In fact, the minority people definitely recognized that this was not the intent of Congress. Congress wanted the adjacent states to have nothing to do with control of this area on the Outer Continental Shelf because with all the international implications that were then involved, Congress was obviously worried at that time that there was going to be a hue and outcry from our world friends that we were trying to take over the sovereignty of this seabed area. That's why they were so careful in placing this, I feel, in the hands of the Federal Government to rule and regulate without interference from the many states.

We're talking about not just one or two states that might have an interest in -- The Outer Continental Shelf extends, of course, completely around the continental United States, varying in size from 250 miles off the New England

coast to 50 to 150 miles in the Gulf of Mexico, to as little as five to 40 miles off California. Then, when you get to Alaska, the Outer Continental Shelf is bigger than the State of Alaska itself. So this is the area that we are talking about that Congress was so deeply involved in and interested in.

The Act's history and the minority report, if the Court will recall, Mr. Justice White has had an opportunity to review the legislative history of this Act at some length in the Rodrigue opinion. I think from a reading of that opinion it shows a clear indication of the vesting of exclusive jurisdiction in the federal courts. As noted by Mr. Justice White, it states that "on the other hand, federal enforcement of the law in this area was insisted upon by the Department of Justice and there was substantial doubt whether state law and jurisdiction could or should be extended to these structures. A federal solution was thought necessary."

The legislative history -- one thing, I think, should be pointed, was, this Act was fought and fought bitterly by the Senators from Louisiana, the Senators from Texas, but primarily led by the Senators from Louisiana. Senator Ellender, the senior Senator from Louisiana, offered an amendment where, and described in his own words, "my amendment is very simple. It would clarify a multiplicity of problems which are bound to arise. It would give coastal

states the right to extend their jurisdictions to these lands. For what purposes? Merely for the purpose of administering the criminal and civil laws which may appertain to that area."

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And this amendment was defeated by Congress. Again, we urge it. Senator Long from Louisiana filed a subsequent amendment trying to get Congress to adopt it, accepting for the most part all of Senator Ellender's original amendment, but deleting any possibility of confusion that the amendment may in some way provide for the taxing powers of the states. We thought maybe that was what the Congress was looking at, just simply that they were afraid this was going to give the states taxing powers. So, he specifically deletes that, Senator Long does, and that amendment was defeated after floor argument. Senator Long then submitted another amendment; it was a compromise amendment with the majority leaders, and simply added the word "adjacent state" to what law was to be adopted as federal law, because the original Act said, just the nearest point of land, the law would apply. So they put in this adjacent state rule instead of the nearest point of land. And that is what was finally enacted.

Senator Long filed the minority report and recognized in his minority report that there was no state court jurisdiction as far as this Act was concerned, and that was his brief or his minority report. He was still unhappy and dissatisfied with the congressional action, so I think there was clear legislative intent as to what Congress was proposing to do.

Now, this case in 25 years up to 1978, this legislation, had already been piecemealed and added to, in a piecemeal sort of way. In 1978 there was a codification of various laws and rules and various regulations into what's been referred to as the 1978 amendments. I would simply like to point out that as far as I'm concerned the 1978 amendments did not in any way change the jurisdictional approach. It was simply a recodification.

QUESTION: Did these accidents take place on artificial islands?

MR. KENNEDY: Yes, Your Honor.

QUESTION: Well, then, don't you have some trouble with Rodrigue on which you rely and the passage that says a compromise emerged, that federal law would prevail but that the states would have some jurisdiction to apply that federal law on artificial islands?

MR. KENNEDY: I don't believe Rodrigue, Your Honor, in Rodrigue, that was at all the holding. Rodrigue was simply, was this a maritime case or was this an Outer Continental Shelf lands case? And the maritime law --

QUESTION: Well, in Rodrigue it says, on page 365, that the special relationship between the men working on

these artificial islands and the adjacent shore to which they commute to visit their families was also recognized by dropping the treatment of these structures as vessels and instead over the objections of the Administration that these islands were not really located within the states. The bill was amended to treat them as if they were an area of exclusive federal jurisdiction located within a state. -- Page 365.

