

Supreme Court of the United States
SPRINT COMMUNICATIONS CO.

v.

APCC SERVICES, INC.

Argued April 21, 2008.
Decided June 23, 2008.

Justice BREYER delivered the opinion of the Court.

The question before us is whether an assignee of a legal claim for money owed has standing to pursue that claim in federal court, even when the assignee has promised to remit the proceeds of the litigation to the assignor. Because history and precedent make clear that such an assignee has long been permitted to bring suit, we conclude that the assignee does have standing.

I

When a payphone customer makes a long-distance call with an access code or 1-800 number issued by a long-distance communications carrier, the customer pays the carrier (which completes that call), but not the payphone operator (which connects that call to the carrier in the first place). In these circumstances, the long-distance carrier is required to compensate the payphone operator for the customer's call. The payphone operator can sue the long-distance carrier in court for any compensation that the carrier fails to pay for these “dial-around” calls. And many have done so.

Because litigation is expensive, because the evidentiary demands of a single suit are often great, and because the resulting monetary recovery is often small, many payphone operators assign their dial-around claims to billing and collection firms called “aggregators” so that, in effect, these aggregators can bring suit on their behalf. Typically, an individual aggregator collects claims from different payphone operators; the aggregator promises to remit to the relevant payphone operator (*i.e.*, the assignor of the claim) any dial-around compensation that is recovered; the aggregator then pursues the claims in court or through settlement negotiations; and the aggregator is paid a fee for this service.

* * *

After signing the agreements, the aggregators (respondents here) filed lawsuits in federal court seeking dial-around compensation from Sprint, AT & T, and other long-distance carriers (petitioners here). AT & T moved to dismiss the claims, arguing that the aggregators lack standing to sue under Article III of the Constitution. . . . After consolidating similar cases, a divided panel of the Court of Appeals for the District of Columbia Circuit agreed that the aggregators have standing to sue, but held that the relevant statutes do not create a private right of action. This Court granted the aggregators' petition for certiorari on the latter statutory question, vacated the judgment, and remanded the case On remand, the Court of Appeals

affirmed the orders of the District Court allowing the litigation to go forward. The long-distance carriers then asked us to consider the standing question. We granted certiorari, and we now affirm.

II

We begin with the most basic doctrinal principles: Article III, § 2, of the Constitution restricts the federal “judicial Power” to the resolution of “Cases” and “Controversies.” That case-or-controversy requirement is satisfied only where a plaintiff has standing. And in order to have Article III standing, a plaintiff must adequately establish: (1) an injury in fact (*i.e.*, a “concrete and particularized” invasion of a “legally protected interest”); (2) causation (*i.e.*, a “‘fairly ... trace [able]’ ” connection between the alleged injury in fact and the alleged conduct of the defendant); and (3) redressability (*i.e.*, it is “‘likely’ ” and not “‘merely ‘speculative’ ” that the plaintiff’s injury will be remedied by the relief plaintiff seeks in bringing suit).

. . . The long-distance carriers argue, however, that the aggregators lack standing because it was the payphone operators (who are not plaintiffs), not the aggregators (who are plaintiffs), who were “injured in fact” and that it is the payphone operators, not the aggregators, whose injuries a legal victory will truly “redress”: The aggregators, after all, will remit all litigation proceeds to the payphone operators. Thus, the question before us is whether, under these circumstances, an assignee has standing to pursue the assignor’s claims for money owed.

We have often said that history and tradition offer a meaningful guide to the types of cases that Article III empowers federal courts to consider. . . . And we have discovered that history and precedent are clear on the question before us: Assignees of a claim, including assignees for collection, have long been permitted to bring suit. . . .

A

We must begin with a minor concession. Prior to the 17th century, English law would not have authorized a suit like this one. But that is because, with only limited exceptions, English courts refused to recognize assignments at all.

* * *

The upshot is that by the time Blackstone published volume II of his Commentaries in 1766, he could dismiss the “ancient common law” prohibition on assigning choses in action as a “nicety ... now disregarded.”

