ERISA: JURY TRIAL MANDATED FOR BENEFIT CLAIMS ACTIONS

George Lee Flint, Jr.*

I. INTRODUCTION

Through the Employee Retirement Income Security Act of 1974 (ERISA),¹ Congress intended to provide increased legal remedies for participant-beneficiaries² who are denied benefits from private employee benefit programs. To achieve this goal, Congress provided new federal remedies under federal causes of action that are tried in both federal and state courts.³

Following ERISA's passage, the federal courts, ever hostile to the jury trial that legal remedies entail, have endeavored to thwart this goal. Two facts have aided the federal courts' efforts: (1) ERISA lacks an express provision permitting jury trials in lawsuits by participant-beneficiaries;⁴ and (2) employee benefit programs generally consist of two components—trusts and contracts⁵—which have radically different impacts when determining whether the right to a jury trial exists. Unfortunately, employee benefit law has yet to develop a theoretical legal independence from the body of law that relates to those two strands. Consequently, federal courts can depict employee benefit programs as trusts, a subject for the equity courts, and thereby deny a jury trial in an ERISA action.⁶

---

* Professor of Law, St. Mary's University School of Law, San Antonio, Texas; B.A., 1966, B.S., 1966, M.A., 1968, University of Texas at Austin; Nuc. E., 1969, Massachusetts Institute of Technology; Ph.D. (Physics), 1973, J.D., 1975, University of Texas at Austin.

In contrast, state courts early characterized employee benefit programs as contracts, a subject for the law courts, thereby granting a right to jury trial in an ERISA action. Juries typically respond more favorably to participant-beneficiaries than to the predominantly corporate sponsors of the employee benefit programs.

Thus, whether a participant-beneficiary obtains a jury trial for review of his or her benefit claim denial depends on the forum selected by the participant-beneficiary and whether the plan administrator permits him or her to remain in that forum.

This Article outlines the statutory scheme that permits the dual jurisdiction over ERISA lawsuits for benefits and explains the significance of a jury trial to the participant-beneficiary's lawsuit. This Article then discusses the principles used to determine whether the right to a jury trial exists and reviews the approaches of the appellate courts, emphasizing the failure of the federal circuit courts to properly resolve the jury trial issue. Next, this Article provides the analysis that courts should use to determine whether a participant-beneficiary has a right to a jury trial.

This Article asserts that both ERISA and relevant constitutional provisions require a jury trial in lawsuits by participant-beneficiaries relating to their employee benefits. This eliminates a motive for forum shopping and fosters the congressional goal of providing increased legal remedies for participant-beneficiaries.

II. CONCURRENT JURISDICTION

A. Employee Benefit Programs in General

ERISA generally applies to two types of employee benefit programs: welfare plans and pension plans. These employee benefit programs generally involve four parties: (1) the employer, who makes contributions to the plan and appoints both the plan administrator and the

7. See infra notes 205-08 and accompanying text.
8. See infra notes 92-99 and accompanying text.
9. See infra notes 13-112 and accompanying text.
10. See infra notes 113-93 and accompanying text.
11. See infra notes 194-311 and accompanying text.
12. See infra notes 315-21 and accompanying text.
13. Welfare plans provide benefits in the nature of medical, disability, death, severance, vacation or education benefits. Employee Retirement Income Security Act of 1974, § 3(1)(A), 29 U.S.C. § 1002(2)(A) (1988). A pension plan provides retirement income or deferred income. Id. § 3(2), 29 U.S.C. § 1002(3). There are two types of pension plans: (1) the “defined contribution plan” or “individual account plan” for which the plan document specifies the annual contribution, id. § 3(34), 29 U.S.C. § 1002(34); and (2) the “defined benefit plan,” id. § 3(35), 29 U.S.C. § 1002(35), for which the plan document specifies the amount of the retirement benefit.
trustee;\textsuperscript{14} (2) the plan administrator, who administers the plan;\textsuperscript{15} (3) the trustee, who invests the plan's funds;\textsuperscript{16} and (4) the participant-beneficiary, who receives the benefits.\textsuperscript{17} A single party may serve in more than one of these four roles.\textsuperscript{18} The employer, plan administrator and trustee are all plan fiduciaries.\textsuperscript{19}

There are usually four separate types of plan administrators: (1) an employer;\textsuperscript{20} (2) a management employee, a committee of such persons, or a committee dominated by such persons;\textsuperscript{21} (3) a service provider, such as an insurance company operating under an administrative contract with the plan;\textsuperscript{22} and (4) a committee with an equal number of representatives from management and rank and file employees.\textsuperscript{23} Only the latter type of plan administrator can be disinterested,\textsuperscript{24} or at least truly balanced.\textsuperscript{25}

\textsuperscript{14} Id. § 3(5), 29 U.S.C. § 1002(5)(B); id. § 3(16), 29 U.S.C. § 1002(16)(A).
\textsuperscript{15} Id. § 3(16)(A), 29 U.S.C. § 1002(16)(A).
\textsuperscript{16} Id. § 403(a), 29 U.S.C. § 1103(a).
\textsuperscript{17} Id. § 3(6)-(8), 29 U.S.C. § 1002(6)-(8). See generally Robert A. Frei & James G. Archer, Taxation & Regulation of Pension Plans Under the I.R.C., 1967 U. Ill. L.F. 691, 692-93 (discussing four parties in context of their role in pension plans and relevant tax consequences).
\textsuperscript{18} See supra notes 14-17 and accompanying text.
\textsuperscript{24} Plan administrators that have an interest in the outcome of their decision must satisfy a higher decisional standard than those not so interested. See infra notes 71-79 and accompanying text. The federal courts have long applied the disinterested decisional standard to the jointly administered union plan. See, e.g., Danti v. Lewis, 312 F.2d 345, 348 (D.C. Cir. 1962) (treating this type of administrator as disinterested).
\textsuperscript{25} See George L. Flint, Jr., ERISA: The Arbitrary and Capricious Rule Under Siege, 39 CATH. L. REV. 133, 174-75 (1990); see also Donovan v. Bierwirth, 538 F. Supp. 463, 468 (E.D.N.Y. 1981) (ERISA "contemplates fiduciaries with dual loyalties" and this arrangement
Employee benefit programs divide into two types: single-employer plans in which the firm sponsors a plan only for its employees, and multiple-employer plans in which several firms together sponsor one plan for all of their employees.\textsuperscript{26} Most multiple-employer plans are multi-employer plans maintained pursuant to a collective bargaining agreement with a union, designed to benefit the labor union members of the involved employers.\textsuperscript{27}

Employee benefit programs that are not multi-employer plans ordinarily consist of two separate instruments, both of which govern the benefit program.\textsuperscript{28} The plan instrument which is in the form of a contract defines the rights and duties of the employer, the plan administrator, and the third-party beneficiaries of the contract, namely the participant-beneficiaries. The plan is executed by the employer and initial plan administrators.\textsuperscript{29} A trust instrument, in the form of a trust document, defines the rights and duties of the employer and trustee with respect to the assets of the benefit program, and is executed by the employer and initial trustee.\textsuperscript{30} Sometimes, both instruments appear in the same document executed by the employer, the initial plan administrators, and the initial trustee.\textsuperscript{31} Multi-employer plans also usually have two instruments: (1) the collective bargaining agreement (a contract); and (2) an instrument, labeled a trust document, that establishes a board of trustees,\textsuperscript{32} defines the board's duties, and covers the affairs of both the trust and the plan.\textsuperscript{33}

\begin{footnotesize}
\begin{itemize}
  \item is "an unorthodox departure from the common law rule against dual loyalties"), \textit{aff'd as modified}, 580 F.2d 263 (2d Cir.), \textit{cert. denied}, 459 U.S. 1069 (1982).
  \item 26. \textsc{John H. Langbein} \& \textsc{Bruce Wolk}, \textsc{Pension and Employee Benefit Law} 48 (1990).
  \item 28. \textit{See, e.g.}, Molumby v. Shapleigh Hardware Co., 395 S.W.2d 221, 223 (Mo. Ct. App. 1965) (plan and trust in separate instruments); \textit{see also} \textsc{John H. Langbein}, \textsc{The Supreme Court Flunks Trusts}, 1990 \textsc{Sup. Ct. Rev.} 207, 223 (Gerhard Casper et al. eds., 1991) (pointing out that ERISA does not supplant either trust law or contract law relating to employee benefit programs).
  \item 29. \textit{E.g.}, 5A \textsc{Jacob J. Raskin} \& \textsc{Mark Johnson}, \textsc{Current Legal Forms With Tax Analysis} (MB) 13-1001 to -0021 (1991) (defined benefit program's plan instrument, Form 13.01, without separate trust instrument).
  \item 30. \textit{E.g.}, \textit{id.} at 13-1074 to -1083 (trust instrument for defined benefit program, Form 13.03(II)).
  \item 31. \textit{E.g.}, \textit{id.} at 13-2045 to -2077 (profit-sharing plan and trust, so labeled, in one document, Form 13.13).
  \item 33. \textsc{Employee Benefits Research Institute}, \textit{supra} note 27, at 55-59. The Board typically hires a salaried plan administrator and staff or an outside administration firm to handle
\end{itemize}
\end{footnotesize}
B. Nongovernmental Civil Actions and Jurisdiction

Two federal statutes provide most of the regulation of employee benefit programs: the Labor Management Relations Act of 1947 (LMRA)\(^{34}\) and ERISA.\(^{35}\)

1. LMRA regulation

Government regulation of multi-employer plans and single-employer, union-negotiated plans began with LMRA. This Act primarily regulates collective bargaining agreements.\(^{36}\) LMRA has two provisions of significance to employee benefit programs.

LMRA section 302(c)(5) mandates that employee benefit programs conform to three requirements. First, union officials can only participate in plan administration and fund management as members of a board of trustees on which both labor and management are equally represented.\(^{37}\) As a result of this requirement, labor unions have developed two types of employee benefit programs: (1) programs administered jointly by both union and management pursuant to a collective bargaining agreement, exempted from LMRA provisions proscribing payment to union officials; and (2) programs resulting from the collective bargaining process administered unilaterally by employers and subject to the proscription.\(^{38}\) Co-

---

37. Id. § 302(c)(5), 29 U.S.C. § 186(c)(5).
sequently, the jointly administered multi-employer plans possess a disinterested plan administrator.\(^{39}\)

Second, LMRA section 302(c)(5) requires that programs be funded by a trust.\(^{40}\) Third, this part of LMRA requires the trustees of multi-employer plans to operate them for the sole and exclusive benefit of the participant-beneficiaries. However, this requirement contains no enforcement mechanism.\(^ {41}\) Instead, courts have implied a number of non-governmental, civil actions.\(^ {42}\) Federal jurisdiction for these cases depends on a sufficient structural violation of section 302(c)(5).\(^ {43}\) Under this provision employers, participant-beneficiaries and trustees have sued to enforce fiduciary duties;\(^ {44}\) participant-beneficiaries have also used this provision to sue for benefits due under multi-employer plans.\(^ {45}\)

---

39. See supra notes 23-25 and accompanying text.
41. Id. (prohibiting employer payments to labor unions except for payments to employee trust funds for sole and exclusive benefit of employees and beneficiaries).
42. See infra notes 44-45 and accompanying text.
43. Firestone Tire & Rubber Co. v. Bruch, 489 U.S. 101, 109-10 (1989). Examples of sufficient structural violations are when the trust has an unevenly balanced joint administration, the trust is not established solely to benefit employees, the trust does not have an annual audit or the trust does not set forth a detailed basis for paying benefits. See Bowers v. Ulppiano Casal, Inc., 393 F.2d 421, 424 (1st Cir. 1968); Landau et al., supra note 37, at 538-39.
45. See, e.g., Johnson v. Botica, 537 F.2d 930, 933 (7th Cir. 1976) (former employee sued to challenge denial of disability pension); Lugo v. Employees Retirement Fund of the Illumina-
LMRA section 301(a) provides specific causes of action to enforce contracts under collective bargaining agreements. Courts consider employee benefit plans to be this type of contract. Therefore, LMRA section 301(a) applies to both multi-employer and single-employer, union-negotiated employee plans. Under this interpretation trustees, as parties to the contract, have sued employers for contributions, and participant-beneficiaries, as third party-beneficiaries of the contract, have sued for benefits due and to rectify breaches of various fiduciary duties. Both state and federal courts have jurisdiction for lawsuits under sections 301

46. Labor Management Relations Act of 1947, § 301(a), 29 U.S.C. § 185(a) (1988) ("Suits for violation of contracts between an employer and a labor organization . . . may be brought in any district court" without meeting amount in controversy and diversity requirements.).

47. See infra notes 256-61 and accompanying text.


50. See, e.g., Nedd v. United Mine Workers, 556 F.2d 190, 197 (3d Cir. 1977) (petitioners sued trustees for not exercising trustees' rights under employee benefit plan), cert. denied, 434 U.S. 1013 (1978); Alvares v. Erickson, 514 F.2d 156, 161-64 (9th Cir.) (former union members who had withdrawn from plan sought transfer of moneys contributed on their behalf), cert. denied, 423 U.S. 874 (1975); United Steelworkers v. Butler, 439 F.2d 1110, 1111 (8th Cir.
2. ERISA regulation

The more comprehensive regulation of these collectively bargained plans and most of the remaining single-employer plans began with ERISA. For these plans ERISA specifies reporting and disclosure

1971) (union sued on behalf of employees for wrongfully paid insurance premiums under health plan).

51. The LMRA provision for lawsuits on union contracts states only that these suits "may be brought" in federal court, Labor Management Relations Act of 1947, § 301(a), 29 U.S.C. § 185(a) (1988), so a litigant may also bring the lawsuit in state court, Charles Dowd Box Co. v. Courtney, 368 U.S. 502, 507 (1962).


52. ERISA contains provisions favorable to participants in collectively bargained, multi-employer plans. These provisions preserve participation and benefit rights for a highly mobile workforce on a union- or industry-wide basis. Changing employment between employers included in the plan does not interrupt accrual of benefits and vesting. Employee Retirement Income Security Act of 1974, § 1014, 26 U.S.C. § 413(c)(3) (1988); see also 29 C.F.R. § 2530.203-3 (1991) (distinguishing between multi-employer plans and other plans on this basis). The regulations apply the nondiscrimination tests for employee coverage as if a single employer employed the employees of all employers subject to the same benefit computation
requirements, participation and vesting requirements, funding requirements and fiduciary standards.

ERISA differs from LMRA by specifically providing for express actions with jurisdictional limits. Section 502(a) of ERISA authorizes several types of express, nongovernmental, civil lawsuits by plan fiduciaries and participant-beneficiaries: (1) a participant-beneficiary suit for information; (2) a participant-beneficiary or fiduciary suit (a) to enjoin violations of ERISA or the plan, (b) to obtain other equitable relief to redress such violations, or (c) to enforce ERISA's or the plan's provisions; and (3) a participant-beneficiary lawsuit "to recover benefits due [the participant-beneficiary] under the terms of [the] plan, to enforce his rights under the terms of the plan, or to clarify his rights to future benefits under the terms of the plan." Unlike LMRA, under the jurisdictional provision of ERISA, all litigants must bring suit in federal court except participant-beneficiaries suing for benefits, or the enforcement or clarification of rights, all provided under the plan and not ERISA. The latter litigants may sue either in federal or state court.