MR. KENNEDY: The whole approach there is applicable law. This was the question in Rodrigue. What is the applicable law? And the applicable law, as recognized by Rodrigue, is going to be federal law. They do not adopt admiralty and maritime law. That was the effect of it. And they simply go back and reiterate the standards of law that's applied under the Act. First, federal law; second, rules and regulations of the Secretary of Interior; and then, if there is no applicable federal law, then you look to the law of the adjacent state, not as state law, not as an Erie type of court, but as a federal law. And I think the 1978 amendments clearly show what has happened in this area.

When you started in 1953, there were a lot of areas where there might have been voids, where there was no applicable federal law at that time and they needed something to look to, to build and evolve a federal law. The 1978 amendments strengthened the control of the Federal Government over civil suits.

QUESTION: I thought you said a moment ago that it was just a codification.

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MR. KENNEDY: Well, it was a codification as far as all of these piecemeal legislations that have been adopted over the 25-year period from '53 to '78. These were recodified into this one Act. A lot of the rules and regulations were referred to and brought into the Act. But, really, then it strengthens it. And let, if I may point out the strengthening, it provided that there was a law with, in suit, in federal court, to compel compliance with the Act, and with any regulations.

Now, there might have been a void there, so that they thought they had to do that. But even more important, as a second item, they provided a suit for damages to any resident who is in any manner injured, be it any personal injury or any other type of injury due to an operator's, such as mining people, noncompliance with a rule, regulation, or permit issued pursuant to the Act, and in connection with what's been referred to as a citizen's suit, they granted award of attorneys' fees to be added on to the damages, and they granted the award of witness fees.

QUESTION: Take your mind back to this construction, how do you think the Texas Court of Appeals viewed that construction? As something called for under Texas law, federal law, Louisiana law?

MR. KENNEDY: You're referring to the Liepelt construction now, Your Honor? There's no doubt after having tried the case, they were implying Texas laws, as a procedural type of law. No, the appellate court did not really address it in view of the Liepelt decision, but the Liepelt decision didn't come down until after the appellate court's opinion.

I can't say that I -- I really don't know what was in the judge's mind; it was just, as the record will reflect, one of the basic issues.

But I was representing a third-party defendant. Did I even have a right to raise this issue? Don't I even have a right to ask for this instruction?

QUESTION: Don't you think we should know or have some idea -- ?

MR. KENNEDY: As to whether this is Texas law?

Well, of course, Texas law would not even apply in this case,

Your Honor, even if you say that state courts have jurisdiction, subject matter jurisdiction, this happened off the coast of Louisiana.

QUESTION: Well, is it clear now that this kind of an instruction could be given under federal law?

MR. KENNEDY: I think it's very clear.

QUESTION: But it wasn't then?

MR. KENNEDY: It was not, at that time. But, it's been referred to that you'd have to be omniscient to ever

have decided that the Supreme Court would do what they did.

I say this is not true. This is an instruction we've been fighting for and asked for for years, and if -- I'm no more omnipotent than any other defense attorney; and it's an instruction that I think and felt had to be asked for under the federal law. We knew we were dealing with federal law.

QUESTION: Then you did ask for the instruction?

MR. KENNEDY: We did ask for the instruction; it
was refused. The instruction that I asked for is almost
right in line with the instruction that was in the Liepelt
case.

QUESTION: You anticipated the Liepelt decision, in effect, didn't you?

MR. KENNEDY: Well, I didn't really anticipate the Liepelt decision but I knew sooner or later that the law had to recognize the fact that juries were continuously being confused by the fact that nobody would tell them what effect taxes had on them. And I would like to make one thing clear, it is our position that the Liepelt opinion simply requires an instruction by the judge to the jury that they should neither take it, neither increase nor delete anything from their award because of federal income tax and it is that the award is not subject to federal taxation. I think this is what the Court has done in Liepelt.