B

. . . In the latter half of the 18th century and throughout the 19th century, American courts regularly “exercised their powers in favor of the assignee,” both at law and in equity. . . . Indeed, § 11 of the Judiciary Act of 1789 specifically authorized federal courts to take “cognizance of any suit to recover the contents of any promissory note or other chose in action in favour of an assignee” so long as federal jurisdiction would lie if the assignor himself had brought suit.

Thus, in 1816, Justice Story, writing for a unanimous Court, summarized the practice in American courts as follows: “Courts of law, following in this respect the rules of equity, now

take notice of assignments of choses in action, and exert themselves to afford them every support and protection.” He added that courts of equity have “disregarded the rigid strictness of the common law, and protected the rights of the assignee of choses in action,” and noted that courts of common law “now consider an assignment of a chose in action as substantially valid, only preserving, in certain cases, the form of an action commenced in the name of the assignor.”

It bears noting, however, that at the time of the founding (and in some States well before then) the law did permit the assignment of legal title to at least some choses in action. In such cases, the assignee could bring suit on the assigned claim in his own name, in a court of law. . . .

C

By the 19th century, courts began to consider the specific question presented here: whether an assignee of a legal claim for money could sue when that assignee had promised to give all litigation proceeds back to the assignor. . . . The courts recognized that pre-existing law permitted an assignor to bring suit on a claim even though the assignor retained nothing more than naked legal title. Since the law increasingly permitted the transfer of legal title to an assignee, courts agreed that assignor and assignee should be treated alike in this respect. And rather than abolish the assignor's well-established right to sue on the basis of naked legal title alone, many courts instead *extended the same right to an assignee*. . . .

Thus, during the 19th century, most state courts entertained suits virtually identical to the litigation before us

Of course, the dissent rightly notes, *some* States during this period of time refused to recognize assignee-for-collection suits, or otherwise equivocated on the matter. But so *many* States allowed these suits that by 1876, the distinguished procedure and equity scholar John Norton Pomeroy declared it “settled by a *great preponderance* of authority, although there is some conflict” that an assignee is “entitled to sue in his own name” whenever the assignment vests “legal title” in the assignee, and notwithstanding “any contemporaneous, collateral agreement by virtue of which he is to receive a part only of the proceeds ... or even is to thus account [to the assignor] for the *whole* proceeds.” Other contemporary scholars reached the same basic conclusion. . . . Even Michael Ferguson's California Law Review Comment—which the dissent cites as support for its argument about “the divergent practice” among the courts, *post*, at 14—recognizes that “[a] *majority of courts* has held that an assignee for collection only is a real party in interest” entitled to bring suit.

During this period, a number of federal courts similarly indicated approval of suits by assignees for collection only.

Even this Court long ago indicated that assignees for collection only can properly bring suit. . . .

* * *

Finally, we note that there is also considerable, more recent authority showing that an assignee for collection may properly sue on the assigned claim in federal court.

D

. . . We find this history and precedent “well nigh conclusive” in respect to the issue

before us: Lawsuits by assignees, including assignees for collection only, are “cases and controversies of the sort traditionally amenable to, and resolved by, the judicial process.”

III

* * *

Petitioners argue, for example, that the aggregators have not themselves suffered any injury in fact and that the assignments for collection “do not suffice to transfer the payphone operators' injuries.” It is, of course, true that the aggregators did not originally suffer any injury caused by the long-distance carriers; the payphone operators did. But the payphone operators assigned their claims to the aggregators lock, stock, and barrel. And within the past decade we have expressly held that an assignee can sue based on his assignor's injuries. . . .

Petitioners next argue that the aggregators cannot satisfy the redressability requirement of standing because, if successful in this litigation, the aggregators will simply remit the litigation proceeds to the payphone operators. But petitioners misconstrue the nature of our redressability inquiry. That inquiry focuses, as it should, on whether the *injury* that a plaintiff alleges is likely to be redressed through the litigation—not on what the plaintiff ultimately intends to do with the money he recovers. Here, a legal victory would unquestionably redress the *injuries* for which the aggregators bring suit. The aggregators' injuries relate to the failure to receive the required dial-around compensation. And if the aggregators prevail in this litigation, the long-distance carriers would write a check to the aggregators for the amount of dial-around compensation owed. What does it matter what the aggregators do with the money afterward? The injuries would be redressed whether the aggregators remit the litigation proceeds to the payphone operators, donate them to charity, or use them to build new corporate headquarters. . . .