54. Id. §§ 201-211, 29 U.S.C. §§ 1051-1061.
56. Id. §§ 401-414, 29 U.S.C. §§ 1101-1114.
57. Id. § 502(a)(1)(A), 29 U.S.C. § 1132(a)(1)(A)(c) (relief provided by § 1132(c) to participant-beneficiary for failure to provide information required by ERISA upon request); see also id. § 502(a)(4), 29 U.S.C. § 1132(a)(4) (appropriate relief to participant-beneficiary for violation of § 1025(c) requiring annual statement to participant of vested benefit).

In any ERISA action the court may award reasonable attorney's fees. Employee Retirement Income Security Act of 1974, § 502(g), 29 U.S.C. § 1132(g)(1).
61. Id. § 502(e)(1), 29 U.S.C. § 1132(e)(1).
C. Participant Preference for State Court

The jury issue under ERISA typically arises in the context of the benefits-due lawsuit. Participant-beneficiaries desiring benefits from employee benefit programs normally apply to plan administrators or their designees, who rule on the application. Plans ordinarily provide plan administrators with discretion in making these decisions. ERISA contemplates this discretion and pre-ERISA law all but mandated it. Tax law once indirectly mandated discretion in benefit payment. State law indirectly mandated discretion in plan interpretation.

62. Any designee of a plan administrator is also a fiduciary. Id. § 3(21)(A), 29 U.S.C. § 1002(21)(A); 29 C.F.R. § 2560.503-1(g)(2) (1991); see supra note 22 and accompanying text.


64. See Langbein, supra note 28, at 220-23 (suggesting that after 1988 all properly drafted plans will provide discretion because of the United States Supreme Court's review rule); see also infra notes 65-68 and accompanying text.

65. ERISA defines a plan administrator as an entity with discretion in the administration of the plan. Employee Retirement Income Security Act of 1974, § 3, 29 U.S.C. § 1002(21)(A) (1988). The significance of the discretion presently deals with the courts' review standard for the decision, because of a misreading of the Supreme Court's directive by the circuit courts. The misreading involves the courts' application of the arbitrary and capricious standard in all cases involving discretion, rather than the abuse of discretion standard, of which the arbitrary and capricious standard is one part and de novo review the other part. See infra notes 71-79 and accompanying text. One commentator, speaking for those draftsmen who risked legal malpractice by ignoring pre-ERISA law and the proper drafting of ERISA plans, concluded that the Supreme Court's directive will mandate the discretion. See Langbein, supra note 28, at 220. ERISA plans based on forms from the pre-ERISA law generally have that discretion. See, e.g., Menke v. Thompson, 140 F.2d 786, 787 (8th Cir. 1944) (action of board in all respects to be final and conclusive, the typical pre-ERISA language granting discretion).

66. See infra notes 67-68 and accompanying text.


68. Several early decisions by courts held that, absent fraud, courts could not review a plan administrator's decision if the plan provided that the plan administrator had discretion to determine eligibility and other matters under the plan and that such decision was conclusive. See, e.g., Harm v. Bay Area Pipe Trades Pension Plan Trust Fund, 701 F.2d 1301, 1304 (9th Cir. 1983) (under trust theory for LMRA plan); Clark v. New England Tel. & Tel. Co., 118 N.E. 348, 351 (Mass. 1918) (under contract theory for employee benefit plan); McNevin v. Solvay Process Co., 53 N.Y.S. 98, 100 (App. Div. 1898) (under gratuity theory for employee benefit plan).
If the plan administrator denies the application, the participant-beneficiary must first appeal the decision to the plan administrator.69 If the plan administrator does not reverse the decision, the participant-beneficiary may sue for recovery of benefits in either federal or state court.70

1. Two approaches to the decision's review

Ordinarily, the issue for the courts in the benefits-due lawsuit is the review of the plan administrator's discretionary decision. The United States Supreme Court, in dicta, has mandated that courts conduct this review under the abuse of discretion standard of trust law.71 This standard consists of essentially two parts: (1) the deferential (to the plan administrator) arbitrary and capricious standard for the disinterested plan administrator with proper motives;72 and (2) de novo review for disinterested plan administrators with improper motives and for interested plan administrators.73

Which abuse of discretion review standard applies depends on the type of plan administrator. The disinterested, properly-motivated plan administrator fails the deferential arbitrary and capricious test when he

benefit plan), aff'd., 60 N.E. 1115 (N.Y. 1901). Without that discretionary provision, courts applied the usual contract construction rule, which requires that courts construe the contract against the employer-draftsman. Compare Menke, 140 F.2d at 791 (discretion so not construed against draftsman) with Sigman v. Rudolph Wurlitzer Co., 11 N.E.2d 878, 879 (Ohio Ct. App. 1937) (no discretion so construed against draftsman). Writers of retirement plans could avoid problems of poor draftsmanship by providing the plan administrator with the discretion to interpret the plan and determine conclusively any controversy between the plan and the participant-beneficiary.

70. Id. § 502(a)(1)(B), (e)(1), 29 U.S.C. § 1132(a)(1)(B), (e)(1). The participant-beneficiary must exhaust the plan's appeal procedure before bringing the benefit denial to a court. See, e.g., Springer v. Wal-Mart Assocs. Group Health Plan, 908 F.2d 897, 899 (11th Cir. 1990); Merritt v. Confederation Life Ins. Co., 881 F.2d 1034, 1035 (11th Cir. 1989); Wolf v. National Shopmen Pension Fund, 728 F.2d 182, 185 (3d Cir. 1984); Jenkins v. Local 705 Int'l Bhd. of Teamsters Pension Plan, 713 F.2d 247, 254 (7th Cir. 1983); Amato v. Bernard, 618 F.2d 559, 567-68 (9th Cir. 1980). But see Curry v. Contract Fabricators Inc. Profit Sharing Plan, 891 F.2d 842, 846-47 (11th Cir. 1990) (exception to exhaustion when resort to administrative process is futile); Anderson v. Alpha Portland Indus., 727 F.2d 177, 180-85 (8th Cir. 1984) (exception to exhaustion of remedies rule for retirees who are not owed duty of fair representation by union), cert. denied, 471 U.S. 1102 (1985).
71. Firestone Tire & Rubber Co. v. Bruch, 489 U.S. 101, 115 (1989) (dealing with plan not granting plan administrator discretion); see also Langbein, supra note 28 (suggesting Supreme Court drew review principle from wrong body of law). This Article agrees. However, the review principle is the same under either the trust law used by the Supreme Court or the contract law used by Langbein and this Article. See infra notes 82-87 and accompanying text.
72. See, e.g., 1 RESTATEMENT (SECOND) OF TRUSTS § 187 cmt. e (1959).
73. See, e.g., id. § 187 cmt. g; see also Flint, supra note 25, at 168-72 (explaining application of this standard to plan administrators).
or she fails to have one of several logical reasons and some evidence to support his or her decision.\textsuperscript{74} The disinterested, improperly motivated plan administrator is one who decides from an improper motive other than self-dealing, such as hatred, and is also described as acting in “bad faith.”\textsuperscript{75} The interested plan administrator is one who decides from a dishonest motive, such as self-dealing, and is described as acting in “bad faith.”\textsuperscript{76} These latter two types of plan administrators fail de novo review when their decision disagrees with the judicial fact finder's decision.\textsuperscript{77}

Since only plan administrators of multi-employer plans are currently disinterested, the de novo review should apply to most plans.\textsuperscript{78} Most courts, however, continue to use the deferential arbitrary and capricious standard in all benefits-due lawsuits involving a review of the plan administrator's decision.\textsuperscript{79}

The Supreme Court's standard of review is the same as that used under contract law.\textsuperscript{80} As is the case with any area of developing law dealing with a new instrument, courts have struggled with employee benefits law in an effort to determine which previously existing bodies of law should provide a basis of analogous rules. As the plan instruments are essentially founded on two bodies of law—contract law and trust law—each with a different nature, courts have eventually considered employee benefit programs as either one or the other. As contracts rarely provide for discretionary decisions,\textsuperscript{81} courts which consider employee benefit pro-

\textsuperscript{74} Flint, supra note 25, at 140-43, 169-70.
\textsuperscript{75} Id. at 172 n.186.
\textsuperscript{76} Id. at 170-71.
\textsuperscript{77} See, e.g., id. at 167-72. Post-\textit{Bruch} cases have failed to follow this rule since they interpret \textit{Bruch} as denying de novo review in the presence of discretion. See, e.g., \textit{In re Gulf Pension Litig.}, 764 F. Supp. 1149, 1181 (S.D. Tex. 1991).
\textsuperscript{78} See supra notes 20-25 and accompanying text.
\textsuperscript{80} See infra notes 81-87 and accompanying text.
\textsuperscript{81} See, e.g., 3A ARTHUR CORBIN, CORBIN ON CONTRACTS § 644, at 78 (1964) (explaining that such provisions must be clearly expressed or courts will not enforce them); see also Clark v. New England Tel. & Tel. Co., 118 N.E. 348, 351 (Mass. 1918) (finding analogous provision to pension plan's discretion provision only in buyer's satisfaction clauses in sales contracts and architects' approval clauses in construction contracts).
grams to be contractual in nature have analogized them to construction contracts with a provision for an architect's certificate of progress, 82 or to sales contracts with a provision for buyer's satisfaction. 83 But whether

82. See infra note 84.

Construction contracts often contain a provision that an architect or engineer will conclusively determine the sufficiency of the contractor's work. Under this provision the architect or engineer supervises the work and issues a certificate of progress under which the owner pays the contractor. Courts review the architect's or engineer's decision under a standard containing both tests of the abuse of discretion standard, namely, a test for a logical reason when properly motivated (the arbitrary and capricious standard) and a test for improper motive when improperly motivated (the de novo review standard). See, e.g., Public Water Supply Dist. No. 8. v. Maryland Casualty Co., 478 S.W.2d 293, 295 (Mo. 1972) (applying de novo review), modified on other grounds, 513 S.W.2d 311 (Mo. 1974); Travis-Williamson County Water Control & Improvement Dist. v. Page, 358 S.W.2d 158, 162 (Tex. Civ. App. 1962) (applying arbitrary and capricious standard), aff'd in part, rev'd in part on other grounds, 367 S.W.2d 307 (Tex. 1963). The architect's or engineer's decision is final and binds the parties unless in rendering a decision he or she acted fraudulently or made such a gross mistake as to imply bad faith or a failure to exercise an honest judgment. E.g., Continental Casualty Co. v. Wilson-Avery, Inc., 156 S.E.2d 152, 155 (Ga. Ct. App. 1967) (architect upheld); James I. Barnes Constr. Co. v. Washington Township, 184 N.E.2d 763, 764 (Ind. Ct. App. 1962) (engineer overruled on conflicting evidence); Public Water Supply Dist. No. 8, 478 S.W.2d at 296 (engineer upheld); Antrim Lumber Co. v. Bowline, 460 P.2d 914, 921, 923 (Okla. 1969) (engineer overruled as evidence sustained jury finding of measurement error); Travis-Williamson, 358 S.W.2d at 162 (engineer overruled as evidence sustained jury finding of failure to issue certificate for substantial completion when only needed clean-up and adjustment work); see Ruckman & Hansen, Inc. v. Delaware River & Bay Auth., 244 A.2d 277, 278 (Del. 1968) (Director of Authority); O.K. Johnson Elec. v. Hess-Martin Corp., 464 P.2d 206, 210-11 (Kan. 1970) (in dicta, architect overruled as decision outside scope of clause); City of Baltimore v. Allied Contractors, 204 A.2d 546, 552 (Md. 1964) (Director of Public Works); Henry B. Byors & Sons v. Board of Water Comm'r's, 264 N.E.2d 677, 664 (Mass. 1970) (in dicta, architect overruled as decision outside scope of clause); see also 1 RESTATEMENT OF CONTRACTS § 303(b)-(f) (1932) (listing instances in which condition precedent requiring architect's certificate will be excused).

Failure to exercise an honest judgment is equivalent to "arbitrary and capricious" action. E.g., Tobin Quarries v. Central Neb. Pub. Power & Irrigation Dist., 64 F. Supp. 200, 207 (D. Neb.) (court not to uphold architect or engineer for an arbitrary action), aff'd, 157 F.2d 482 (8th Cir. 1946); Clack v. State Dep't of Pub. Works, 275 Cal. App. 2d 743, 747, 80 Cal. Rptr. 274, 276-77 (1969) (engineer's arbitrary act without reason gross error, not bad faith); Edward Edinger Co. v. Willis, 260 Ill. App. 106, 121 (1931) (arbitrary non-action by architect is fraud); Terminal Constr. Corp. v. Bergen County Sewer Auth., 113 A.2d 787, 799 (N.J. 1955) (engineer's arbitrary action without reason is fraud); Savin Bros. v. State, 405 N.Y.S.2d 516, 519 (App. Div. 1978) (no indication that engineer's acts were unreasonable so as to constitute bad faith), aff'd, 393 N.Y.2d 1041 (N.Y. 1979); Goodrum v. State, 158 S.W.2d 81, 86-87 (Tex. Civ. App. 1942) (court will not uphold architect or engineer for acting capriciously, arbitrarily or fraudulently); accord Huey v. Davis, 556 S.W.2d 860, 864 (Tex. Civ. App. 1977) (upholding architect approval in land covenant), rev'd on other grounds, 571 S.W.2d 859 (Tex. 1978); see 41 U.S.C. § 321 (1990) (government officer decision in government contract conclusive, unless fraudulent or capricious or arbitrary or so grossly erroneous as to imply bad faith or not supported by substantial evidence).

83. See infra note 84.

Sales contracts sometimes have a condition that the goods will be satisfactory to the buyer, thereby qualifying the buyer's obligation to purchase. A court reviews the buyer's dis-
the court used the contractual approach or the trust approach, the review standard for the discretionary decision was still the same. Thus, the abuse of discretion review standard for employee benefit programs has a dual origin: contract law and trust law. Even the plan document


84. In the seminal state case concerning review of a plan administrator's discretionary decision under the contract approach, Clark v. New England Tel. & Tel. Co., 118 N.E. 348 (Mass. 1918), the court analogized the plan, comprised solely of employer contributions and administered by an employer-appointed plan administrator, to a construction contract with a provision for an architect's or engineer's certificate, or a sales contract with a provision for buyer's satisfaction. *Id.* at 349. Under these types of contractual provisions one party would provide the building or goods to the satisfaction of the architect, engineer or buyer. Following the precedent for these provisions, see supra notes 82-83, the court concluded that it would overturn the plan administrator's discretionary decision only after finding evidence of "want of good faith." *Id.* at 350. This is the second test of the abuse of discretion standard.


85. Another approach adopted by the courts considers the employee benefit plan as a trust and applies trust law. Trust law also mandates use of the abuse of discretion standard to review a trustee's discretionary decision. *1 RESTATEMENT (SECOND) OF TRUSTS* § 187 (1959). This standard also applies when the trustee has discretionary authority to interpret the trust instrument. *E.g.,* Taylor v. McClave, 15 A.2d 213, 215 (N.J. Ch. 1940); *GEORGE G. BOGERT ET AL., THE LAW OF TRUSTS AND TRUSTEES* § 559, at 169-71 (1980).

Most state courts use the contractual approach. *See infra* note 208 and accompanying text. However, following the trust law precedent, a few state courts concluded that they would overturn the plan administrator's discretionary decision only after finding evidence of want of
good faith or an absence of a reasonable judgment. E.g., Leigh v. Estate of Leigh, 284 N.Y.S.2d 991, 994-95 (Sup. Ct. 1967) (arbitrary or bad faith).


So under the trust approach, the review standard comprises both tests of the abuse of discretion standard.