QUESTION: So what if we disagree with you on the

jurisdictional question, on the jurisdiction of the state courts, but agree with you on the instruction? 2 MR. KENNEDY: Then I think the case should be re-3 versed and remanded. 4 5 QUESTION: It would be a new trial? MR. KENNEDY: What? QUESTION: Would it be a new trial then? 7 MR. KENNEDY: If remanded, yes, sir. 8 QUESTION: On liability or damages or what? 10 MR. KENNEDY: At least on damages. 11 QUESTION: But, of course, if we agreed with you 12 on this first -- it would wipe out the entire --13 MR. KENNEDY: Yes, Your Honor. Now --14 QUESTION: Is it -- the jury set the damages? 15 MR. KENNEDY: Is what? 16 QUESTION: The jury found the damages? 17 MR. KENNEDY: The jury found the damages. 18 QUESTION: All in one proceeding? 19 MR. KENNEDY: All in one proceeding. 20 been no appeal taken from the jury's award against Mobil. 21 The only appeal before this Court is on Mobil's claim over 22 against us for indemnity. 23 QUESTION: But if we disagree with you on the 24 jurisdictional issue and conclude that the state courts do

have jurisdiction, might it not also follow that the state

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courts can apply their own rules of damages? And in which event they might not have to give the Liepelt instruction?

MR. KENNEDY: Not as long as it's inconsistent with federal law. This is not applying straight law as an Erie court would. The Outer Continental Shelf Lands Act is perfectly clear that it is federal law --

QUESTION: Is there a federal measure of damages in things like mental suffering and loss of consortium and all that? Is there a federal --

QUESTION: No, but there is about taxes.

MR. KENNEDY: There is about taxes, there is about interest. I have referred the Court --

QUESTION: No, but, you know, some of these like the Death on the High Seas Act and all, there have been different rules of damages with the state or federal --

MR. KENNEDY: Rodrigue has thrown that out, sir; that is not applicable.

QUESTION: So there's no federal rule of damages applicable with respect to just the measure of damages, putting aside taxation for the moment?

MR. KENNEDY: There may be in certain areas, Your Honor. I can't really answer it. I know that as for the interest on awards on judgment, like an Aymond opinion out of the 5th Circuit, that there, there is a federal law. Liepelt, there is a federal law. So --

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QUESTION: There is now --

MR.

MR. KENNEDY: In this area --

QUESTION: Federal law.

MR. KENNEDY: Right.

MR. CHIEF JUSTICE BURGER: Your time has expired --

MR. KENNEDY: Thank you, Your Honor.

MR. CHIEF JUSTICE BURGER: Mr. Kennedy. Mr. Caton.

ORAL ARGUMENT OF FRANK E. CATON, ESQ.,

ON BEHALF OF RESPONDENT MOBIL OIL CORPORATION

MR. CATON: Mr. Chief Justice, and may it please the

11 | Court:

The objective of the Outer Continental Shelf Lands
Act is clearly stated in the Presidential Proclamation 1945,
in the Congressional Record, and in the Act itself. It says
specifically that what we are dealing with is the resources
in the shelf. And that is what the states and the Federal
Government were fighting over, the resources. They gave no
deliberate attention to what court would have jurisdiction
over these disputes arising out of the Act on the shelf.

No one has taken the position on the respondents' side of the aisle that we are asking that the courts of the states have sole jurisdiction of these cases. The Administration complained about those provisions in the Act originally which would provide, apparently, for sole jurisdiction in state courts. And they insisted that the Act be amended

so as to provide that you would treat those fixed structures and fixed platforms as if they were an area of federal -- a federal enclave; that's what they were to be treated as, as an area of federal jurisdiction located within a state.

We say that that falls directly in line with this

Court's opinion expressed by Justice Marshall in the Evans case
out of the State of Maryland, when we had a federal enclave
in which the voters complained that they were being deprived
by the Commissioners of Maryland of their voting rights. And
the Court's clear statement in there was that despite the
fact that they were residents of a federal enclave within
the state, that the state courts had jurisdiction and the
state courts had process over those certain residents of
that federal enclave. The Act says specifically that you
will treat those platforms as federal enclaves.

Now, the Claflin v. Houseman decision which came one year after the federal lower court system was established, 1876, actually addresses the very contentions which are being made by Gulf Offshore in this case. They say that jurisdiction, exclusive jurisdiction, in a sovereign follows the sovereignty. And that a state court is not entitled to have concurrent jurisdiction. And that was put to rest in Houseman, specifically.