. . . The dissent's view of redressability, if taken seriously, would work a sea change in the law. Moreover, to the extent that trustees, guardians ad litem, and the like have some sort of “obligation” to the parties whose interests they vindicate through litigation, the same is true in respect to the aggregators here. The aggregators have a *contractual* obligation to litigate “in the [payphone operator's] interest.”

Petitioners also make a further conceptual argument. They point to cases in which this Court has said that a party must possess a “personal stake” in a case in order to have standing under Article III. And petitioners add that, because the aggregators will not actually benefit from a victory in this case, they lack a “personal stake” in the litigation's outcome. The problem with this argument is that the general “personal stake” requirement and the more specific standing requirements (injury in fact, redressability, and causation) are flip sides of the same coin. They are simply different descriptions of the same judicial effort to assure, in every case or controversy, “that concrete adverseness which sharpens the presentation of issues upon which the court so largely depends for illumination.”

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IV

Petitioners argue that, even if the aggregators have standing under Article III, we should nonetheless deny them standing for a number of prudential reasons.

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These third-party cases, however, are not on point. They concern plaintiffs who seek to assert not their own legal rights, but the legal rights of others. Here, the aggregators are suing based on *injuries* originally suffered by third parties. But the payphone operators assigned to the aggregators all “rights, title and interest” in claims based on those injuries. Thus, in the litigation before us, the aggregators assert what are, due to that transfer, *legal rights of their own*. . . .

* * *

Petitioners also point to various practical problems that could arise because the aggregators, rather than the payphone operators, are suing. In particular, they say that the payphone operators may not comply with discovery requests served on them, that the payphone operators may not honor judgments reached in this case, and that petitioners may not be able to bring, in this litigation, counterclaims against the payphone operators. Even assuming all that is so, courts have long permitted assignee lawsuits notwithstanding the fact that such problems could arise. Regardless, courts are not helpless in the face of such problems. . . .

Finally, we note that in this litigation, there has been no allegation that the assignments were made in bad faith. . . .

V

The judgment of the Court of Appeals is affirmed.

It is so ordered.

Chief Justice ROBERTS, with whom Justice SCALIA, Justice THOMAS, and Justice ALITO join, dissenting.

. . . The majority reaches [its] conclusion, in flat contravention of our cases interpreting the case-or-controversy requirement of Article III, by reference to a historical tradition that is, at best, equivocal. That history does not contradict what common sense should tell us: There is a legal difference between something and nothing. Respondents have nothing to gain from their lawsuit. Under settled principles of standing, that fact requires dismissal of their complaint.

I

Article III of the Constitution confines the judicial power of the federal courts to actual “Cases” and “Controversies.” As we have recently reaffirmed, “[n]o principle is more fundamental to the judiciary’s proper role in our system of government than the constitutional limitation of federal-court jurisdiction to actual cases or controversies.” Unlike the political branches, directly elected by the people, the courts derive their authority under Article III, including the power of judicial review, from “the necessity . . . of carrying out the judicial function of deciding cases.” “If a dispute is not a proper case or controversy, the courts have no

business deciding it, or expounding the law in the course of doing so.”

Given the importance of assuring a court's jurisdiction before deciding the merits of a case, “[w]e have always insisted on strict compliance with th[e] jurisdictional standing requirement.” And until today, it has always been clear that a party lacking a direct, personal stake in the litigation could not invoke the power of the federal courts.

In recent years, we have elaborated the standing requirements of Article III in terms of a three-part test-whether the plaintiff can demonstrate an injury in fact that is fairly traceable to the challenged actions of the defendant and likely to be redressed by a favorable judicial decision. But regardless of how the test is articulated, “the point has always been the same: whether a plaintiff ‘*personally*’ would benefit in a tangible way from the court's intervention.” An assignee who has acquired the bare legal right to prosecute a claim but no right to the substantive recovery cannot show that he has a personal stake in the litigation.