86. Fact finders ordinarily construe ambiguous contracts against the drafter. Moulor v. American Life Ins. Co., 111 U.S. 335, 341-43 (1884) (insurance contract); Grace v. American Century Ins. Co., 109 U.S. 278, 282 (1883) (same); Liberty Mut. Ins. Co. v. Hercules Powder Co., 224 F.2d 293, 294 (3d Cir. 1955) (same). However, this rule does not apply when the plan administrator has interpretative discretion. See supra notes 65-68 and accompanying text. Instead, the fact finder must use the abuse of discretion standard. See supra note 84 and accompanying text.

87. To interpret trusts, courts generally use the construction rules applicable to written instruments, namely contracts, deeds and wills. See, e.g., Murphy v. Morris, 141 S.W.2d 518, 520 (Ark. 1940); Storkan v. Ziska, 94 N.E.2d 185, 188 (Ill. 1950); In re Work Family Trust, 151 N.W.2d 490, 492 (Iowa 1967); In re Hauck’s Estate, 223 P.2d 707, 710 (Kan. 1950); Hart v. First Nat’l Bank, 112 So. 2d 565, 567 (Miss. 1959); In re Mann’s Estate, 56 N.W.2d 621, 623 (Neb. 1953); Marks v. Southern Trust Co., 310 S.W.2d 435, 437-38 (Tenn. 1958); William Buchanan Found. v. Shepperd, 283 S.W.2d 325, 333 (Tex. Civ. App. 1955), rev’d on other grounds, 289 S.W.2d 553 (Tex. 1956). In the event of ambiguity, courts ordinarily construe the trust in favor of the beneficiary and against the settlor. See, e.g., Brennan v. Bennett, 420 F.2d 19, 24 (8th Cir. 1970) (Iowa law); Funsten v. Commissioner, 148 F.2d 805, 808 (8th Cir. 1945) (Missouri law); Seassongood v. United States, 351 F. Supp. 486, 491 (S.D. Ohio 1971) (Ohio law); Sale v. World Oil Co., 6 F. Supp. 321, 327 (N.D. Tex. 1933) (Texas law), aff’d sub nom. Humble Oil & Ref. Co. v. Campbell, 69 F.2d 667 (5th Cir.), cert. denied, 292 U.S. 648 (1934); In re Greenleaf’s Estate, 101 Cal. App. 2d 658, 661-62, 225 P.2d 945, 948 (1951); Lyman v. Stevens, 197 A. 313, 316 (Conn. 1938); St. Louis Union Trust Co. v. Clarke, 178 S.W.2d 359, 365 (Mo. 1944); Osborn v. Bankers Trust Co., 5 N.Y.S.2d 211, 215 (Sup. Ct. 1938); Damiani v. Lobasco, 79 A.2d 268, 271 (Pa. 1951); McCollum v. Braddock Trust Co., 198 A. 803, 805 (Pa. 1938); Wood v. Paul, 95 A. 720, 722 (Pa. 1915). But as with contract interpretation, this rule does not apply when the trustee has interpretative discretion. See supra notes 65-68. Instead, the fact finder must use the abuse of discretion standard. See supra note 85 and accompanying text. To the extent the interpretation of the trust instrument involves issues of fact, some courts have discretion to submit them to a jury. See Georgopolis v. George, 54 N.W.2d 137, 141 (Minn. 1952).
rules for benefits-due lawsuits regardless of whether courts and litigants treat the issues as arising under contract theory or trust theory.

2. Two different jury trial results

There is, however, a major difference between these two interpretational approaches when it comes to the right to trial by jury. Courts that consider benefits-due lawsuits contract-like, and therefore legal in nature, submit them to a jury trial, while courts that regard them as

88. Courts consider contract matters as legal in nature because in pre-1791 England, litigants brought these actions under writs of assumpsit or debt, at law with trial by jury. JOHN H. BAKER, AN INTRODUCTION TO ENGLISH LEGAL HISTORY 285-87 (2d ed. 1979). Consequently, an action for money damages from a breach of contract in federal court entitles one to a jury trial under the Seventh Amendment of the United States Constitution, see, e.g., Ross v. Bernhard, 396 U.S. 531, 542 (1970) (New York law; even when action for money damages coupled with equitable action for breach of fiduciary duty, action merits jury trial), as does an action for a declaratory judgment on the amount owing under a contract. An action brought for declaratory relief does not obscure the essentially legal nature of the underlying issues if the questions involved are traditional common law issues that should be submitted to a jury. See, e.g., Simler v. Conner, 372 U.S. 221, 223 (1963) (Oklahoma law; jury trial granted for declaratory action); Johnson v. Fidelity & Casualty Co., 238 F.2d 322, 324 (8th Cir. 1956) (Minnesota law). The same principal applies for an accounting under a contract for a money judgment. See, e.g., Dairy Queen v. Wood, 369 U.S. 469, 476-77 (1962) (Pennsylvania law; claim for amount due under contract wholly legal in nature thus jury trial mandated). The only contract action that is not legal in nature but equitable, and thus does not require a jury, is an action for specific performance through an injunction. See, e.g., Klein v. Shell Oil Co., 386 F.2d 659, 663 (8th Cir. 1967) (Minnesota law); Rash v. Peoples Deposit Bank & Trust Co., 192 F.2d 470, 471 (6th Cir. 1951) (Kentucky law), cert. denied, 343 U.S. 909 (1952). An action for rescission, not of interest to a benefits-due lawsuit, may be legal or equitable, depending on the remedy sought. 5 CORBIN, supra note 81, §§ 1102-1103, at 548-57.

One contract matter ordinarily is left to the court and not the jury, namely, interpretation of the contract. E.g., Fashion House, Inc. v. K Mart Corp., 892 F.2d 1076, 1083 (1st Cir. 1989) (Michigan law); Ingram Coal Co. v. Mower Ltd. Partnership, 892 F.2d 363, 365 (4th Cir. 1989) (West Virginia law); Technical Consultant Servs. v. Lakewood Pipe of Tex., Inc., 861 F.2d 1357, 1362 (5th Cir. 1989) (Texas law); Brookhaven Landscape & Grading Co. v. J.F. Barton Contracting Co., 681 F.2d 734, 735 (11th Cir. 1982) (Georgia law); Apponi v. Sunshine Biscuits, Inc., 652 F.2d 643, 651 n.12 (6th Cir. 1981) (Ohio law; pension plan is contract). However, when the contract language is ambiguous, then a jury determines the parties' intent from evidence. See, e.g., Technical Consultant Servs., 861 F.2d at 1362 (submitting question of intent to jury); Brookhaven Landscape & Grading Co., 681 F.2d at 735; Apponi, 652 F.2d at 651 n.12; Nevets C.M., Inc. v. Nissho Iwai American Corp., 726 F. Supp. 525, 531 (D.N.J. 1989) (New Jersey law), aff'd, 899 F.2d 1218 (3d Cir. 1990). But a court, not a jury, determines whether an ambiguity exists. E.g., Toren v. Braniff, Inc., 893 F.2d 763, 765 (5th Cir. 1990) (Texas law); Fashion House, Inc., 892 F.2d at 1083; Apponi, 652 F.2d at 651 n.12; PPG Indus. v. Shell Oil Co., 727 F. Supp. 285, 287 (E.D. La. 1989) (Texas law); Nevets C.M., Inc., 726 F. Supp. at 531; Williams v. National Can Corp., 603 F. Supp. 1268, 1275 (N.D. Ind. 1985) (Indiana law). Since benefits-due lawsuits frequently involve only plan interpretation, see Flint, supra note 25, at 134 n.5, the employee-beneficiary might not obtain a jury trial under contract law without an ambiguity.

89. See infra note 212 and accompanying text.
trust-like, and therefore equitable in nature, will not submit them to a jury.

Most participant-beneficiaries fare better with a jury. Juries, an expression of democracy, are generally unsympathetic to large corporations and insurance companies, namely, the sometime plan sponsors and frequent plan administrators. However, federal courts have a history of hostility to the jury trial. Consequently, participant-beneficiaries file

---

90. Courts consider trust matters generally as equitable in nature since in pre-1791 England they were brought in the chancery court. Baker, supra note 88, at 242-44. So courts try actions by beneficiaries involving trust matters without a jury, even when the only relief sought is the recovery of money. E.g., Clews v. Jamieson, 182 U.S. 461, 479 (1901) (Illinois law); Oelrichs v. Spain, 82 U.S. (15 Wall.) 211, 228 (1872) (federal law); see Boone v. Wachovia Bank & Trust Co., 163 F.2d 809, 812 (D.C. Cir. 1947) (trust matters are for court of equity); 1 Restatement (Second) of Trusts §§ 197-198 (1959) (same). The exception to this rule is an action in the nature of money had and received to obtain money immediately and unconditionally due, which is legal and carries a right to a jury trial. Id.; see Transamerica Occidental Life Ins. Co. v. Digregorio, 811 F.2d 1249, 1252 (9th Cir. 1987) (applying rule to pension plan and trust to permit jury trial).

91. See infra note 213 and accompanying text.

92. See, e.g., John Guinther, The Jury in America 44 (1988) (lawyers believe juries are more generous than judges for plaintiffs); Hans Zeisel et al., Delay in the Court 72 (1959) (study of personal injury suits in New York City in 1950 showed juries award on average twice as much money as judges).

93. Alexis de Tocqueville, Democracy in America 281, 283 (Henry Reeve trans., 1840) (jury places direction of society in hands of governed, not government); Guinther, supra note 92, at 27 (result of Bushel's case, 124 Eng. Rep. 1006, 89 Eng. Rep. 2 (1670)); id. at 220 (describing jury "as an instrument of the people to invoke changes in public policy and private conduct"); 7 Thomas A. Jefferson, Writings 422-23 (1903) (letter dated July 19, 1789, explaining that it is better to have people affect execution of laws through juries than in making laws); 12 Thomas A. Jefferson, Papers 425, 440, 558 (1955) (various letters 1787-1788 expressing necessity of civil jury trial in Constitution to protect people's liberty); Patrick E. Higginbotham, Continuing the Dialogue: Civil Juries and the Allocation of Judicial Power, 56 Tex. L. Rev. 47, 58-60 (1977) (describing jury as democratic check on judicial power).

94. See, e.g., Guinther, supra note 92, at xiv (explaining origins of anti-jury movement in allegedly high awards in judgments against businesses); Mark A. Peterson, Civil Jury Verdicts in Cook County 35-37 (1984) (study of Chicago lawsuits indicated corporate defendants pay two and one-half to four times more than do individuals when injuries are severe); Rand Corporation, Report on the First Four Years 20-21 (1984) (same, in San Francisco).

95. Dale W. Broeder, The University of Chicago Jury Project, 38 Neb. L. Rev. 744, 751 (1958) (discussing mock jury experiment in which plaintiff's recovery is greater when jury is aware of defendant's insurance coverage); Philip D. Caldevone, Comment, Advertising the Economics of High Jury Awards, 37 Wash. & Lee L. Rev. 1175, 1185 (1980) (discussing insurance industry's advertising campaign to counter high jury awards against insureds); see Michael A. Hatchell, Insurance Advertising: Much Ado about Nothing, 10 St. Mary's L.J. 427, 428-55 (1979) (discussing Texas state law restrictions on interjecting matter of insurance in case); Thomas A. Vetter, Voir Dire II: Liability Insurance, 29 Mo. L. Rev. 305, 307-16 (1964) (same, Missouri law).

their benefits-due lawsuits in state court where they find the right to jury

Remedies at law: use of equity in admiralty case; dams, etc. Constance Witter v. Brewster, Kirby 422, 423 (Conn. 1788) (civil trespass); JAMES D. Chip. (Vt. 1824) (criminal); Preface, 1 D. Chi.

American juries early on had the right to disregard the common law in rendering their decisions. See, e.g., Witter v. Brewster, Kirby 422, 423 (Conn. 1788) (civil trespass); JAMES ALEXANDER, A BRIEF NARRATIVE OF THE CASE AND TRIAL OF JOHN PETER ZENGER (17 How. St. Tr. 675 (1735)) 68-69, 72-74 (1735) (2d ed. Katz, 1972) (criminal); Preface, 1 D. Chip. (Vt. 1824) (criminal and civil matters in Connecticut, New Hampshire, Rhode Island and Vermont colonial juries). The Supreme Court however opposes this view, providing that the jury must follow the law as instructed by the judge at least in criminal matters. E.g., Berra v. United States, 351 U.S. 131, 134-35 (1956); Sparf & Hanson v. United States, 156 U.S. 52, 101-03 (1895). See generally Leary J. Simson, Jury Nullification in the American System, 54 Tex. L. Rev. 488 (1976) (providing modern rationale against jury nullification in criminal cases). Federal courts apply the rule in civil cases also. See, e.g., Loew's Inc. v. Cole, 185 F.2d 641, 658-59 (9th Cir. 1950) (reversing prior decision which left question of law to jury, cert. denied, 340 U.S. 954 (1951); Union Bag & Paper Corp. v. Mitchell, 177 F.2d 909, 111 (5th Cir. 1949) (same); Wright v. Farm Journal, 158 F.2d 976, 978 (2d Cir. 1947) (same); Sprinkle v. Davis, 104 F.2d 487, 489 (4th Cir. 1939) (same); see also Skidmore v. Baltimore & O.R.R., 167 F.2d 54, 58-59 (2d Cir.) (explaining arguments for and against jury nullification, cert. denied, 335 U.S. 816 (1948).

Prior to the merger of courts of law and equity, the right to a jury trial caused little problem since the matter depended on the court in which the plaintiff filed the action. LARRY TEPLEY & RALPH WHITTEN, CIVIL PROCEDURE 609 (1991). However, along with the merger, problems would arise for mixed actions and actions conditioned on a result from the other type of action. Id. When the federal courts began this merger in 1915, see Judiciary Act of 1915, Pub. L. No. 63-278, 38 Stat. 956 (adding § 274(c) to Judiciary Act of 1911 to permit equitable defenses to be interposed in actions at law), their goal was to prevent any expansion of jury trial. See Liberty Oil Co. v. Condon Nat'l Bank, 260 U.S. 235, 242 (1922) (requiring
trials to be more likely. 97 To avoid the prospect of a jury trial, plan administrators, in turn, remove the lawsuit as a federal cause of action to federal court 98 and then move to strike the jury request of the partic-

judge to try equitable defense). The adoption of the Federal Rules of Procedure in 1938 completed the merger with the goal that the rules not expand the right to jury trial. Fleming J. James, Trial by Jury and the New Federal Rules of Procedure, 45 YALE L.J. 1022, 1025-26 (1936). See infra note 97 for the state reaction to these three matters.

97. Although generally the state judicial systems follow the federal lead concerning jury restriction, states have not followed the complexity exception and a few states have expanded the jury role by permitting jury nullification in criminal cases, namely, Indiana and Maryland, and by permitting jury trials in equity cases, namely, Alabama, Arizona, Georgia, Louisiana, North Carolina, Tennessee, and Texas. State courts that have faced the complexity exception to the right to a jury trial have denied it. E.g., Farmer v. Loofbourrow, 267 P.2d 113, 115 (Idaho 1954); Cloonan v. Goodrich, 167 P.2d 303, 314 (Kan. 1946); Estey v. Holdren, 267 P. 1098, 1099 (Kan. 1928); Nordeen v. Buck, 82 N.W. 644, 644 (Minn. 1900); M.J. Murphy & Sons v. Peters, 62 A.2d 718, 719 (N.H. 1948); Douglas v. United States Fidelity & Guar. Co., 127 A. 708, 710 (N.H. 1924); Daley v. Kennett, 78 A. 123, 124 (N.H. 1910); Watkins v. Siler Logging Co., 116 P.2d 315, 322 (Wash. 1941).