Justice Story in the Martin v. Hunter case had agreed with that proposition and was disagreed with by this

Court in the opinion by Justice Bradley and in it he said, that that general principle, that where the state courts had historic concurrent jurisdiction, you are not going to take that away from them unless you do what Mr. Hamilton said you must do in No. 82 of the Federalist Papers. He said you can only do that in three ways. You can do it by express language in the statute; you can, secondly, do it, if it's not express language, you can give it by express language a jurisdiction of the federal court and deny the state courts jurisdiction. That's the second way. If you can't do it in those two ways, then you must show that the exercise of concurrent jurisdiction in the state courts is simply incompatible by the nature of the case itself with concurrent jurisdiction in the state courts.

Now, from a practical standpoint, we cannot fathom why concurrent jurisdiction over Outer Continental Shelf lands cases should not be handled by a state court. The objective of the Act is not being offended in any way by state court jurisdiction, there is very little difference in the discovery rules. There is no federal specialty which has been built up over the years in Outer Continental Shelf Lands Act cases which give the federal courts some particular specialized knowledge or expertise over this type of case in any way. It's interesting to note that in Gulf Offshore's brief they cite in support of one of their positions a case

called, In Re Dearborn. That case arose off the Texas coast on a fixed platform. Five or six men were killed because of 2 an explosion and fire. One of those men was a man by the 3 name of Monk, whose survivors filed an action in the state 4 5 district court in Texas. That case was removed to the federal district court and it was joined in with all of the other sur-7 vivors' actions arising out of the case. That case went to 8 conclusion, went through the 5th Circuit, cert. was denied by 9 this Court. Are we now to take the position that that case, 10 that all of the judgments entered in that case, are void be-11 cause that derivative jurisdiction which the federal court 12 had to depend on in order to hold that Monk case in his 13 court -- and I think it's clear that it is derivative --14 15

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QUESTION: Res judicata would prevent that, would it not? Sunshine Mining v. Treinies and those cases say that even though the Court did not have jurisdiction when it started out, if the parties litigated the issue and let the case become final, it's over; you can't vacate it.

MR. CATON: I agree with that, Your Honor. The point I'm really trying to make is that under the Lambert Run Coal Company line of cases, it's clear that a federal court cannot take jurisdiction in a removed action unless the state court had original jurisdiction of that case.

Now, if that's the case -- and I think that it is -- Judge Rubin, whom they rely on, is the only federal lower

court who has held that the state courts don't have concurrent jurisdiction. He should have dismissed the Fluor case because the state court, he said, didn't have jurisdiction originally. He should have simply dismissed it, and he did not do that. It's just inconsistent that he could rely on the contention that the federal court had exclusive jurisdiction and then say that the state court, he had derivative jurisdiction out of that same state court.

Now, in order to take care of the objective of developing the riches, the resources on the Outer Continental Shelf, Congress simply passed two acts. It passed the Submerged Lands Act, which was called the quitclaim legislation which gave the gulf states a three marine leagues area off their low mean tide shore, and it gave the ocean states a three statute mile area off their coast. Then it came along in the Outer Continental Shelf Lands Act case and said, now we're going to take care of two things: we are going to provide for development of those riches, and we are going to provide for what you are going with the revenue that you obtain from those riches. That's all they said.

I think, when we get back to the Claflin v. Houseman rule, which says that unless you can meet one of the
tests which were established by Mr. Hamilton, that I've already mentioned, then you cannot take away from the state
courts their historic concurrent jurisdiction of these cases.

Now, I don't dispute that the Outer Continental Shelf Lands
Act created a new statutory remedy, and we started from
scratch with a federal law which we have to apply as surrogate federal law, but it is not a new remedy.

And strangely enough, in the Houseman case, again, Mr. Bradley anticipated that, Justice Bradley, and he said specifically, that it was mentioned by Justice Story. He said it was indeed intimated by Mr. Justice Story over a dictum in Martin v. Hunter that the state courts could not take cognizance of cases arising under the Constitution, laws, and treaties of the United States, as no such jurisdiction existed before the Constitution was adopted.

