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Supreme Court Expands Rule 60(b) Relief: Implications for Voluntary Dismissals and Arbitration Challenges

In *Waetzig v. Halliburton Energy Services, Inc.*, the U.S. Supreme Court expanded the scope of Federal Rule of Civil Procedure 60(b), holding that a voluntary dismissal without prejudice under Rule 41(a) constitutes a "final proceeding" eligible for post-dismissal relief. This decision may open the door for plaintiffs to attempt to reinstate voluntarily dismissed claims, raising concerns about litigation finality and increasing risks for corporate defendants.

Case Overview

Gary Waetzig, a former Halliburton employee, sued the company for age discrimination in federal court before voluntarily dismissing his case without prejudice to pursue arbitration. After losing in arbitration, Waetzig sought to reopen his dismissed federal lawsuit and vacate the arbitration award under Rule 60(b), arguing his dismissal was filed in error. The district court granted Waetzig Rule 60(b) relief and vacated the arbitration award, but the Tenth Circuit reversed, holding that a voluntary dismissal without prejudice does not satisfy Rule 60(b)'s definition of a "final judgment, order, or proceeding." On appeal, the Supreme Court reversed the Tenth Circuit, finding that Waetzig's voluntary dismissal indeed qualified as a "final proceeding" eligible for Rule 60(b) relief. However, the Supreme Court declined to address whether the district court had jurisdiction over Waetzig's motion to vacate the arbitration award or whether the district court's decision vacating the arbitration award was otherwise proper.

Key Takeaways from the Supreme Court's Decision

1. Voluntary Dismissals as "Final Proceedings" – The court determined that a voluntary dismissal without prejudice pursuant to Rule 41(a) is a "final proceeding" under Rule 60(b) because it removes the case from the docket and terminates active litigation.

2. General Rule for Voluntary Dismissals and Statute – When a plaintiff voluntarily dismisses a case without prejudice under Rule 41(a), the general rule is that the statute of limitations continues to run as if the case had never been filed. If the plaintiff refiles after the limitations period has expired, the claim is typically barred unless a state or federal savings statute applies. *Waetzig* does not alter this rule; it does not grant an automatic tolling effect to voluntary dismissals.

3. Implications for Statute of Limitations – If a court grants Rule 60(b) relief from a voluntary dismissal, the original case is reinstated rather than refiled as a new lawsuit. This could allow plaintiffs to bypass the statute of limitations issue because the original filing date remains intact. The court in *Waetzig* does not explicitly address this issue, but the risk arises because Rule 60(b) relief is often granted without regard to whether the statute of limitations has since expired. Defendants may now face arguments from plaintiffs that reopening a dismissed case under Rule 60(b) is permissible even if the statute of limitations would otherwise have barred refiling as a new lawsuit.

4. State "Savings Statutes" – Many states have "savings statutes" that allow a plaintiff to refile a voluntarily dismissed lawsuit within a specified period (e.g., six months or one year), even if the statute of limitations otherwise has expired. Under *Waetzig*, the availability of Rule 60(b) relief after a voluntary dismissal could allow plaintiffs to argue that they should not be constrained by savings statutes because they are reopening the original case rather than refiling it. Courts may need to address whether Rule 60(b) relief can extend beyond the time limits imposed by savings statutes, further complicating the statute of limitations analysis.

5. Arbitration Finality at Risk – Plaintiffs who dismiss cases without prejudice pre-arbitration may now attempt to vacate arbitration awards by moving to reopen those originally dismissed lawsuits, creating an additional avenue for challenging arbitration results.

6. Broader Interpretation of "Finality" – The Supreme Court rejected Halliburton's argument that "final" under Rule 60(b) should align with appellate jurisdiction principles requiring a decision on the merits, broadening the interpretation of Rule 60(b).

Strategic Implications and Risk-Mitigation Considerations for Corporate Defendants

1. Strengthen Language in Arbitration Agreements – *Waetzig* introduces a potential mechanism to challenge arbitration outcomes, requiring companies to reassess arbitration agreements and ensure dismissals are carefully structured. Defense counsel should consider insisting on stronger arbitration clauses, such as explicit waiver provisions in voluntary dismissals, to potentially limit post-dismissal challenges and reinforce that arbitration is binding and cannot be undone via procedural maneuvers. Consider updating arbitration agreements to include language such as, "Any dismissal of litigation arising from this Agreement, whether voluntary or involuntary, shall be deemed final and irrevocable, and Plaintiff waives any right to seek relief under Federal Rule of Civil Procedure 60(b) or any similar rule."

2. Monitor Previously Dismissed Claims – While Rule 60(b) motions generally must be filed within a "reasonable time," motions under Rule 60(b)(1), (b)(2), and (b)(3)—based on mistake, newly discovered evidence, or fraud—must be filed within one year. Additionally, counsel may wish to argue that any attempt to reopen a dismissed case after the statute of limitations has expired is inherently unreasonable, as it causes prejudice and undue delay.

3. Document Plaintiff Representations Regarding Dismissal – Consider documenting evidence that a plaintiff dismissed their case knowingly and voluntarily to reduce the chance of a successful Rule 60(b) motion. If a plaintiff voluntarily dismisses a case, defense counsel may request plaintiff confirm in writing that they understand the dismissal is final and that they are choosing to forgo litigation, rather than seeking a stay or alternative resolution. Additionally, in jurisdictions with savings statutes that permit refiling within a limited period (e.g., six months or one year), defendants may wish to ensure that any written acknowledgment from plaintiff explicitly states that they are aware of and voluntarily assuming the risk of any applicable statute of limitations consequences.

4. Include Protections in Stipulation of Dismissal – To reduce the risk of plaintiffs attempting to reopen a case under Rule 60(b), counsel should consider including language in the Stipulation of Dismissal that plaintiff waives the right to reopen the case or otherwise seek relief under Federal Rule of Civil Procedure 60(b).

The Supreme Court's decision in *Waetzig* expands the scope of Rule 60(b) relief, creating new risks for defendants by enabling plaintiffs to revive voluntarily dismissed claims, even in scenarios where statute-of-limitations concerns might otherwise arise. While the decision creates uncertainty, defendants can address potential exposure through updated litigation strategies, stronger arbitration agreements, and carefully structured dismissals designed to protect against future challenges.

Authors

This GT Alert was prepared by:

- Allison Ng | +1 678.553.2129 | nga@gtlaw.com
- Anna Yeung | +1 415.590.5111 | yeunga@gtlaw.com