Jury nullification for criminal matters is protected in the constitutions of Indiana and Maryland. IND. CONST. art. 1, § 19; Md. CONST. Declaration of Rights, § 23. See generally Mark Dewolfe Howe, Juries as Judges of Criminal Law, 52 HARV. L. REV. 582, 590-93 (1939) (describing various states permitting jury nullification or forgiveness at various times).

All states but three have constitutional provisions preserving the right to a jury trial in common law actions, with one of the remaining three preserving it through statute. See infra note 176. These states are equal to the federal system. Seven states have constitutional or statutory provisions extending it to equity actions. See infra note 183. These states exceed the federal system. Moreover, states began the merger of law and equity with the code promul­gated by David Dudley Field, first adopted in New York in 1848, see Act of Apr. 12, 1848, ch. 379, § 208, 1848 N.Y. Laws 497, 536 (“[I]n an action for the recovery of money only, or of specific real or personal property, there shall be an issue of fact, it must be tried by a jury.”), and widely adopted shortly thereafter elsewhere. See, e.g., Charles Cook, THE AMERICAN CODIFICATION MOVEMENT (1981) (states and territories adopting the Field Procedural Code before 1865 were Missouri, California, Kentucky, Iowa, Minnesota, Washington, Nebraska, Wisconsin, Kansas, Georgia, Nevada, Dakota Territory, Idaho, Arizona and Montana); Fleming J. James, Right to Trial in Civil Actions, 72 YALE L.J. 655, 665, 669-85 (1963). The purpose of the Field Procedural Code was to increase the number of actions subject to a jury trial, FIRST REPORT OF THE NEW YORK COMMISSIONERS ON PRACTICE AND PLEADINGS 185 (1848) (“We propose an extension of the right of trial by jury to many cases, not within the constitutional provision.”), but the courts in the states adopting the Field Procedural Code limited the right to a jury trial to the state’s constitutional provision preserving the jury trial in common law actions. James, supra, at 667 n.65.

pant-beneficiary. 99

The main reason large entities fear juries is the possibility for extra-contractual and punitive damages, which involve prejudicial issues. 100 However, extra-contractual 101 and punitive 102 damages are not recoverable in an ERISA action. Because these prejudicial damages are outside the scope of the ERISA case, the jury should function well. 103 More-
over, modern courts have numerous techniques for controlling juries, such as motions to dismiss,\textsuperscript{104} motions for judgments on the pleadings,\textsuperscript{105} motions for summary judgment,\textsuperscript{106} exclusion of evidence,\textsuperscript{107} directed verdicts,\textsuperscript{108} jury instructions,\textsuperscript{109} special verdicts,\textsuperscript{110} motions for judgment notwithstanding the verdict\textsuperscript{111} and motions for new trial.\textsuperscript{112} Litigants and courts should thus encounter few problems handling the benefits-due lawsuit by jury trial.

III. Court Decisions

Several appellate courts have considered whether a litigant may require a jury trial for ERISA nongovernmental, civil lawsuits. Whether a remedy pursuant to a congressional enactment requires a jury trial ordinarily depends on whether the litigant files the lawsuit in federal or state court.

A. Jury Determination Principles

Federal law determines the right to a jury trial in federal court, even when the cause of action arises under state law.\textsuperscript{113} A federal law determination involves two considerations. First, did Congress intend, either explicitly or implicitly, that the remedy require a jury trial?\textsuperscript{114} If not, does the Seventh Amendment to the United States Constitution require a jury trial?\textsuperscript{115}

The United States Supreme Court has developed a method for deter-
mining whether the Seventh Amendment requires a jury trial.116 Congressionally created causes of action117 that are analogous to "suits at common law" prior to adoption of the Seventh Amendment in 1791 require a jury trial.118 Actions that are analogous to suits tried in equity or admiralty prior to 1791 do not require a jury trial.119 To make this determination the Court looks to both the nature of the action and the remedy sought. First the Court makes a comparison of actions.120 Second the Court examines the remedy sought.121

In contrast, state law determines the right to a jury trial in state court even when the cause of action arises under federal law.122 An exception is if the right to a jury trial is a substantial part of the substantive rights accorded by federal statute.123 Thus, the state law determination involving a federal cause of action, such as a benefits-due lawsuit, involves three considerations. The first consideration is the same as under federal law: did Congress intend the cause of action to have a right to jury trial?124 Second and third, does a state constitution or a state statute require a jury trial?125

In applying the principles for determining the right to a jury trial, courts use the same two approaches used by the pre-ERISA courts. The federal courts analogize the employee benefit program to multi-employer

118. Id.
119. Id. at 193-95; Parsons v. Bedford, 28 U.S. (3 Pet.) 433, 446-47 (1830).
125. The Seventh Amendment does not apply to state courts. See Fay v. New York, 332 U.S. 261, 288 (1947); see also Wagner Elec. Mfg. Co. v. Lyndon, 262 U.S. 226, 232 (1923) (holding petitioner's claim of entitlement to have cause heard before full court erroneous because it was matter of Missouri law); New York Cent. R.R. v. White, 243 U.S. 188, 207-08 (1917) (holding denial of trial by jury not inconsistent with due process).
plans. In certain instances pre-ERISA law applied trust law to multi-employer plans, since LMRA specifically requires them to be in trust form. Thus, federal courts conclude that employee benefit programs are trust-like in nature and consequently the ERISA actions are equitable actions, which generally do not require a jury trial. In contrast, state courts continue to use their pre-ERISA law that applied contract law. State courts therefore conclude that employee benefit programs are contractual in nature and consequently the ERISA actions generally are actions at law, which require a jury trial.

B. Federal Decisions

Most federal courts deny a jury trial for benefits-due lawsuits under ERISA. Their decisions derive solely from Wardle v. Central States, Southeast & Southwest Areas Pension Fund. This is a poorly reasoned opinion. In Wardle the Seventh Circuit Court of Appeals noted that ERISA does not contain an express provision that grants a right to a jury trial and rejected two arguments that ERISA impliedly granted such a right.

1. The fallacious federal argument against jury trial

The court in Wardle relied on a statutory implication argument involving an invalid legal proposition. Wardle asserted that the statutory scheme mandates only legal, not factual issues. A benefits-due lawsuit can only arise to review a plan administrator's discretionary action, which, reviewed under the arbitrary and capricious standard, is a legal question for the judge, not a factual question for the jury. This is not

126. See, e.g., Flint, supra note 25, at 166 & n.155 (explaining that in each circuit first ERISA cases for review of fiduciary actions involved multi-employer plans so these courts adopted LMRA legal precedence for ERISA plans).
127. See supra note 85.
128. See, e.g., Wardle v. Central States, S.E. & S.W. Areas Pension Fund, 627 F.2d 820, 823-24 (7th Cir. 1980), cert. denied, 449 U.S. 1112 (1981); accord In re Vorpahl, 695 F.2d 318, 320-21 (8th Cir. 1982); Calamia v. Spivey, 632 F.2d 1235, 1237 (5th Cir. 1980).
129. See supra note 84.
130. 627 F.2d 820 (7th Cir. 1980), cert. denied, 449 U.S. 1112 (1981). Wardle involved a plan administrator's denial of an owner-operator's application for retirement benefits under a jointly-administered union plan on the ground that the participant had a break-in-service. Id. at 823. The participant sued under ERISA § 502(a)(1)(B), and not LMRA, for the amount of the benefit, punitive damages and attorney's fees. Id.
131. Id. at 828-30. See infra notes 170-71 and accompanying text for the two arguments and disparagements.
132. Wardle, 627 F.2d at 828-29.
133. See supra notes 62-70 and accompanying text.
134. Wardle, 627 F.2d at 829-30.
the law.

The review standard mandated by the Supreme Court in dicta in *Firestone Tire & Rubber Co. v. Bruch* is the abuse of discretion standard.\(^{135}\) This standard reduces to the arbitrary and capricious rule only for the disinterested, properly motivated plan administrator, which is the case only for some multi-employer plans.\(^{136}\) The correct standard involves fact questions concerning the interest and motives of the plan administrator, as well as the possibility of selecting the best decision of several possible logical ones.\(^{137}\) The result—denial of jury trial—also is not the correct law for contracts with a discretionary provision, although it is for trusts with a discretionary provision. Thus, denial of a jury trial may have been correct based on the type of action, but not based on the issues involved.\(^{138}\)

The court in *Wardle* continued by noting that the Supreme Court declared review of a federal administrator’s discretionary action incompatible with a jury trial.\(^{139}\) Presumably, that rule should also apply to

---


136. See supra note 78 and accompanying text.


137. *See Bruch*, 489 U.S. at 115.

138. See supra notes 88-91 and accompanying text.

139. *Wardle*, 627 F.2d at 830; *e.g.*, *Curtis v. Loether*, 415 U.S. 189, 194-95 (1974) (commenting on earlier decision to that effect for review of proceedings of federal administrative body, those of NLRB).

This is a strange position. First, plan administrators are not disinterested, see supra notes 20-25 and accompanying text, as are administrative law judges.

Second, contract actions for money owed under a contract or an interpretation of a contract are very similar to the benefits-due lawsuit. Courts handle the analogous contractual situations under contract law with a jury trial, even though using the arbitrary and capricious portion of the abuse of discretion review standard. Courts have even prepared jury instructions in contract cases relative to review these discretionary determinations.

Courts uphold the architect’s or engineer’s decision under a construction contract unless he or she acts fraudulently or makes such a gross mistake as to imply bad faith or fails to exercise an honest judgment. See supra note 82. Whether the architect or engineer has failed to meet this standard is determined under contract law by a jury trial. *E.g.*, *Continental Casualty Co. v. Wilson-Avery*, Inc., 156 S.E.2d 152, 155 (Ga. Ct. App. 1967); *James I. Barnes Constr. Co. v. Washington Township*, 184 N.E.2d 763, 764 (Ind. App. 1962); *Public Water Supply Dist. No. 8 v. Maryland Casualty Co.*, 478 S.W.2d 293, 294 (Mo. 1972) (jury waived), modified on other grounds, 513 S.W.2d 311 (Mo. 1974); *Antrim Lumber Co. v. Bowline*, 460
private plan administrators. The Supreme Court, however, excludes enforcement of statutory rights for a civil action in a district court from this rule. Since benefits-due lawsuits brought under ERISA are civil actions to enforce a statutory right, they are thus not incompatible with trial by jury.

As to constitutional considerations, the court in Wardle asserted

2 HENRY RANDALL, A TREATISE ON THE LAW OF INSTRUCTIONS TO JURIES IN CIVIL AND CRIMINAL CASES § 1317 (1922) (citing Norfolk & W.R.R. v. Mills, 22 S.E. 556 (Va. 1895) (second part of abuse of discretion review standard)).

Courts uphold the buyer's satisfaction decision under a sales contract unless he or she acts in bad faith or fails to exercise an honest judgment. See supra note 83. Sellers bring the action against the allegedly dissatisfied buyer as a breach of contract claim and so try them before a jury. See, e.g., Meredith Corp. v. Design & Lithography Center, Inc., 614 P.2d 414, 415 (Idaho 1980) (jury waived); Frankfort Distilleries, Inc. v. Burns Bottling Mach. Works, 197 A. 599, 601 (Md. 1938); Alper Blouse Co. v. E.E. Conner & Co., 127 N.E.2d 813, 815, reh'g denied, 130 N.E.2d 598 (N.Y. 1955); Fulcher v. Nelson, 159 S.E.2d 519, 522-23 (N.C. 1968); see also Fidelity Fuel Co. v. Martin Howe Coal Co., 15 F.2d 470, 470 (7th Cir. 1926) (triable before jury). Thus, courts instruct juries:

The jury [is] instructed . . . that, under the above condition of the contract, if [the jury] believe[s] from the evidence that defendant refused to accept the said machines on the ground that it was dissatisfied with them, and that, in so acting, the defendant exercised good faith and was honestly dissatisfied, then you should find for defendant, although you may believe that the defendant did not have reasonable grounds for such dissatisfaction.

5 RANDALL, supra, § 4657(2) (citing Inman Mfg. Co. v. American Cereal Co., 100 N.W. 860 (Iowa 1904) (both parts of abuse of discretion standard)).

Similarly, courts have fashioned jury instructions for the review of plan administrator's decisions under a pension plan. See, e.g., Berry v. Clba-Geigy Corp., 761 F.2d 1003, 1005 (4th Cir. 1985) (jury made arbitrary and capricious finding for long-term disability plan under ERISA); Seafarers Pension Plan v. Sturgis, 630 F.2d 218, 221 (4th Cir. 1980) (jury made arbitrary and capricious finding for disability plan under LMRA); see also Sommers Drug Stores Co. Employee Profit Sharing Trust v. Corrigan, 883 F.2d 345, 350-53 (5th Cir. 1989) (formulating fiduciary responsibility jury instructions).

Jury comprehension rises dramatically. Amiram Elkwork & Bruce D. Sales, Jury Instructions, in SAUL KASSIN & LAWRENCE S. WRIGHTSMAN, PSYCHOLOGY OF EVIDENCE AND COURTROOM PROCEDURE 280-97 (1984) (comprehension for mock juries in civil trials increased from 40% to 78%).


that trust law governs pension plans. 142 Trust law provides exclusively for an equitable remedy with one exception. 143 A legal remedy exists for the beneficiary only for monies due unconditionally and immediately, 144 which, according to Wardle, is not the case for a pension payable in the future over years. 145 A jury trial is available only in this situation. Benefits-due lawsuits, therefore, even when involving questions of fact, are equitable and hence do not require a jury trial. 146

The court provided some erroneous propositions to support this conclusion. It claimed that state courts had traditionally dealt with benefits-due lawsuits under the law of trusts, but cited no cases previously decided under state law. 147 The reason is clear. Investigation of pre-ERISA state cases reveals that most courts viewed benefits-due lawsuits as contractual, 148 and hence most state courts did not use trust law for benefits-due cases. The court in Wardle further claimed that federal courts followed the state courts in treating benefits-due cases under trust law when entertaining them under diversity jurisdiction. 149 In support, the court cited only LMRA cases, 150 which courts handle as a federal cause of action, not a state cause of action with diversity. 151 Again the reason is clear. Investigation of diversity actions indicates that they followed state courts in treating benefits-due lawsuits as contractual. 152

143. See infra note 144.
144. 1 RESTATEMENT (SECOND) OF TRUSTS § 197 (1959) ("Except as stated in § 198, the remedies of the beneficiary against the trustee are exclusively equitable."); id. § 198 ("If the trustee is under a duty to pay money immediately and unconditionally to the beneficiary, the beneficiary can maintain an action at law against the trustee to enforce payment."). This legal trust action derived from the common law writs of debt and general assumpsit. Jefferson Nat'l Bank v. Central Nat'l Bank, 700 F.2d 1143, 1149 (7th Cir. 1983); Dixon v. Northwestern Nat'l Bank, 297 F. Supp. 485, 489 (D. Minn. 1969).
145. Wardle, 627 F.2d at 829.
146. Id. at 828-30.
147. Id. at 829.
149. Wardle, 627 F.2d at 829.
151. See supra notes 37-51 and accompanying text.
152. See Apponi v. Sunshine Biscuits, Inc., 652 F.2d 643, 650 (6th Cir. 1981) (pre-ERISA pension plan is contract so remand for jury trial on ambiguous language), cert. denied, 484
according to the court in *Wardle*, ERISA merely provides a federal forum for these trust lawsuits.\textsuperscript{153} The court presumed that Congress intended to preserve this state law.\textsuperscript{154} If this presumption is true, the result should be opposite. Thus, the court in *Wardle* not only failed to make an adequate case for the nonjury trial, but used dishonorable methods to thwart jury trial.