"This is true as to jurisdiction depending on United States authority, but the same jurisdiction existed, at least to a certain extent, under the authority of the states." And then he goes on to say, "The change of authority creating the right did not change the nature of the right itself."

We are simply saying that this is a simple, common law negligence action. The character of that right wasn't changed because the Federal Government declares initial jurisdiction over that territory, and the practical question to ask, then, is, what is going to happen when I get this \$183 sworn account case that I have in my office, and I give it to a federal judge -- he's got 600 or 700 cases on his docket -- and tell him that you must rule on that case because

we can't take that to the county court.

If we are really looking at the pragmatic factors, because Congress didn't and we therefore have to do it, how can we be pragmatic and take the position that we are going to congest the federal court dockets more by giving them all of the cases and controversies which were traditionally handled by state courts and turn those into the hands of federal courts? That is not being pragmatic.

The Act does not say, exclusions. The idea that because you do not say, we are granting concurrent jurisdiction to the state courts, has been ridiculed many times by the treatise writers, including Professor Redish, because that's begging the question.

The fact that you do not grant concurrent jurisdiction to the state courts means nothing. You don't grant concurrent jurisdiction to the state courts, you take it away; that's what Congress does. There is no prohibition against state jurisdiction in the Act, so that you can't meet the second test that Mr. Hamilton established, and no viable or justifiable reason has been suggested why we should dump these cases on the federal district court. There is no pragmatic reason for it.

I would like to say, with respect to the Liepelt decision --

QUESTION: Well, maybe you could suggest some way

that we could hold that the state courts have exclusive jurisdiction?

MR. CATON: No, that is something I'm sure that a number of judges I know would like to see happen, Your Honor.

QUESTION: You mean federal court judges?

MR. CATON: Federal courts. I have no preference. It's like asking a Marine in a foxhole whether he prefers strafing or bombing, which court I'm in, so I don't see any preference.

I would like to say with respect to the Liepelt decision, briefly, the reason why the district court judge in the state, the trial judge, didn't have anything in his mind was because the jury didn't have anything in their minds. And they didn't have anything in their minds because they didn't have any evidence, and I'm saying that the Liepelt decision doesn't say you can give that -- that very -- whether we like it or not, that is a confusing instruction in the absence of explanation. The only explanation you can give --

QUESTION: Was Liepelt on the books when the trial took place?

MR. CATON: Well, Your Honor, it was on the books. It simply wasn't in the appellate books but everybody knew that that case was about to be decided.

QUESTION: About to be, but it wasn't?

MR. CATON: But the arguments that were being made in this court --

QUESTION: Yes, I know, but it wasn't, but it wasn't --

MR. CATON: That's right, it was not binding, Your Honor.

QUESTION: Your argument goes at least as far as that we shouldn't decide the instruction should have been given. But why shouldn't we remand to see if the district judge, the trial judge thought that this was a matter of federal law, and he should decide whether it should be given?

MR. CATON: Your Honor, there's a very simple explanation for that. It is a matter of federal law. If it is, the federal law provides clearly that you may not give an instruction in the absence of evidence. That's not a state rule.

QUESTION: It may be but then we ought to have the district judge decide that. You are asking us to look at the record and come up with our own view of the facts.

MR. CATON: Your Honor, I think --

QUESTION: What's the evidence that's missing, Mr. Caton?

MR. CATON: There is no evidence, Your Honor, but -All right, I'll tell you the evidence that I think should have
been put in, briefly, one of the instructions. They should

have put in the Code section which says that these awards are not subject to taxation. They should have put in the 1040 instruction book, they should have put in the 1040 --

QUESTION: 1040 what?

MR. CATON: The Form 1040; the IRS 1040 instruction book. They should have put in the tax table. They could have at least argued with that information, could simply have been put in, they could have argued from that and explained to the jury -- or better still, they could have done what the Leipelt Court suggested, offer expert testimony to explain to the jury rather than to confuse them, what that instruction meant. But the idea that that was a state procedural rule is accurate, but it's also a federal procedural rule; that's clear. Decisions of this Court have held that you may not give an instruction, an explanatory instruction, in the absence of clear evidence in the record.

