Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

RIVET ET AL. *v.* REGIONS BANK OF LOUISIANA ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

No. 96–1971. Argued January 21, 1998– Decided February 24, 1998

After a partnership mortgaged its interest in the Louisiana equivalent of a leasehold estate to respondent Regions Bank of Louisiana (Bank), the partnership granted a second mortgage to petitioners, and later filed for bankruptcy. The Bankruptcy Court approved a sale of the leasehold estate to the Bank. Thereafter, the Bank acquired the underlying land and sold the entire property to respondent Fountainbleau Storage Associates (FSA). Petitioners then filed this action in Louisiana state court, alleging that transfer of the property without satisfying their rights under the second mortgage violated state law. Respondents removed the action to federal court, contending that federal-question jurisdiction existed because the prior Bankruptcy Court orders extinguished petitioners' rights. The District Court denied petitioners' motion to remand, concluding from the Fifth Circuit's decision in *Carpenter v. Wichita Falls Independent School Dist.*, 44 F. 3d 362, that removal was properly predicated on the preclusive effect of the Bankruptcy Court orders. The court then granted summary judgment to, *inter alios,* the Bank and FSA. In affirming, the Fifth Circuit agreed that under *Carpenter* removal is proper where a plaintiff's state cause of action is completely precluded by a prior federal judgment on a federal question. The court thought *Carpenter*'s holding was dictated by the second footnote in *Federated Department Stores, Inc.* v. *Moitie*, 452 U. S. 394, 397, n. 2.

Held: Claim preclusion by reason of a prior federal judgment is a defensive plea that provides no basis for removal. Such a defense is properly made in the state proceedings, and the state courts' disposition of it is subject to this Court's ultimate review. Pp. 4–8.

(a) Respondents invoked, in support of removal, the district courts' original federal-question jurisdiction under 28 U. S. C. §1441(b). The

presence or absence of such jurisdiction is governed by the "well-pleaded complaint rule," under which "federal jurisdiction exists only when a federal question is presented on the face of the plaintiff's properly pleaded complaint." *Caterpillar Inc.* v. *Williams,* 482 U. S. 386, 392. Because a defense is not part of a plaintiff's properly pleaded statement of his or her claim, see, *e.g., Metropolitan Life Ins. Co.* v. *Taylor,* 481 U. S. 58, 63, removal of a case to federal court may not be predicated on the presence of a federal defense, *Franchise Tax Bd. of Cal.* v. *Construction Laborers Vacation Trust for Southern Cal.,* 463 U. S. 1, 14. As a corollary to the well-pleaded defense rule, "a plaintiff may not defeat removal by omitting to plead necessary federal questions." *Id.,* at 22. If the plaintiff thus "artfully pleads" a claim, a court may uphold removal even though no federal question appears on the face of the complaint. The artful pleading doctrine allows removal where federal law completely preempts an asserted state-law claim, see *Metropolitan Life Ins. Co.,* 481 U. S., at 65–66, for a claim of that preempted character is, from its inception, a claim that can arise only under federal, not state, law. *Caterpillar,* 482 U. S., at 393. Pp. 4–5.

(b) Removal was improper here. Claim preclusion, as Federal Rule of Civil Procedure Rule 8(c) makes clear, is an affirmative defense. A case blocked by the preclusive effect of a prior federal judgment differs from a case preempted by a federal statute: The prior federal judgment does not transform the plaintiff's state-law claims into federal claims but rather extinguishes them altogether. Under the well-pleaded complaint rule, preclusion thus remains a defensive plea involving no recasting of the plaintiff's complaint, and is therefore not a proper basis for removal. The Court's marginal comment in *Moitie* noted that the Court declined, in that case-specific context, to "question . . . [the District Court's] factual finding" that the plaintiffs "had attempted to avoid removal jurisdiction by artfully casting their essentially federal[-]law claims as state-law claims." 452 U. S., at 397, n. 2 (internal quotation marks omitted). While the footnote placed *Moitie* in the "artful pleading" category, it created no preclusion exception to the rule, fundamental under currently governing legislation, that a defendant cannot remove on the basis of a federal defense. Pp. 5–8.

108 F. 3d 576, reversed and remanded.

GINSBURG, J., delivered the opinion for a unanimous Court.