2. Other federal decisions

Nevertheless most circuit courts, lemming-like, have followed the *Wardle* decision in various forms rather than recognize its fallacious reasoning, a reasonable basis for disregarding it as precedent.\textsuperscript{155} The Fourth\textsuperscript{156} and Eighth\textsuperscript{157} Circuits have mistakenly asserted that the ab-


\textsuperscript{153.} *Wardle*, 627 F.2d at 829.

\textsuperscript{154.} Id.

\textsuperscript{155.} See generally KARL N. LLEWELLYN, THE COMMON LAW TRADITION 86-87 (1960) (explaining disregard of precedent due to faulty foundation, implied overruling or misapplication of legal principles).

\textsuperscript{156.} See, e.g., Berry v. Ciba-Geigy Corp., 761 F.2d 1003, 1006-07 (4th Cir. 1985). In *Berry* an employee sued to challenge a plan administrator's decision to terminate long-term disability benefits, presumably under ERISA § 502(a)(1)(B). Id. The trial court had permitted a jury trial and the jury made the "arbitrary, capricious, unreasonable or made in bad faith" finding. Id. at 1006. The *Berry* court concluded, however, that "arbitrary and capricious" is too difficult a concept for a court to communicate to jurors and so a private administrative scheme, such as that mandated by ERISA is "incompatible with a jury trial scheme." Id. at 1007; accord Dameron v. Sinai Hosp., 815 F.2d 975, 981 (4th Cir. 1987). However, state courts have no such problem. See supra note 139 for (1) courts addressing contract provisions permitting discretion which let jurors decide the arbitrary and capricious issue and (2) jury instructions on "arbitrary and capricious."


\textsuperscript{157.} *In re Vorpahl*, 695 F.2d 318, 321-22 (8th Cir. 1982). In *Vorpahl* present and future employees sued for future and current benefits under a retirement plan under ERISA § 502(a)(1)(B). Id. at 319. The court concluded that such lawsuits do not involve any factual
sence of factual issues in benefits-due lawsuits does not require a jury. The Third,\textsuperscript{158} Sixth\textsuperscript{159} and Eleventh\textsuperscript{160} Circuits have examined the rem-

issues so denial of a jury request was proper. \textit{Id.} at 321. However, state courts do not agree. See \textit{infra} notes 178-81, 184-89 for courts submitting the lawsuit to jury determination.


160. Blake v. Union Mutual Stock Life Ins. Co., 906 F.2d 1525, 1526 (11th Cir. 1990). In Blake an employee sued to recover additional benefits under a group health policy under ERISA § 502(a)(1)(B). \textit{Id.} at 1526. Since this action involved the ordering of continuing benefits, it was an equitable action and hence no jury was required. \textit{Id.; accord} Chilton v. Savannah Foods & Indus., 814 F.2d 620, 623-24 (11th Cir. 1987) (former employee sued for retirement benefit; no jury required); Howard v. Parishin, Inc. 807 F.2d 1560, 1567 (11th Cir. 1987) (former employee sued for additional health care under welfare plan; no jury required).

District courts in the Eleventh Circuit have generally concluded similarly. See, \textit{e.g.}, Lips-
jury denial is error. The court stated that other grounds, January 1992


161. Calamia v. Spivey, 632 F.2d 1235, 1237 (5th Cir. 1980). In Calamia an employee sued for a declaration that a disability benefit was higher than that paid from a jointly-administered union pension plan under ERISA § 502(a)(1)(B), without suing under LMRA. Id. at 1236. The court stated that it concurred with Wardle v. Central States, S.E. & S.W. Areas Pension Fund, 627 F.2d 820, 829 (7th Cir. 1980), cert. denied, 449 U.S. 1112 (1981). Calamia, 632 F.2d at 1237.


162. Wardle, 627 F.2d at 829; accord Brown v. Retirement Comm. of Briggs & Stratton Retirement Plan, 797 F.2d 521, 527 (7th Cir. 1986) (employee sued for disability benefits due; no jury required), cert. denied, 479 U.S. 1094 (1987); Jefferson Nat'l Bank v. Central Nat'l Bank, 700 F.2d 1143, 1149 (7th Cir. 1983) (former employee sued for lump-sum vested benefit; lawsuit fits trust law legal remedy so jury trial required).

District courts in the Seventh Circuit generally have concluded similarly. See, e.g., Allison v. Duggan, 737 F. Supp. 1043, 1047 (N.D. Ind. 1990) (retiree sued for suspended retire-
rule, permitting a jury trial only for unconditional and immediately payable benefits. The First,\textsuperscript{164} Second\textsuperscript{165} and Tenth\textsuperscript{166} Circuits have yet to

---

\textsuperscript{164} Transamerica Occidental Life Ins. Co. v. Digregorio, 811 F.2d 1249, 1252 (9th Cir. 1987).

\textsuperscript{165} In Transamerica an insurer sued derivatively on behalf of a beneficiary for a declaration that its policy had no double indemnity with respect to that beneficiary, presumably under ERISA § 502(a)(1)(B). \textit{Id.} at 1251-52. Since this action requested a ruling on whether a benefit was unconditionally due and immediately payable, it fit the trust law’s legal remedy and a jury was required. \textit{Id.} at 1252; accord Nevill v. Shell Oil Co., 835 F.2d 209, 212 (9th Cir. 1987) (former employees sued employer for denied severance pay; no jury required); Blau v. Del Monte Corp., 748 F.2d 1348, 1357 (9th Cir.) (former employees sued employer for benefits due under welfare plan; no jury required), \textit{cert. denied}, 474 U.S. 865 (1985).


\textsuperscript{168} Some courts have even suggested that if a plan administrator denies eligibility, that alone defeats a jury trial since the unconditional provision is not satisfied. \textit{Turner}, 673 F. Supp. at 70 (trust law’s legal remedy inapplicable when contested eligibility involved); \textit{Wilson}, 670 F. Supp. at 54 (trust law’s legal remedy inapplicable when entitlement denial involved).

\textsuperscript{169} Presumably the denial is in good faith, not bad faith. The right to a jury trial should depend on the participant-beneficiary’s cause of action, not prior action of the plan administrator. See \textit{supra} notes 113-21 and accompanying text.

\textsuperscript{170} These courts provide the reason that the case involves interpretation of the trust document. \textit{Turner}, 673 F. Supp. at 70. Traditionally, this was done under the same principles as those in contract law. See \textit{supra} note 87. Contract interpretation is a question of law for the judge unless there is an ambiguity, in which case a jury determines the interpretation. See \textit{supra} note 86. Therefore, the judge must find that the plan administrator made a possible error, there being more than one logical result, then submit the issue to a jury on the abuse of discretion standard.

address the problem.

Not all the federal courts have reached the same conclusion as the court in Wardle. The first decision under ERISA to address whether benefits-due actions require a jury trial, Stamps v. Michigan Teamsters Joint Council No. 43, determined that Congress implicitly intended courts to try some ERISA actions by jury. The court in Stamps examined two indications of this intent. First, the legislative scheme sets forth two remedies for the participant—one for an injunction and the other for benefits. The injunctive relief clearly was intended to be equitable with no right to a jury trial, so in order for the other not to be surplusage, it must relate to legal remedies that require a jury trial.169

---

F.2d 575 (2d Cir. 1980). Katsaros, 744 F.2d at 278-79. In Katsaros the remedy sought determined the outcome. In Pollock the remedy sought determined the lower court's mandate of a jury trial for determination of a benefit amount. However, as the court in Katsaros pointed out, the trial never occurred because the trial court on remand decided the equitable question, reformation of the plan, to avoid the legal question. Katsaros, 744 F.2d at 278-79.


A significant number of opinions from the district courts in the Second Circuit assert the jury denial is error. See infra note 173.

166. The Tenth Circuit did note that the other circuits that have considered the issue denied the right to a jury trial. Peckham v. Board of Trustees of the Int'l Bd. of Painters & Allied Trades Union, 653 F.2d 424, 426 n.3 (10th Cir. 1981).


168. Id. at 747.


170. The argument is that the benefit claim action provision would be surplusage if it also provided only equitable relief. See Transamerica Occidental Life Ins. Co. v. Digregorio, 811 F.2d 1249, 1251 n.2 (9th Cir. 1987) (claim for benefits under life insurance contract is legal remedy); Pollock v. Castrovinci, 476 F. Supp. 608, 608-09 (S.D.N.Y. 1979) (approving argument).
The second indication was ERISA's legislative history that required courts to follow LMRA procedures, permitting a jury trial. A few district courts have followed Stamps' lead.

Note, supra note 6, at 756. Enforcement's characterization, though, depends on the remedy sought, see infra notes 289-311 and accompanying text, and a clarification of rights' characterization also depends on the remedy sought in the absence of the declaratory action, see infra note 296 and accompanying text.

The Wardle court contends that concurrent jurisdiction for benefits-due lawsuits mandates the statutory scheme, not the legal-equitable distinction. Wardle v. Central States, S.E. & S.W. Areas Pension Fund, 627 F.2d 820, 828-29 (7th Cir. 1980), cert. denied, 449 U.S. 1112 (1981). Even if all claim benefit actions were equitable, they would still need a separate section since these actions are triable in both state and federal court. See Employee Retirement Income Security Act of 1974, § 502(e), 29 U.S.C. § 1132(e) (1988) (providing concurrent jurisdiction in federal and state court for benefit claim lawsuits). See infra notes 217-32 and accompanying text for the response to this disparagement.


The court in Wardle contends that this legislative history merely means that the courts should fashion a federal common law, not make such actions identical to LMRA actions. Wardle, 627 F.2d at 829; see also Allis-Chalmers Corp. v. Lueck, 471 U.S. 202, 209-10 (1985) (LMRA § 301 means courts are to fashion common law for collective bargaining agreements).

However, in concluding that the courts under ERISA are to fashion a federal common law, the Supreme Court relies on other legislative history. It cites a senator's statement to that effect. 120 Cong. Rec. S29,942 (1974) (statement of Sen. Javits) ("[A] body of Federal substantive law will be developed by the courts to deal with issues involving rights and obligations under private welfare and pension plans."); see Firestone Tire & Rubber Co. v. Bruch, 489 U.S. 101, 110 (1989); Massachusetts Mut. Life Ins. Co. v. Russell, 473 U.S. 134, 156 (1985); Franchise Tax Bd. v. Construction Laborers Vacation Trust, 463 U.S. 1, 24 n.26 (1983); H.R. Rep. No. 533, 93d Cong., 2d Sess. 11 (1973), reprinted in 1974 U.S.C.C.A.N. 4639, 4649 (ERISA's fiduciary responsibility provisions "codify[ and make[ ] applicable to [ERISA] fiduciaries certain principles developed in the evolution of the law of trusts.").

In contrast, the Supreme Court treats the reference to LMRA § 301 as meaning that a benefits-due lawsuit be treated as a federal question for preempting state law, see Pilot Life Ins. Co. v. Dedeaux, 481 U.S. 41, 55-56 (1987), or authorizing grafting of LMRA procedures onto benefits-due lawsuits; see Metropolitan Life Ins. Co. v. Taylor, 481 U.S. 58, 65-66 (1987) (adopting LMRA Avco rule for benefits-due lawsuits, indicating that quoted legislative history cannot be "more specific reference to the Avco rule"); see also supra note 98.

172. See infra notes 253-62 and accompanying text.

173. Almost all of the district courts finding a right to a jury trial are located in two circuits.

January 1992] JURY TRIAL FOR ERISA BENEFIT CLAIMS 393

The circuit courts have permitted jury trials for benefits-due lawsuits when other matters that require a jury trial have also been involved.\textsuperscript{174} With respect to other types of litigation under ERISA, their decisions have been mixed.\textsuperscript{175}


175. The other ERISA actions primarily deal with fiduciary breaches, injunctions and other equitable relief, and contribution refunds.

C. State Decisions

Because the majority of federal decisions, which exclusively follow a


However, some federal courts have permitted jury trials in ERISA actions involving fiduciary breaches. E.g., Sommers Drug Stores Employee Profit-Sharing Trust v. Corrigan, 883 F.2d 345, 350-53 (5th Cir. 1989) (reviewing fiduciary responsibility jury instructions); Utilcorp United Inc. v. Kemper Fin. Servs., 741 F. Supp. 1363, 1366-67 (W.D. Mo. 1989) (employer sought investment manager for fiduciary breaches; involving legal issues and thus requiring jury trial).


trust approach to employee benefit programs, have concluded generally that ERISA did not grant an implied right to a jury trial, state courts focus on their own constitutions and statutes to resolve whether they try the benefits-due lawsuit by jury.

Most state constitutional provisions relating to the right to a jury trial in civil actions only preserve it.\(^{176}\) State courts have held that their constitutions only protect the right to a jury trial available under the common law and statutes current in the colony, territory or state (although a few use English law) at the time of the adoption of the particular state of its constitution.\(^{177}\) Under a constitutional provision of this

---


Five state constitutions “preserve” the right. ALASKA CONST. art. I, § 16 (civil cases); HAW. CONST. art. I, § 13; MD. CONST. Declaration of Rights art. 23; W. VA. CONST. art. III, § 13; see MICH. CONST. art. I, § 14 (shall remain). Four state constitutions provide the exception as heretofore otherwise stated. ME. CONST. art. I, § 20 (civil cases); MASS. CONST. pt. I, art. XV; N.H. CONST. pt. I, art. 20; see DEL. CONST. art. I, § 4 (granted as heretofore).

Two state constitutions hold the right sacred. VT. CONST. ch. I, art. 12; VA. CONST. art. I, § 11 (civil cases).

Utah’s constitutional provision is ambiguous as mentioning only capital cases. UTAH CONST. art. I, § 10 (inviolable); see Ronan E. Degnan, Right to Civil Jury Trial in Utah: Constitution and Statute, 8 UTAH L. REV. 97, 101 (1963). On the basis of state constitutional convention history, Utah’s highest court has held it covers civil suits. International Harvester Credit Corp. v. Pioneer Trailer & Implement Inc., 626 P.2d 418, 419 (Utah 1981).

Three states have no constitutional right to a jury trial in civil cases. See Firelock, Inc. v. District Court, 776 P.2d 1050, 1097 (Colo. 1989); Duplantis v. United States Fidelity & Guar. Ins. Corp., 342 So. 2d 1142, 1143-44 (La. Ct. App. 1977) (jury trial by statute only, LA. CODE CIV. PROC. ANN. art. 1731 (West 1990)); Farrell v. Hursh Agency, Inc., 713 P.2d 1174, 1181 (Wyo. 1986); see also James, supra note 96, at 1022 n.4 (noting, as of 1935, Colorado and Louisiana had no constitutional guarantee of jury trial in civil actions).