And I'm saying that the people who are complaining about the judges' failure to do that areasking the judge to give an instruction on no evidence.

QUESTION: So you're just saying that if we remand it for reconsideration in the light of Liepelt, it would just be a useless act?

MR. CATON: You'd give them the second chance to do what they should have done the first time. That's offer evidence. Thank you, Your Honors.

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MR. CHIEF JUSTICE BURGER: Mr. Jamail. ORAL ARGUMENT OF JOSEPH D. JAMAIL, ESQ., ON BEHALF OF RESPONDENT STEVEN GAEDECKE MR. JAMAIL: Mr. Chief Justice, and may it please

I represented Mr. Gaedecke in the trial below and up to and including this point. He was injured in 1975. Act that petitioners ask this Court to now construe by adding the word "exclusive" to was passed in 1953. It was amended in 1978. Mr. Gaedecke's case did not go to trial until after the Act had been amended. The Act was amended in September, 1978. Mr. Gaedecke's case went to trial in November, 1978.

Mr. Gaedecke was 30 years of age. The evidence in the case, as elicited by me from the doctors, from expert testimony, showed that his lost earnings would exceed by twice what the jury assessed as damages. He had major surgery three times, spinal surgery. It differs -- I bring this to the Court's attention to show the difference between Gaedecke and Liepelt. Leipelt was this Court construing a federal statute, where the damages were confined to net pecuniary loss. No such test exists in Gaedecke.

So, if the instruction is correct in Liepelt, there is no reason to extend it to a common law negligence action where pain and suffering are a major element of that cause of action damagewise.

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And what other differences do we have? In Liepelt, we had the, in that case, the complaining party attempting to introduce evidence showing what tax brackets, and the evidence regarding income tax, and then that evidence was denied by the trial judge and he was not allowed the instruction.

In this case, all we had was, counsel for petitioner, after all of the evidence was closed and the case was over, handing the trial judge a piece of paper asking for an instruction. The Louisiana law forbade this. The Texas law procedurally forbade this. Liepelt had not been handed down. We must look at this case as --

QUESTION: What about a case in the federal court, the same kind of a case as this one, in the federal court that's filed and tried tomorrow? Would it be error to give the Liepelt instruction?

MR. JAMAIL: I believe that it would be error not to give it in a FELA case.

QUESTION: Not to give it; yes; not to give it.
MR. JAMAIL: An FELA case.

QUESTION: Well, I didn't ask you about that.

I asked you about this kind of case.

MR. JAMAIL: A common law tort action?

QUESTION: I'm asking you about it, about this kind of a case that arises on the Outer Continental Shelf and under this -- and it's federal law borrowing state law except

to the extent that it's inconsistent? MR. JAMAIL: I think that unless this Court desires 2 to extend the Liepelt rule to a common law tort damage ele-3 ment action, which it did not do in the FELA case, because you were looking at a net pecuniary loss, where income taxes 5 may have been --6 QUESTION: Well, we aren't -- we were extending it 7 8 to a statutory, to a claim under a statute, aren't we? MR. JAMAIL: Aha, Your Honor, but that's not so. 9 QUESTION: You didn't say we'd borrowed state law. 10 It says, federal law. 11 MR. JAMAIL: This action was brought under a common 12 law tort. The second most important document, in reply to 13 your question --14 QUESTION: Well, it certainly wan't brought under 15 16 state law. MR. JAMAIL: The action? 17 18 QUESTION: Yes. 19 MR. JAMAIL: Well, it most certainly was, Your 20 Honor. 21 QUESTION: How could it be? MR. JAMAIL: Because, Your Honor, of the savings 22 23 to suitors clause of the 1789 Judiciary Act gave them this 24 right unless --

QUESTION: Oh, so you're saying this Outer

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Continental Shelf Lands Act doesn't apply at all?

MR. JAMAIL: No, I'm not.

QUESTION: Is it federal or law or not, that controls this case?

MR. JAMAIL: It is state law, and you've so stated -QUESTION: It's only borrowed. It's only federal
law borrowing state law.