* * *

Here, respondents are authorized to bring suit on behalf of the payphone operators, but they have no claim to the recovery. . . . The absence of any right to the substantive recovery means that respondents cannot benefit from the judgment they seek and thus lack Article III standing. “When you got nothing, you got nothing to lose.” Bob Dylan, *Like A Rolling Stone*, on *Highway 61 Revisited* (Columbia Records 1965).

. . . The benefit respondents would receive-the general business goodwill that would result from a successful verdict, the ability to collect dial-around compensation for their clients more effectively-is nothing more than a byproduct of the current litigation. Such an interest cannot support their standing to sue in federal court.

. . . Instead, the majority has replaced the personal stake requirement with a completely impersonal one. The right to sue is now the exact opposite of a personal claim-it is a marketable commodity.

The source of the Court's mistake is easy to identify. The Court goes awry when it asserts that the standing inquiry focuses on whether the *injury* is likely to be redressed, not whether the *complaining party's* injury is likely to be redressed. That could not be more wrong. We have never approved federal-court jurisdiction over a claim where the entire relief requested will run to a party not before the court. Never. The Court commits this mistake by treating the elements of standing as separate strands rather than as interlocking and related elements meant to ensure a personal stake. Our cases do not condone this approach.

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. . . But respondents never had the right to direct the disposition of the recovery; they have only the right to sue. The hypothetical plaintiff who chooses to pledge her recovery to charity, by contrast, will secure a personal benefit from the recovery. . . .

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II

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. . . But the general history of assignments says nothing about the particular aspect of suits brought on assigned claims that is relevant to this case: whether an assignee who has acquired the legal right to sue, but no right to any substantive recovery, can maintain an action in court. On that precise question, the historical sources are either nonexistent or equivocal.

A

* * *

American courts as well understood the common-law rule to require a transfer of interest to the assignee-over and above the “naked right to bring a suit”-that gave the assignee a “valuable right of property.”

. . . During the common-law period at least, it remained an open question whether an assignee for collection, who by agreement took nothing from the suit, had a sufficient interest in the assigned debt to support his right to sue.

To be sure, the assignments at issue here purport to give respondents “all rights, title and interest” in the payphone operators' claims for dial-around compensation. But when severed from the right to retain any of the substantive recovery, it is not clear that common-law courts of law or equity would have treated the assigned right to litigate as incidental or subsidiary to the interest represented by the claim itself.

. . . But even granting this starting point, the Court's recitation of the 19th-century tradition fails to account for the deep divergence in practice regarding the right of assignees with no stake in the substantive recovery to maintain an action in court.

* * *

The majority's survey of 19th-century judicial practice thus ignores a substantial contrary tradition during this period. . . .

Commentators have also called attention to the divergent practice. . . .

This unsettled and conflicting state of affairs is understandable given the transformation in the understanding of the common-law prohibition on suits by assignees with no beneficial interest. The immediate cause for this transformation was the merger of law and equity, and the creation of real party in interest provisions intended to reconcile the two forms of actions. . . .

* * *

. . . The belated innovations of the mid- to late-19th-century courts come too late to provide insight into the meaning of Article III. Although we have sometimes looked to cases postdating the founding era as evidence of common-law traditions, we have never done so when the courts self-consciously confronted novel questions arising from a break in the received tradition, or where the practice of later courts was so divergent. A belated and equivocal tradition cannot fill in for the fundamental requirements of Article III where, as here, those requirements are so plainly lacking.

B

Nor do our own cases establish that we “long ago indicated that assignees for collection only can properly bring suit.” . . .

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C

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But perhaps we should heed the counsels of hope rather than despair. The majority, after all, purports to comply with our Article III precedents, so those precedents at least live to give meaning to “the judiciary's proper role in our system of government” another day. What is more, the majority expressly and repeatedly grounds its finding of standing on its conclusion that “history and precedent are clear” that these types of suits “have long been permitted,” and that there is “a strong tradition” of such suits “during the past two centuries.” This conclusion is, for the reasons we have set forth, achingly wrong-but at least the articulated test is clear and daunting.

* * *