177. Eighteen states that have so decided have had only one constitution so there is no

Of the states with multiple constitutions, thirteen provide for the most recently passed constitution, meaning that a statute granting the right to a jury trial then in effect is also protected. Ex parte W & H Mach. & Tool Co., 283 So. 2d 173, 175-76 (Ala. 1973) (1901; state law); State v. Johnson, 26 Ark. 281, 292 (Ark. 1870) (naming present constitution; now 1874; state law); Gentile v. Altermatt, 363 A.2d 1, 17 (Conn. 1975) (naming existing of 1965); Doris Drive, Inc. v. Moorehead, 239 A.2d 186, 187 (R.I. 1968) (1843; state law); Shaw v. Shaw, 133 N.W. 292, 292-93 (S.D. 1911) (territorial law as looks to Seventh Amendment); Zions First Nat'l Bank v. Rocky Mountain Irrigation, Inc., 795 P.2d 658, 661 (Utah 1990) (1896; territorial law); Firchau v. Gaskill, 558 P.2d 194, 197 (Wash. 1978) (1889; territorial law as finds territorial statute); Powers v. Allstate Ins. Co., 102 N.W.2d 393, 399 (Wis. 1960) (1848; territorial law as looks to Seventh Amendment).

views the employee benefit program as a contract, legal in nature, or as a
trust, equitable in nature. State courts in Nevada, 178 New York, 179 Vir-
ginia, 180 and Wisconsin 181 have used the contractual approach to em-
ployee benefit programs to find the right to a jury trial in a benefits-due
lawsuit. A court in Florida, using the trust approach, has found no right
to a jury trial. 182

In addition to this type of constitutional provision, seven states have
constitutional or statutory provisions granting jury trials in equity mat-
ters under certain conditions, usually for fact questions. 183 Under provi-
tional law as uses territorial statute); Mason v. State, 50 N.E. 6, 9 (Ohio 1898) (1802;
territorial law); Byers v. Commonwealth, 42 Pa. 89, 96 (1862) (1776; English and colonial
law); Patten v. State, 426 S.W.2d 503, 506 (Tenn. 1968) (1796; North Carolina law), cert.
denied, 400 U.S. 844 (1970); Newberry v. Commonwealth, 66 S.E.2d 841, 843 (Va. 1951)
(criminal jury under English and colonial law in 1776 under similar constitutional provision);

Of those states with multiple constitutions, four provide for some intermediate constitu-
 provision; but Georgia constitutions of 1777 and 1789 also had provision; see 2 FRAN-
CIS THORP, THE FEDERAL AND STATE CONSTITUTIONS, COLONIAL CHARTERS, AND ORGANIC
LAWS 785, 789 (1909) (state law); Moot v. Moot, 108 N.E. 424, 425 (N.Y. 1915) (1846;
constitution in effect when constitutional provision referring to earlier constitution adopted,
thereby cutting off effect of Wynnehammer v. People, 13 N.Y. 378, 425-27 (Ct. App. 1856)
(specifying current constitution); state law)); North Carolina State Bar v. DuMont, 286 S.E.2d
89, 93-95 (N.C. 1982) (1868 constitution since 1979 constitution merely corrected its outdated
language and arrangement; state law); Pelfrey v. Bank of Greer, 244 S.E.2d 315, 316 (S.C. 1978)
(1868 constitution, unwittingly overruling State v. Gibbes, 95 S.E. 346, 347-48 (S.C. 1918)
(first constitution of 1776 since all since then have such provision; state law)).

Mississippi's highest court has stated the constitution provides for an unspecified ancient
178. See Herbst v. Humana Health Ins., 781 P.2d 762, 763 (Nev. 1989) (right to jury trial
not questioned; medical plan).

1984); disability plan); Fuller v. INA Life Ins. Co., 533 N.Y.S.2d 215, 217-18 (Sup. Ct.
1988) (same; accidental death plan).

questioned; profit-sharing plan).

181. Evans v. W.E.A. Ins. Trust, 361 N.W.2d 630, 638 (Wis. 1985) (benefits-due lawsuit is
one for money damages with right to jury trial; health plan).

182. Pfeiffer v. Roux Lab., Inc., 547 So. 2d 1271, 1272 (Fla. Dist. Ct. App. 1989) (benefits-
due lawsuit is equitable, not contractual, requires no jury; disability plan).

183. Prior to 1950, of the thirteen states that had experimented with a right to jury trial in
equity actions, only four have retained it. See M.T. Van Hecke, Trial by Jury in Equity Cases,
31 N.C. L. REV. 157, 158 (1953). Since 1845, Texas has provided it broadly by constitution.
TEX. CONST. art. V, § 10 (all causes in state district courts); State v. Credit Bureau of Laredo,
Inc., 530 S.W.2d 288, 292-93 (Tex. 1975) (constitutional provision extends jury trial to all
actions and suits in law or equity). North Carolina since 1873 provides a right to jury trial for
fact questions in equity by an interpretation of its constitution. See Lee v. Pearce, 68 N.C.
76, 82 (1873) (interpreting 1868 constitution). Georgia since 1792 and Tennessee since 1846 pro-
vide it by statute for questions of fact. GA. CODE ANN. § 23-3-66 (Harrison 1991); TENN.
sions of this type, courts in Arizona,\(^{184}\) Alabama,\(^{185}\) Georgia,\(^{186}\) North Carolina,\(^{187}\) Tennessee\(^{188}\) and Texas\(^{189}\) have found a right to a jury trial in a benefits-due lawsuit. The remaining state permitting jury trials in some equity matters, Louisiana, denies a jury trial for benefits-due lawsuits.\(^{190}\) That state's statute denies a jury trial if it is denied by federal law\(^{191}\) and Louisiana courts interpreted the *Wardle v. Central States, Southeast & Southwest Areas Pension Fund*\(^{192}\) decision as invoking that

---

\(^{184}\) *See Elgin v. Great West Life Assurance Co.*, 786 P.2d 1027, 1032 (Ariz. Ct. App. 1989) (refusing to render on reformed cause of action in jury trial since defendant then could have removed to federal court to avoid jury; health plan).

\(^{185}\) *E.g.*, Haywood v. Russell Corp., 584 So. 2d 1291, 1298 (Ala. 1991) (following Blue Cross & Blue Shield v. Lewis, 753 F. Supp. 345 (N.D. Ala. 1990); disability plan); *Ex parte Ward*, 448 So. 2d 349, 351-52 (Ala. 1984) (ERISA plan contractual so jury trial; health plan); *see* Hoffman v. Chandler, 431 So. 2d 499, 500 (Ala. 1983) (jury trial not questioned; medical plan).


\(^{188}\) *See Campbell v. Precision Rubber Prods. Corp.*, 737 S.W.2d 283, 283 (Tenn. Ct. App. 1987) (employee lawsuit to reinstate participation in health plan; chancellor decided without jury as waived).


Resolution of whether there is a right to a jury trial in benefits-due cases depends on two investigations. Both are essentially the same under either the federal system or the state systems. Since ERISA contains no express provision granting a jury trial for benefits-due lawsuits, did Congress impliedly intend for courts to try such lawsuits by jury? If not, are benefits-due lawsuits analogous to a type of action that requires a jury trial under some constitution or statute?

A. Implied Congressional Intent

Examination of ERISA’s legislative history reveals four items of an implied intent by Congress to grant rights to a jury trial for benefits-due lawsuits. First, Congress expressed an intention not only to preserve pre-ERISA state remedies, but to expand them. Those remedies were contractual and generally tried by jury. Second, the statutory scheme provided for a contractual approach to employee benefit programs and Congress recognized that participant-beneficiary rights under these programs arise contractually and hence carry a right to a jury trial. Third, Congress desired to increase legal remedies for participant-beneficiaries suing for benefits due. Legal remedies mean a jury trial. Lastly, Congress, rather than work out a complete set of new ERISA procedures, incorporated LMRA procedures into ERISA actions, which treat employee benefit programs as contracts with a right to a jury trial.

1. Preservation of state remedies

When Congress passed ERISA, it desired to expand, not constrict, the remedies already available under state law for benefits-due lawsuits. Committee reports in both houses clearly express this goal:

The intent of the Committee [in providing the benefits-due lawsuit] is to provide the full range of legal and equitable remedies

---

193. Cramer, 569 So. 2d at 534 (no right to jury trial for ERISA claims as denied under federal law).
194. See infra notes 199-271 and accompanying text.
195. See infra notes 272-311 and accompanying text.
196. See infra notes 201-16 and accompanying text.
197. See infra notes 205-08 and accompanying text.
198. See infra notes 217-32 and accompanying text.
199. See infra notes 233-41 and accompanying text.
200. See infra notes 242-71 and accompanying text.
available in both state and federal courts to remove jurisdictional and procedural obstacles which in the past appear to have hampered effective enforcement of fiduciary responsibilities under state law for recovery of benefits due to participants.\textsuperscript{201}

ERISA was intended to improve the remedies already available under state law.

The early state approaches to handling benefits-due lawsuits revolved around misconceptions concerning whether the employee benefit program was a contract or a trust.\textsuperscript{202} The problem of whether benefits-due lawsuits entail jury trials arose because most employee benefit programs were dual in nature, possessing a contractual plan instrument setting forth the participation requirements and benefits provided as well as a trust instrument setting forth the funding mechanism.\textsuperscript{203} Some plans are unfunded and thus have no trust element.\textsuperscript{204} Unfortunately, state courts, rather than recognize this dual nature, focused only on one aspect. Most state courts finally settled on the contract approach,\textsuperscript{205} but a few settled on the trust approach\textsuperscript{206} as did some federal courts for LMRA actions.\textsuperscript{207} The contractual approach was so predominant that the United States Supreme Court has described pre-ERISA employee benefit law as contractual in nature.\textsuperscript{208}


The jurisdictional obstacles concerned such things as legal rules against suing nonresident trusts. See, e.g., Miller v. Davis, 507 F.2d 308, 310-11 (6th Cir. 1974). Even benefits-due lawsuits under LMRA met jurisdictional hurdles, such as insufficient violations under LMRA § 301. See, e.g., Bass v. International Bhd. of Boilermakers, Local No. 582, 630 F.2d 1058, 1066-67 (5th Cir. 1980). See infra notes 279-81 for various procedural obstacles.

\textsuperscript{202} See, e.g., Note, Pension Plans and the Rights of the Retired Worker, 70 Colum. L. Rev. 909, 916-24 (1970) (explaining that participant-beneficiaries used contract law to recover denied benefits and used trust law supplementally to prevent mishandling of funds before participant-beneficiaries had right to draw on those funds).

\textsuperscript{203} See supra notes 28-31 and accompanying text.

\textsuperscript{204} E.g., Firestone Tire & Rubber Co. v. Bruch, 489 U.S. 101, 105 (1989) (severance pay plan from employer's general assets).


\textsuperscript{205} See infra note 208, 280.

\textsuperscript{206} See infra note 281.

\textsuperscript{207} See supra note 85 and infra note 264 and accompanying text.

\textsuperscript{208} See Bruch, 489 U.S. at 112; see also McKinnon v. Blue Cross-Blue Shield, 691 F. Supp. 1314, 1315 (N.D. Ala. 1988) (inconsistent with ERISA's goals for circuit courts to claim ERISA took away right to jury trial participant-beneficiaries had under pre-ERISA law), aff'd, 874 F.2d 820 (11th Cir. 1989).
As the legal rules under contract law and trust law are basically the same, the significance of the different approaches lies in whether the participant-beneficiary has a right to a jury trial. Some states grant a right to a jury trial only for cases at law, namely contracts. For those states granting a right to a jury trial for cases in equity, namely trusts, the distinction is of little import. Since most states viewed employee benefit plans as contractual, most granted the right to jury trial for benefits-due lawsuits. Only a few viewed the matter under trust law and so denied jury trials.

209. See supra notes 80-87 and accompanying text.
210. See supra notes 88-91 and accompanying text.
211. See supra note 183 and accompanying text.


When Congress passes new legislation to solve a problem, courts presume it considered prior case law relating to the problem. The congressional reference to increasing the remedies of benefits-due lawsuits in state court by removing jurisdictional hurdles acknowledges that state courts tried these cases under a contract theory with a jury trial. Congress therefore intended ERISA to expand the right to a jury trial granted by the states in the pre-ERISA benefits-due lawsuit. The drastic curtailment of this right engineered by the court in *Wardle v. Central States, Southeast & Southwest Areas Pension Fund* violates this congressional directive.

2. Statutory scheme

ERISA specifically acknowledges the dual nature of employee benefit plans through a contractual part and a separate trust part. ERISA clearly delineates one of the two instruments as the one governing operations, and names the plan fiduciary separate from the trust instru-

---


215. *See infra* note 229 and accompanying text for congressional reference to pre-ERISA pension law as contractual.


217. *See* 26 C.F.R. § 601.201(o)(3)(viiia)(a) (1991) (make available to participants for determination letter “updated copy of the plan and the related trust agreement (if any)’’); 29 C.F.R. § 2520.104b-1(b)(3) (1991) (make available to participants during reasonable times plan documents consisting of “plan description, latest annual report, and the bargaining agreement, trust agreement, contract, or other instruments under which the plan is established or operated.”).

218. Employee Retirement Income Security Act of 1974, § 402, 29 U.S.C. § 1102(a) (1988) (“Every employee benefit plan shall be established and maintained pursuant to a . . . plan instrument” that shall provide for the operation and administration of the plan); *see id.* §§ 1015, 2003(a), 26 U.S.C. §§ 414(g)(1), 4975(d)(8)(C); *id.* §§ 3, 104, 405, 408, 414, 29 U.S.C. §§ 1002(16)(A)(I), 1024(1)(B), (2), (4), (6), 1105(c)(1), 1108(b)(8)(C), 1114(b)(2) (all referring to instrument under which benefit program is established, maintained or operated); *see also id.* § 404, 29 U.S.C. § 1104(a)(1)(D) (indicating that instruments of benefit program are plural).
ment. Thus, ERISA also clearly delineates one of the two instruments as governing the program's assets. So ERISA recognizes that a part of the employee benefit plan is contractual in nature.

Clever arguments cannot avoid that contractual nature, and hence possible jury trials, by placing participation requirements in the trust instrument. ERISA merely defines the plan instrument, the contract, as that portion of the employee benefit program including participation provisions, regardless of the label on the actual instrument.

Congress made clear that employee benefit programs did not consist solely of a trust document governed by trust law. Congressional reports indicate that trust law alone was inadequate to safeguard participant-beneficiaries' rights and that the LMRA standards, namely the arbitrary and capricious review standard, were not good enough for ERISA. Furthermore, courts were not to apply just pre-ERISA law. Instead, Congress directed them to take into consideration the special differences between employee benefit trusts and traditional testamentary trusts. These differences should at least take into account that: (1) the employer has a continuing economic interest in the program to reduce its costs since the employer is ultimately liable for its benefits and costs; (2) the employee's interest in the program represents the employee's deferred compensation; and (3) the plan administrator's review process is geared to justify its own prior determination in a nonneutral fashion. Thus,

---


221. See supra notes 217-20, infra note 229 and accompanying text for congressional recognition of non-trust employee benefit program documents, some governed by contract law.

222. H.R. Rep. No. 533, supra note 171, at 12, reprinted in 1974 U.S.C.C.A.N. at 4650 ("Conventional trust law often is insufficient to adequately protect the interests of plan participants and beneficiaries.").

223. Id. at 11, reprinted in 1974 U.S.C.C.A.N. at 4642 ("[LMRA] is not intended to establish nor does it provide standards for the preservation of vested benefits, funding adequacy, security of investment, or fiduciary conduct.").

224. H.R. Conf. Rep. No. 1280, supra note 19, at 302, reprinted in 1974 U.S.C.C.A.N. at 5083 ("The conferees expect that the courts will interpret this prudent man rule (and the other fiduciary standards) bearing in mind the special nature and purpose of employee benefit plans.").

225. See Flint, supra note 25, at 173; Langbein, supra note 28, at 211-12.
Congress recognized that employee benefit programs were far more than just trusts.

Congress provided that the rights of the participant-beneficiary arise in the contractual plan instrument relating to the establishment of the benefit program. These rights, under the deferred wage theory of pre-ERISA law, were contractual. They represented an exchange of the promise of deferred wages, the benefits, for the consideration of present services. Congress recognized these rights as contractual in its committee reports:

In almost every instance, participants lose their benefits not because of some violation of federal law, but rather because of the manner in which the plan is executed with respect to its contractual requirements of vesting or funding.