MR. JAMAIL: Borrowed, begged, or bought, Your Honor, it's still state law.

QUESTION: Well, it isn't a cause of action under state law then?

MR. JAMAIL: It is, Your Honor.

QUESTION: Well, okay. You can have it your way.

MR. JAMAIL: Well, Your Honor, unless we're ready to repeal the 1789 Judiciary Act, the savings to suitors clause, it's still state law. Where in the Act -- and I have asked, in my brief, for petitioner to point out so we would know, where in the Act does it give Mr. Gaedecke or anybody else the right to bring suit? It has none. The section he refers to, Your Honor, is Section 2, which was brought about after Olsen v. Shell, when Justice Brown ruled that there was no remedy under this Act, and it was put in to, for one reason only, Your Honor, not common law actions. And all one need do is read it, and it says, for violations of rules or regulations, not common law -- rules and

regulations are not common law.

And it is very clear -- we must assume, correctly or incorrectly, that some of the members can read and write the rudimentary English language. Now, the only time "exclusive" appears in this Act is when it -- and it appears once -- which, I think, adds weight to what I'm trying to say -- it appears in Paragraph 7 under section of "Citizens' Rights to Sue," and it says, "When a suit is brought against the Secretary of the Interior, then jurisdiction lies in the district court of the District of Columbia, and the deal is exclusive to the court of appeals of the District of Columbia.

QUESTION: Well, the exclusive argument -- if you're right, the exclusive argument is beside the point, because it's state law, and obviously you're not going to have some exclusive jurisdiction in the federal court over a state law cause of action.

MR. JAMAIL: But we have to address it, because this Court does have the right to interpret that statute, and I must address myself --

QUESTION: So it is a cause of action under the statute?

MR. JAMAIL: No, it is a cause of action applying state law, and if we're going to be semantical, state law under the statute. But it's still state law, and state law forbade us to submit an income tax instruction.

And, another thing, procedurally I don't believe the Court has the power if Monger v. Florida is still the law to address itself to this question, because under the Texas procedural law counsel has the responsibility not only to present the issue to the court but to have it marked "refused" and made a part of the record. This was not done in this case.

Issue No. C, which he relies on is not marked "refused" in any way. We have no way to know whether or not the judge refused it. Procedurally he did not comply with everything he must do in order for this Court to rule on the matter.

Jurisdiction, if I may, again. Never do we see the word, and I would like to -- original jurisdiction has meaning in only one context, that is when it is applied in relation to appellate jurisdiction. And I think that I don't need to dwell upon that. But as I can say it no better than Justice Brennan said it in Sun Ship v. Pennsylvania, if counsel's argument is that exclusion of the word "original" then made it necessary for you to interpret it as meaning "exclusive," then that is a tour de force of statutory interpretation, and I begged and borrowed the words from Justice Brennan.

QUESTION: Mr. Jamail, may I get back to the Liepelt question again?

MR. JAMAIL: Yes.

QUESTION: I gather -- do I correctly understand your argument? -- even if this case were tried the day after Liepelt's decision here, you'd be arguing just as you are now?

MR. JAMAIL: I would have to, because Liepelt was talking about an FELA case.

QUESTION: I know. That's what I'm trying to get to. You'd be arguing that no Liepelt construction was required, notwithstanding the case is tried after Liepelt?

MR. JAMAIL: Yes, and I hope and pray that that's what this Court will write.

QUESTION: Well, you would say it would be error to give it. Not only that it wasn't required, it would be error to give it?

MR. JAMAIL: I think it would be under the existing Louisiana law, as it was at the time, Justice White, because we had case law, Louisiana law, and incidentally, there is no confusion under which law this case was tried under. The Court of Civil Appeals emphatically states it was tried under Louisiana law and it was, using the Texas rules of procedure, which we were required to do.

Now, I'm saying, Your Honor, and I don't want to be misunderstood and I certainly don't want to be crosswise with you, this is -- the only one who gets hurt in this is

Mr. Gaedecke. Look at the miscarriage of --

QUESTION: There's nothing wrong with being crosswise with me. Many people are.