Moreover, these congressional committee reports specifically acknowledge that ERISA adopted the deferred wage theory for participant-beneficiary rights under employee benefit plans: "[ERISA] presumes that promised pension benefits are in the form of a conditional deferred wage." Thus the document that creates the rights of the participant-beneficiaries, the one that establishes the plan, is contractual in nature under the congressional explanation. Moreover, it is under that plan document that participant-beneficiaries sue in a benefits-due lawsuit, not under the trust instrument. The trust's only involvement in the benefits-due lawsuit is that it is contractually obligated to satisfy the participant-beneficiary's judgment. Congress thus expected courts to enforce these contractual rights through the benefits-due lawsuit under contract law, which generally entails a right to a jury trial.


227. See infra notes 229-30 and accompanying text for congressional recognition of the deferred wage theory giving rise to contractual rights.

228. See Comment, Consideration for the Employer's Promise of a Voluntary Pension Plan, 23 U. Chi. L. Rev. 96, 99-103 (1955) (explaining contract theory of employee benefit plans with consideration in either longevity of service or in present services for deferred wages).


231. See Employee Retirement Income Security Act of 1974, § 502, 29 U.S.C. § 1132(a)(1)(B) (1988) ("[T]o recover benefits due [the participant-beneficiary] under the terms of his plan, to enforce his rights under the terms of the plan, or to clarify his rights to future benefits under the terms of the plan.").

232. See supra note 144 for the legal remedy of the participant-beneficiary against the trustee.
3. The increase in legal remedies

Another strand of legislative history indicates that Congress intended the benefits-due lawsuit to provide the full range of legal remedies available to participant-beneficiaries.233 The word "legal" in the legislative history is a term of art that means the right to a jury trial.234 The Wardle interpretation of limiting the benefits-due lawsuit to the extremely narrow trust legal remedy235 violates this congressional directive. Wardle fails to provide that full range, which certainly includes the contractual remedies associated with the contractual nature of employee benefit plans recognized by Congress. The Stamps interpretation, in contrast, provides that full range of legal remedies.236

Under the congressional directive, courts are to treat benefits-due lawsuits as contractual, providing the full range of legal remedies as dictated by contract law.237 ERISA contains much language about trust law,238 however, it is always in connection with fiduciary responsibilities.239 Contract law ordinarily provides a low standard of behavior.240 ERISA merely requires the higher altruistic standard of fiduciary behavior from the parties to the employee benefit program, namely the sponsor and the plan administrator.241 Congress's efforts to raise the standard of fiduciary behavior should not be construed as an intent to deprive the participant-beneficiaries of their right to a jury trial in obtaining money damages for benefit denials.

4. Adoption of LMRA procedures

A fourth strand of legislative history indicates that courts should apply LMRA procedures to ERISA actions that mandate a right to a jury trial. The conference committee report on ERISA states that:

233. See supra note 201 and accompanying text for the portion of the congressional committee reports supporting the use of legal remedies.


235. See supra notes 143-45 and accompanying text.

236. See supra notes 167-73 and accompanying text.

237. See supra note 201 and accompanying text.

238. See, e.g., Langbein, supra note 28, at 209-11.


240. See Tamar Frankel, Fiduciary Law, 71 CAL. L. REV. 795, 829-32 (1983) (explaining that contract law does not go beyond morals of marketplace, while fiduciary law is altruistic).

241. See supra notes 239-40 for congressional intention to incorporate into ERISA fiduciary law and explanation that fiduciary law is altruistic.
Suits to enforce benefit rights under the plan or to recover benefits under the plan which do not involve application of [ERISA's] provisions . . . may be brought . . . also in State courts . . . . All such actions in Federal or State courts are to be regarded as arising under the laws of the United States in similar fashion to those brought under section 301 of the Labor-Management Relations Act of 1947. 242

Senator Harrison A. Williams, Jr., then chairman of the Senate Committee on Labor and Public Welfare, 243 co-sponsor of the original draft of the ERISA legislation 244 and floor manager of the bill, 245 explained the legislation similarly. 246 The United States Supreme Court stated explicitly that this legislative history could not be a “more specific reference” to LMRA procedural rules. 247 Consequently, the Supreme Court has grafted the preemption removal procedures of LMRA onto ERISA actions. 248 Thus, in handling benefits-due lawsuits in the absence of express ERISA provisions concerning procedural matters, courts should examine the corresponding LMRA practice.

With respect to the right to a jury trial, some courts have tried to obfuscate the true LMRA practice. In Wardle, for example, the court disparaged this legislative history as indicative of another matter 249 and cited the only court cases involving LMRA that denied the right to a jury trial for benefits-due lawsuits 250 for another proposition. 251 The reason is clear. If courts examined that practice, they would conclude Wardle's denial of the right to a jury trial is erroneous. In Stamps the court suggested the correct analysis, but failed to explain it fully. 252

246. 120 Cong. Rec. 29,933 (1974) (“It is intended that such [ERISA] actions will be regarded as arising under the laws of the United States, in similar fashion to those brought under § 301 of the Labor Management Relations Act.”).
250. Incidentally, these cases were from federal district courts and not circuit courts.
251. Wardle, 627 F.2d at 829; see supra note 150 and accompanying text.
LMRA section 301 provides that litigants may enforce labor contract matters in federal court or state court. The Supreme Court, prior to ERISA's passage, held that the word "contract" in LMRA section 301 encompasses more than just the collective bargaining agreements. Further, in dicta the Court indicated that the term "contracts" includes employee benefit plans mentioned in the collective bargaining agreement. In fact, this reasoning provides the very jurisdictional basis under LMRA for federal courts to even consider disputes over multi-employer employee benefit plans. Consequently, courts before and after ERISA have held that both employee benefit plans and trusts are encompassed in contracts under LMRA section 301. In fact, the only courts not to so hold are essentially those three district court opinions seized by the court in Wardle to throttle the right to a jury trial. Those cases were decided in the late 1970s based on one 1960 district court opinion applying trust law to a multi-employer pension plan. In 1962, the Supreme Court pronounced that for section 301 purposes em-

253. See supra note 46.
254. See supra note 51.
257. Rehmar v. Smith, 555 F.2d 1362, 1367 (9th Cir. 1977).
258. Apponi v. Sunshine Biscuits, Inc., 809 F.2d 1210, 1215 (6th Cir.) (en banc) (contracts include pension trusts), cert. denied, 484 U.S. 820 (1987); Whelan v. Colgan, 602 F.2d 1060, 1061 (2d Cir. 1979) (same); Rehmar, 555 F.2d at 1367 (plan enforceable under LMRA § 301); Alvares v. Erickson, 514 F.2d 156, 161 (9th Cir.) (contract consists of welfare trust plus collective bargaining agreement), cert. denied, 423 U.S. 874 (1975); International Union, United Auto., Aircraft & Agricultural Implement Workers v. Textron, Inc., 312 F.2d 1210, 1215 (6th Cir.) (en banc) (contracts include pension trust plus collective bargaining agreement), cert. denied, 423 U.S. 874 (1975); United Auto., Aircraft & Agricultural Implement Workers v. Textron, Inc., 312 F.2d 688, 691 (6th Cir. 1963) (rights of employee to pension benefit grow out of collective bargaining agreement); Vallejo v. American R.R., 188 F.2d 513, 515 (9th Cir 1951) (treats employee benefit plan under contract theory); American Fed'n of Labor v. Western Union Tel. Co., 179 F.2d 535, 538 (6th Cir. 1950) (contract includes trust since collective bargaining agreement refers to trust); NYSA-ILA GAI Fund v. Paggi, 617 F. Supp. 847, 849 (S.D.N.Y. 1985) (contract includes collective bargaining agreement plus pension plan); Stewart v. Trustees, Masters, Mates & Pilots Pension Plan, 432 F. Supp. 742, 748 (N.D. Cal. 1977) (describes plan as pension provisions of collective bargaining agreement), vacated on other grounds, 608 F.2d 776 (9th Cir. 1979); Smith v. DCA Food Indus., 269 F. Supp. 853, 868 (D. Md. 1967) (contract includes provisions of pension fund established by collective bargaining agreement); New York City Omnibus Corp. v. Quill, 73 NYS.2d 289, 292 (Sup. Ct.) (treats employee benefit plan under contract theory), aff'd, 74 N.Y.S.2d 925 (App. Div. 1947), modified, 78 N.E.2d 859, 860 (N.Y. 1948) (same).
employee benefit programs are contracts. Reliance on an opinion impliedly overruled by the nation’s highest court can hardly serve as legal precedent.

Circuit court opinions since the Supreme Court’s pronouncement have considered employee benefit plans under LMRA section 301 as contracts for purposes of determining the right to a jury trial. These courts have required jury trials when requested for employees suing for benefits due, for trustees suing for delinquent contributions and

262. See supra note 155.
263. See infra notes 264-68 for courts allowing jury trials. See supra notes 259-60 for the few courts denying jury trials.

One commentator asserted that since (1) no court had provided a jury trial in a LMRA benefits-due lawsuit as of 1981 and (2) several courts had tried such cases without jury trials, see, e.g., Knauss v. Gorman, 583 F.2d 82, 85 (3d Cir. 1978) (pension benefit); Lugo v. Employees Retirement Fund of Illumination Prods. Indus., 529 F.2d 251, 253 (2d Cir.) (same), cert. denied, 429 U.S. 866 (1976) (same); Haynes v. Lewis, 298 F. Supp. 331, 332 (D.D.C. 1969); Bolgar v. Lewis, 238 F. Supp. 595, 596 (W.D. Pa. 1960) (same), there probably was not a right to a jury trial in such actions. See Comment, The Right to a Civil Jury Trial in ERISA Section 502(a)(1)(B) Actions: Wardle v. Central States, Southeast & Southwest Areas Pension Fund, 65 MINN. L. REV. 1208, 1211 n.21 (1981). Presumably, the argument would be that what the law is, is best reflected in the practices of the lawyers as being their understanding of it. See WILLIAM E. NELSON & JOHN P. REID, THE LITERATURE OF AMERICAN LEGAL HISTORY 268, 326 (1985) (describing John Reid’s use of travel journals to glean law). However, the more likely explanation is the litigant’s waiver of his or her jury trial. All constitutional provisions preserving the right to a jury trial in civil cases permit its waiver. E.g., ARK. CONST. art. 2, § 7 (specifically providing for waiver); Duognan v. United States, 274 U.S. 195, 198 (1927) (under U.S. CONST. amend. VII). Some reasons for waiving jury trials are lower costs and speedier trials. RICHARDSON R. LYNN, JURY TRIAL LAW AND PRACTICE 30-31 (1986).

Cases in which jury trials occurred reflect a more accurate picture of the law since one
wrongfully paid benefits. These courts grant jury trials even in the situations the court in Wardle abhorred—namely, when the jury must make an arbitrary and capricious finding and when the court must order future benefits. The only situation in which these courts deny a jury trial under LMRA section 301 is when the litigants clearly seek only equitable relief under the contract. Thus, the courts have preserved the right to a jury trial for benefits-due lawsuits under LMRA section 301.

Courts should presume that when Congress passes new legislation to solve a perceived problem, Congress considered prior case law relating to the problem. In 1974, when Congress referred to LMRA section 301, it was aware of the Supreme Court’s 1962 pronouncement and the cases following it announcing that employee benefit plans under LMRA section 301 are contracts, and that such a pronouncement entails a right to jury trial. Congress could not have provided a clearer indication that ERISA benefits-due lawsuits also entail a right to a jury trial.

B. Other Statutory and Constitutional Requirements

Constitutional and statutory considerations are unnecessary because party definitely seeks to avoid the jury trial. However, this also is a defective indication of what the law is since parties may consent to jury trials even when there is no right to a jury trial. E.g., Fed. R. Civ. P. 39(c).


268. See id.


270. See supra note 214.

271. See supra note 264.
ERISA impliedly grants the right to a jury trial. Nevertheless, even these considerations suggest that benefits-due lawsuits entail the right to a jury trial.

These considerations are irrelevant in: (1) the six states already treating benefits-due lawsuits as subject to the right to a jury trial because they grant jury trials in both legal and equitable actions;272 and (2) the two states lacking both constitutional and statutory provisions preserving the right to trial by jury in civil actions.273 Louisiana's statutory provision will be invoked since its courts only deny jury trials for benefits-due lawsuits due to federal law.274 Therefore, these considerations are relevant to the federal system and the remaining forty-two state systems, all under their respective constitutional provisions.

The investigation of constitutional provisions under either the federal system or these state systems is the same, because all the relevant state constitutional provisions operate similarly to the Seventh Amendment of the United States Constitution,275 except for the time and place reviewed.276 Analysis of the relevant constitutional provisions reveals that the benefits-due lawsuit is an action and a sought remedy that is legal in nature; therefore, these constitutional provisions preserve the right to a jury trial for the benefits-due lawsuit.

1. The contractual nature of benefits-due lawsuits

The benefits-due lawsuit as an action is contractual, rather than trust-like in nature.277 The participant-beneficiary's rights arise solely because of an exchange of services for the promised benefit from the employer. After the development of the first private employee benefit programs with exclusively employer contributions about 1875,278 jurists have struggled with various theories of law to apply to the relationship, such as the gratuity theory,279 the contractual theory,280 the trust the-

---

272. See supra notes 183-84 and accompanying text.
273. See supra note 176.
274. See supra note 190-93 and accompanying text.
275. See supra notes 116-21, 176-82 and accompanying text.
276. See supra notes 176-77 and accompanying text.
277. See infra notes 278-88 and accompanying text.
279. See, e.g., Menke v. Thompson, 140 F.2d 786, 790 (8th Cir. 1944); Hughes v. Encyclopaedia Britannica, 108 F. Supp. 303, 305 (N.D. Ill.), vacated on other grounds, 199 F.2d 295 (7th Cir. 1952); In re Schenectady Ry., 93 F. Supp. 67, 70 (N.D.N.Y. 1950) (for nonunion employees); In re Missouri Pac. R.R., 49 F. Supp. 405, 406 (E.D. Mo. 1943); Fickling v. Pollard, 179 S.E. 582, 583 (Ga. Ct. App. 1935); Hughes v. Encyclopaedia Britannica, 117
ory and the estoppel theory. However, only the contractual theory gained such near universal acceptance that both the Supreme Court


The gratuity theory treated the employer's promise to pay benefits as a promise to make a gift in the future. The promise was unenforceable until the gift was actually made, effectively providing a block to the participant-beneficiary's recovery. The gratuity theory was popular with courts since many plans had provisions stating that the employee acquired no enforceable contractual rights under the plan. See, e.g., Menke, 140 F.2d at 790; Fickling, 179 S.E. at 583.


Under the contractual theory, the employee's continued employment constituted consideration for the employer's promise to pay the benefit. The drawback to the contractual theory was that, until ERISA, the employer could place sufficient conditions in the plan to defeat enforcement of the contract. The employee-beneficiary had no rights until he satisfied all conditions, including age. See, e.g., Wallace, 13 N.E.2d at 143; David, 35 A.2d at 349. The contractual theory was by far the most popular with the courts. See, e.g., Firestone Tire & Rubber Co. v. Bruch, 489 U.S. 101, 112 (1989) (describing pre-ERISA law as contractual).