MR. JAMAIL: I'm crosswise with too many people already. Let me say this to you, and seriously so, what happens to poor Mr. Gaedecke? The respondent lays back until the statute of limitations runs and then says you don't have any jurisdiction over here. And then he comes in and says, no jurisdiction. Now, what happens to Mr. Gaedecke? The Court can say, well, we will rely on Justice Potter Stewart's opinion in the Chevron v. Huson which said that, well, it would be too harsh and too unjust to send it back now because where is his remedy?

But I'm not relying on that. This is not -- I'm saying the law itself, the Act itself, imposes no exclusive jurisdiction. I hope that that's been made clear and hopefully this Court will not by judicial fiat say, all right, we're going to say exclusive jurisdictions. And incidentally, the character of what happened -- we can't listen to floor debates by Senators and Congressmen who are interested in glomming off some of the profits from the undersea belt. What you've got to do is take it in context.

What did the explanation committee of the floor managers of the bill tell us? What does that teach us?

It says nothing in this Act shall ever be construed to put a

limit on anyone's remedy for injury or death. Now, again, we must assume Congress can read and write English. Some may not, but here we must. They said what they wanted to say. They had two cracks at it to say "exclusive" and both times turned it down. Originally, and in the amendments.

But back to Liepelt. If the Court is going to extend Liepelt -- and I'm asking the Court to do it in a "sunburst" sort of way and not make it retroactive with the harshness that would result to this man, simply because the case was tried, as it had to be, of necessity, under the rules that existed at the time, and both Louisiana substantive law and Texas procedural law forbade its inclusion, the Texas substantive law. He is not properly before this Court on the issue of Liepelt, unless you want to overrule Monger v. Florida. And that's made clear in our brief.

And I can only hope that the Court will not inflict us -- we have to try lawsuits -- with the further burden, as counsel for respondent suggests, a new body of federal law. What's it going to be called? Nobody intended that. It's already very difficult to try one of these cases, and the court said that, and everyone, I think, will agree that the courts below are doing all they can to interpret. I think, whatever happens, there ought to be a clear enunciation, first that there is no exclusivity in the federal court for this type of action for if there had meant to be Congress

would have told us so.

Secondly, that we will not further encroach on state jurisdiction by judicial fiat. And thirdly, that we will not extend Liepelt beyond what it was intended to do.

For what is a jury to do with an instruction without evidence?

Are they to go in and then sit back in the jury room and say, well, I wonder what bracket he'll be in? Will somebody go to the phone and call H. R. Block, maybe he can help us.

What do we do with this? It's already enough confusion. I say that there must be evidence. And if the Court is just going to issue a ukase, a decree, that says, evidence or not, the instruction should be granted, then how do we do this in the face of the Penrod cases, Starnes and Johnson cases, where the Court has ruled -- I was the lawyer that tried those also, unfortunately -- that inflation cannot be considered? Well, what is more speculative than what is going to happen to us taxwise? Is inflation more speculative? It's omitted because even evidence is omitted in a diversity case, which that was.

So, I am asking this Court to confine Liepelt to what it's meant to be, the interpretation of a federal statute, and a death case at that, where the net pecuniary loss is the damage issue involved; and not to insert it into the common law tort action where there are other elements of damages; and certainly to hold that there's no jurisdiction

and to consider the fact of the injustice that will occur to Gaedecke if this case is reversed, and if this Court holds that exclusive jurisdiction lies in the federal courts.

MR. CHIEF JUSTICE BURGER: Thank you, gentlemen. The case is submitted.

(Whereupon, at 3:07 o'clock p.m., the case in the above-entitled matter was submitted.)

MILLERS FALLS

ON CONTEN

### CERTIFICATE

North American Reporting hereby certifies that the 3 attached pages represent an accurate transcript of electronic 4 sound recording of the oral argument before the Supreme Court of the United States in the matter of:

No. 80-590

GULF OFFSHORE COMPANY, A DIVISION OF THE POOL COMPANY

V.

MOBIL OIL CORPORATION, ET AL.

and that these pages constitute the original transcript of the 12 proceedings for the records of the Court.

BY: Cil J. Welm

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