281. See, e.g., Ex parte Garner, 190 So. 2d 544, 546 (Ala. 1966).

The trust theory treated the establishment of the plan as also establishing a trust for the payment of the benefits to the employee-beneficiaries. Unfortunately, most employers never actually paid monies to any trust prior to LMRA's requirements to do so for multi-employer plans. The result was failure of the employees to recover benefits under a trust theory since there was no trust res. See, e.g., Lewis v. Jackson & Squire, Inc., 86 F. Supp. 354, 359-60 (W.D. Ark. 1949), appeal dismissed, 181 F.2d 1011 (8th Cir. 1950); Gearns v. Commercial Cable Co., 42 N.Y.S.2d 81, 82 (App. Div. 1943), aff'd, 56 N.E.2d 67 (N.Y. 1944). As a result, most cases adopting this approach are LMRA cases. See supra note 85.


Estoppel theory held that the participant-beneficiary's right to the benefit arose because of his reliance on the promise in continuing his work with that employer. Unfortunately, this also seldom led to recovery of the benefit because the reliance must be reasonable. Employers frequently made statements destroying that reasonable reliance. See, e.g., Hughes v. Encyclopaedia Britannica, Inc., 117 N.E.2d 880, 882-83 (Ill. App. Ct. 1954).

283. Bruch, 489 U.S. at 112; see also Puz v. Bessemer Cement, 700 F. Supp. 267, 268 (W.D.
From the employee's perspective the pension plan differs little from the situation in which an annuity contract is purchased from an insurance company. ERISA requires retirement plan benefits to be paid in the form of a joint-and-survivor annuity, unless the participant and spouse elect otherwise. Similarly, the welfare plan differs little from the situation in which the participant-beneficiary purchases a medical policy or disability policy from an insurance company. The only real difference, from the employee's viewpoint, is that for the employee benefit program (1) the employee pays labor and not the monies the labor produced, (2) the employee makes an exchange with the employer and not an insurance company, and (3) the employee's risk is the employer's bankruptcy and not the insurance company's bankruptcy. In fact, nothing in ERISA prevents the employer in the employee benefit program situation from acting solely as a middleman in an insurance policy situation. Frequently, employers fund employee benefit programs merely by purchasing annuity, disability or group medical policies, rather than through a trust. Thus

284. See supra note 229-30 and accompanying text.


287. Fully insured retirement plans are exempt from the minimum funding requirements for defined benefit and money purchase pension plans. Id. § 1011, 26 U.S.C. § 412(h)(2); id. § 301(a), 29 U.S.C. § 1081(b); 26 C.F.R. § 1.412(i)-1(c) (1988). Reporting requirements are also simplified for fully-insured plans. They merely report data supplied by the insurance company. 29 C.F.R. § 2520.103-5 (1991). Other retirement plans may invest some of their assets in life and health insurance and annuity contracts. See H.R. CONF. REP. No. 1280, supra note 19, at 314, reprinted in 1974 U.S.C.C.A.N. at 5094 ("[ERISA] does not prohibit a plan from purchasing life insurance, health insurance, or annuities from the employer that maintains the plan . . . ."); RABKIN & JOHNSON, supra note 29, at 13-1100 (provision in plan permitting investment in contracts issued by sponsoring insurance company). These plans even provide for benefit payment in-kind, namely with the insurance contract. See RABKIN & JOHNSON, supra note 29, at 13-1096 (provision in split-funded defined benefit prototype plan sold by insurance company permitting...
the benefits-due lawsuit, especially in the latter fully-funded situation, is extremely similar to one for nonpayment on an insurance contract. Courts handle lawsuits over insurance contracts generally as legal matters with the right to a jury trial.\textsuperscript{288}

2. The remedy for a benefits-due lawsuit is damages

The remedy most frequently sought by the participant-beneficiary in a benefits-due lawsuit is damages, a legal remedy that has a right to a jury trial.\textsuperscript{289} The participant-beneficiary actually seeks either (1) full payment, for lump-sum distributions from retirement plans or claims from welfare plans;\textsuperscript{290} (2) the commencement or resumption of payment for annuity distributions or disability payments in the future;\textsuperscript{291} or (3) a transfer to participant as optional form of payment life insurance contracts on life and annuity contracts; see also Van der Meulen v. Southwestern Life Ins. Co., 514 S.W.2d 469, 470 (Tex. Civ. App. 1974) (profit-sharing plan bought deferred annuity contract for terminated employee). Investment powers of the employee benefit plan's trust are generally regulated by some state's trust act. Many of those statutes permit investment in insurance contracts. E.g., ALA. CODE § 19-3-125 (Michie 1990) (life, endowment or annuity contracts); CAL. CIV. CODE § 2261(6) (Deering 1981) (same); IDAHO CODE § 68-406 (Michie 1990) (same); IND. CODE ANN. § 30-1-5-1(2) (Burns 1990) (same); IOWA CODE ANN. § 682.23(13) (West 1989) (same); KY. REV. STAT. ANN. § 386.020(1)(i) (Baldwin 1991) (same); see, e.g., TEX. PROP. CODE ANN. § 113.056(b) (West 1991) ("acquire and retain every kind of property").


289. Equity courts could not grant damages. BAKER, supra note 88, at 272-73. Hence, litigants sought damages at law, with a jury trial. Id. at 285-86.


declaration of the right to such payments.292 Seeking lump-sum payments clearly would be a legal action.293 Commencement of payments resembles specific performance, typically an equity action,294 however, sometimes insurance law treats such actions as legal with the right to a jury trial.295 The right to a jury trial in a declaratory judgment action depends on the underlying action, whether it would seek a legal or equitable remedy.296

Under the insurance law analogy, there are nonetheless two legal hurdles to overcome in order to characterize the remedy as legal. First, the insurer under an annuity or disability policy sometimes cannot sue for the entire benefit, either as a lump sum or as payments in the future. According to the courts, failure to pay some installment payments currently due, for which the insured can sue,297 does not bear on the future


293. A court would try even an action under trust law, normally tried in equity without a right to a jury trial, as a legal action with a jury trial. Trust law recognizes actions for lump-sum benefits as amounts unconditionally and immediately due and thus legal actions. E.g., Transamerica Occidental Life Ins. Co. v. DiGregorio, 811 F.2d 1249, 1251-52 n.2 (9th Cir. 1987); Jefferson Nat'l Bank v. Central Nat'l Bank, 700 F.2d 1143, 1149 (7th Cir. 1983); Ovitz v. Jeffries & Co., 553 F. Supp. 300, 301 (N.D. Ill. 1982); see supra note 105. Courts should also reject as ridiculous the idea common in the First Circuit that a plan administrator's erroneous interpretation of the plan contract thwarts the unconditional requirement of trust law. See supra note 164.


295. See infra notes 304-09 and accompanying text.


297. E.g., New York Life Ins. Co. v. Viglas, 297 U.S. 672, 678 (1936) (disability policy); Mobley v. New York Life Ins. Co., 295 U.S. 632, 638 (1935) (same); Hines, 6 F. Supp. at 693 (same); Menssen, 5 F. Supp. at 116 (same); Wyll, 3 F. Supp. at 484 (same); Kithcart v. Metropolitan Life Ins. Co., 1 F. Supp. 719, 720 (W.D. Mo. 1932) (same); Cobb, 4 Cal. 2d at 571-72, 51 P.2d at 87 (same); Brix, 2 Cal. 2d at 455, 41 P.2d at 542 (same); Scott v. Life & Casualty Ins. Co., 129 S.E. 903, 904 (Ga. Ct. App. 1925) (health policy); Howard v. Benefit Ass'n of Ry. Employees, 39 S.W.2d 657, 659 (Ky. 1931) (disability policy); Atlantic Life Ins. Co. v. Serio,
performance. This problem does not affect all remedies sought by potential participant-beneficiaries, but only those paid in a form similar to annuities. Courts generally state the rule as follows: the doctrine of anticipatory breach, permitting the nonbreacher to treat current breaches as a total breach and sue also for total future damages, does not apply to unilateral contracts. Almost all insurance contracts are unilateral in that either the premiums have been paid, or the premium payment is a condition to the insurance company's obligation to pay. The above formulation is overbroad. This becomes evident when examining the life insurance policy cases, which recognize anticipatory breach for a breach before the insured's death and permit the insured to sue for future benefits presently. Justice Benjamin Cardozo enunciated the correct rule: anticipatory breach lies for unilateral contracts unless the performer acts in good faith in not complying with its terms.


298. Viglas, 297 U.S. at 678.


300. See 4 COBIN, supra note 81, § 968, at 880.


The only jurisdictions denying this rule are New York, overruling its earlier decisions recognizing the rule, e.g., Kelly v. Security Mut. Life Ins. Co., 78 N.E. 584, 585 (N.Y. 1906) (since specific performance is available); Langan v. Supreme Council Am. Legion of Honor, 66 N.E. 932, 933 (N.Y. 1903) (same), and Massachusetts, which has never recognized anticipatory breach, e.g., Porter v. American Legion of Honor, 67 N.E. 238, 239 (Mass. 1903) (life insurance); Daniels v. Newton, 114 Mass. 530, 532 (1874) (land transaction).

302. Viglas, 297 U.S. at 676, 678-81 (good faith; possible for anticipatory repudiation to occur).

Confusion over the correct rule probably arose due to the resistance to the anticipatory repudiation doctrine by the influential Samuel Williston, chief reporter of the First Restate-
With this rule for anticipatory breach, no problem as to the remedy sought should arise in the ERISA benefits-due lawsuit since the litigant must show abuse of discretion, namely, that the surrogate insurance company acted in bad faith. Under insurance law, that showing would entitle the participant-beneficiary to sue presently for a lump sum payment representing all future payments because of anticipated breach, clearly a legal remedy with a right to a jury trial.

The second problem with characterizing benefits-due lawsuits as legal is that some courts have suggested that, for litigants not seeking a


See supra note 302 and accompanying text.
lump sum presently but a compulsion of payments as they come due, the
court would have to order future benefits.\textsuperscript{304} Thus, the remedy is specific
performance and hence equitable. However, courts are presently work­
ing toward a solution in insurance contract law.\textsuperscript{305} This solution in­
volves money judgments payable in installments.\textsuperscript{306} Installment
judgments are common practice in civil law jurisdictions.\textsuperscript{307} Early in the
twentieth century several American courts concluded that courts could
not issue installment money judgments for disability annuities.\textsuperscript{308} More
recently, however, several American courts have permitted such judg­
ments.\textsuperscript{309} Thus, a lawsuit for benefits payable in the future can also be a
legal action seeking a money judgment.

Under the court's authority in ERISA actions to fashion a federal
common law of ERISA,\textsuperscript{310} the court may use this state law as its
model.\textsuperscript{311}

V. CONCLUSION

Some district courts have suggested that, when the United States
Supreme Court faces the issue, it will decide in favor of the right to a jury
trial for benefits-due lawsuits.\textsuperscript{312} This is especially so in light of the con­

\textsuperscript{304}. E.g., Blake v. Unionmutual Stock Life Ins. Co., 906 F.2d 1525, 1526 (11th Cir. 1990)
(ordering of continuing benefits from group health plan is equitable).
\textsuperscript{305}. See infra note 309 and accompanying text.
\textsuperscript{306}. See infra notes 308-09 and accompanying text.
\textsuperscript{307}. German courts may require tortfeasors to pay damages representing decreased earning
ability for tortious personal injuries in installments. Bürgerliches Gesetzbuch (BGB) art. 843
(F.R.G.), translated in \textit{THE GERMAN CIVIL CODE, AS AMENDED TO JANUARY 1, 1975} (Ian S.
Forrester et al. trans., 1975). German courts similarly enforce contracts for annuities through
money judgments payable in installment payments three months in advance. \textit{Id.} art. 760.
\textsuperscript{308}. Brotherhood of Locomotive Firemen v. Simmons, 79 S.W.2d 419, 424 (Ark. 1935)
(overruling one as judgment would not be certain); Brix v. Peoples Mut. Life Ins. Co., 2 Cal.
2d 446, 452-53, 41 P.2d 537, 539-40 (1935) (overruling one as not authorized in declaratory
judgment statute); Green v. Inter-Ocean Casualty Co., 167 S.E. 38, 42 (N.C. 1932) (same);
New York Life Ins. Co. v. English, 72 S.W. 58, 59 (Tex. 1903) (overruling one as it has never
been done before).
\textsuperscript{309}. John Hancock Mut. Life Ins. Co. v. Cohen, 254 F.2d 417, 427 (9th Cir. 1958) (apply­
ing New Mexico law); Travelers Ins. Co. v. Thompson, 354 S.W.2d 519, 521 (Ky. 1961); 
Equitable Life Assurance Soc'y v. Goble, 72 S.W.2d 35, 37 (Ky. 1934); Prudential Ins. Co. v.
Hampton, 65 S.W.2d 980, 983 (Ky. 1933); Equitable Life Assurance Soc'y v. Branham, 63
S.W.2d 498, 500 (Ky. 1933); Melanson v. Provident Life & Accident Ins. Co., 147 So. 346, 348
\textsuperscript{310}. See supra note 171.
\textsuperscript{311}. See Textile Workers Union v. Lincoln Mills, 353 U.S. 448, 456-57 (1957) (under
LMRA courts are to create uniform federal common law, in which state law is source of
potentially compatible rules). Cardozo's opinion, see supra note 302, should be a strong indi­
cation of what that federal common law ought to be. \textit{Textile Workers}, 353 U.S. at 457.
gressional legislative history indicating that Congress views the benefits-due lawsuit as contractual, realizes that both state and federal courts treated them as contractual under pre-ERISA law, even LMRA, and expressly intended to increase the legal remedies under benefits-due lawsuits. Contractual legal remedies require the right to a jury trial. But even in the absence of this legislative history, constitutional provisions preserving the right to a civil jury trial mandate the jury trial because the participant-beneficiary’s rights in the benefits-due lawsuit arise under a contractual theory and the participant-beneficiary generally seeks a legal remedy. Moreover, the only case advanced against the right to a jury trial for the benefits-due lawsuit involves erroneous, if not dishonorable, obfuscations and cannot properly serve as legal precedent.

Until the correct decision comes down, some district courts refuse to strike the jury demand until the last possible moment in hopes that their circuit court will finally revive its legal sensibilities. The federal circuit courts should desire to correct the legal error of denying jury trials for benefits-due lawsuits. Jury trials permit judges to escape the onus for clearly unjust results. Judges then could avoid appearing as despot permitting an employer, through its hand-picked plan administrator, vindictively to deny a participant-beneficiary a lump-sum benefit because the former employee also took the employer’s substantial clients to his new employer, or reduce the benefit because the former employee participated in a strike against the employer. Such an unjust result would be the jury’s onus or, more likely, the jury would sense the injustice and decide differently to correct that injustice. And that was what Congress sought in passing ERISA: participant-beneficiaries ought to recover benefits they rightfully are owed.

314. GuintHER, supra note 92, at 40, 44 (judges have tendency to rigidly follow rule of law without regard to doing substantial justice).
315. Most circuit court opinions appear as cases without real malice between the employer and the former employee; however, occasionally there appears a fact pattern that experienced ERISA lawyers immediately recognize as a plan administrator decision resulting from the improper motives that the abuse of discretion standard should have overturned. But the judges blindly apply their version of that rule to enforce the miscarriage of justice. See Denton v. First Nat’l Bank, 765 F.2d 1295, 1297 (5th Cir. 1985) (bank); Morse v. Stanley, 732 F.2d 1139, 1141 (2d Cir. 1984) (financial printer).
317. See GuintHER, supra note 92, at 44 (jury serves as lightning rod to insulate judges from public outcry).
318. Id. at 40 (jury considers matters other than technical legal rules).