By Order of the Court, *Presiding Judge ROBERTO C. NARAJA*

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IN THE
SUPERIOR COURT
FOR THE
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

QUAD L'S CORPORATION, **IGNACIA L. EVANGELISTA**, and **REMEDIO L. PANGELINAN**, Plaintiffs, v. **CECILIA H. LIFOIFOI**, Executor for the Estate of Jose Rebuenog Lifoifoi, and in her individual capacity, Defendants.	**CIVIL ACTION NO. 22–0152** **ORDER GRANTING MOTION TO DISMISS COUNTERCLAIMS**

I. INTRODUCTION

THIS MATTER comes before the Court on the Motion to Dismiss Counterclaims ("Motion") filed by Plaintiffs Quad L's Corporation ("Quad L"), Ignacia L. Evangelista ("Ignacia"), and Remedio L. Pangelinan ("Remedio") (collectively, "Plaintiffs"). A hearing on the Motion was held on Tuesday, January 7, 2025, at 9:00 a.m., in Courtroom 202A of the Superior Court, Guma' Hustisia, Susupe, Saipan, Commonwealth of the Northern Mariana Islands ("Commonwealth"). Attorney Mark B. Hanson appeared on behalf of Plaintiffs, and Attorney Charity R. Hodson appeared on behalf of Defendant Cecilia H. Lifoifoi ("Cecilia"), both in her individual capacity and as Executor of the Estate of Jose Rebuenog Lifoifoi ("Jose").

Having heard oral arguments and considered the evidence presented during the hearing, the Court took the matter under advisement. Upon careful review of the parties' arguments, filings, and applicable law, the Court hereby issues its ruling on the Motion as set forth herein.

II. FACTS AND PROCEDURAL HISTORY

The Court previously addressed the relevant factual and procedural background in its order denying the Cecilia's motion to dismiss, issued on May 16, 2024 ("Dismissal Order"). Accordingly, only the facts pertinent to the current Motion are discussed herein.

Sometime prior to 1994, Jose and Larry Hillblom ("Larry") discussed a business venture in which Larry would construct an apartment building on Lot 010 D 01, a parcel owned by Jose, while Jose would provide a long-term lease. (*Id.* at 8.) Before the parties formalized their agreement, construction began. In 1994, Nha Thrang, Inc. ("NTI") was incorporated in the Commonwealth, with Jose and Larry each holding a fifty percent ownership interest. (*Id.*)

Larry passed away in 1995. (*Id.* at 9.) The Bank of Saipan, acting as executor of Larry's estate, initiated litigation against NTI and Jose regarding the lease. In 1999, the parties resolved the matter through a settlement in which Jose acquired Larry's shares for $300,000, becoming the sole shareholder of NTI. *See generally Bank of Saipan v. Nha Thrang, Inc.*, Civ. No. 97–0798 (NMI Super. Ct. Sept. 2, 1999) (Stip. & Order Dismissing this Matter).

Jose and Amalia T. Lifoifoi ("Amalia") had four natural children—Ignacia, Remedio, Josephine Tajibami, and Joseph T. Lifoifoi ("Joseph") (collectively, "Children")—all of whom survived Amalia when she passed away in 1997. (Def.'s Countercl. 9.) The parties dispute the events concerning NTI's ownership following Amalia's passing. Cecilia asserts that Jose retained ownership of NTI but intended for the Children to manage the corporation. (*Id.*) In 1998, corporate records began identifying the Children as NTI's sole shareholders. (*Id.*) The corporation's name was later

changed to Quad L, and subsequent filings with the Commonwealth did not identify Jose as a shareholder. (*Id.* at 10.)

Between 2001 and 2008, Jose transferred several real properties to Quad L, which were recorded in the corporation's books as shareholder advances. (*Id.* at 11.) According to the records, certain properties were subsequently transferred to Ignacia for nominal consideration. (*Id.* at 12.) In 2016, while preparing an estate plan, Jose requested access to Quad L's corporate records. (*Id.*) Upon review, Jose noted that he was not listed as a shareholder. (*Id.*) Cecilia alleges that Joseph, one of the Children, later stated he signed certain corporate documents without fully understanding their legal implications. (*Id.* at 13.) Jose maintains that he never transferred his shares and argues that any such transfer would be inconsistent with NTI's governing documents. (*Id.* at 13–14.)

In 2016, Jose, through legal counsel, sent correspondence to the Children requesting that they disclaim any ownership interest. (*Id.* at 14.) On September 21, 2017, Jose initiated litigation. *See Jose R. Lifoifoi v. Quad L's Corp.*, Civ. No. 17–0237 (NMI Super. Ct.) (Compl.) ("*Lifoifoi I*").

Jose married Cecilia on July 10, 2009. Following Jose's death on May 18, 2020, the Court granted Cecilia's motion for substitution as personal representative and executrix of his estate. *See generally Lifoifoi I*, (NMI Super. Ct. Oct. 7, 2022) (Order Granting Mot. for Substitution of Party) ("Substitution Order"). Proceedings relating to Jose's estate remain pending. *See generally In re Estate of Jose Rebuenog Lifoifoi*, Civ. No. 20–0169 (NMI Super. Ct.) ("*Lifoifoi III*"). (*Id.* 8.)

In *Lifoifoi I*, the Court granted summary judgment in favor of defendants on several claims, including Breach of Fiduciary Duty (Count IV), as well as the portions of Conversion (Count I), Unlawful Taking (Count II), Breach of Contract (Count III), Judicial Removal of Directors (Count V), and Ultra Vires Acts (Count IV) that concerned the transfer of Quad L's property and the issuance of dividends. *See Lifoifoi I*, (NMI Super. Ct. July 1, 2024) (Order Granting in Part & Denying in Part Defs.' Mot. For Summ. J. at 14) ("Summary Judgment Order") The Court denied summary judgment

on the same counts to the extent they concerned the alleged transfer of Jose's shares. *See id.* A bench trial was held from July 9 to September 9, 2024.

While *Lifoifoi I* remains pending, on July 9, 2022, Plaintiffs filed the present lawsuit against Cecilia, alleging that she wrongfully withheld proceeds from the sale of Amalia's stock in Pacific Marine & Industrial Corporation's ("PMIC"). (Pls.' Compl.) On May 31, 2024, in accordance with the Dismissal Order, *see* Dismissal Order at 25, Cecilia timely filed her Answer along with the counterclaims. (Def.'s Answer & Countercl.) On August 5, 2024, Plaintiffs timely filed the present Motion for failure to state a claim upon which relief can be granted. (Pls.' Mot. to Dismiss Countercl.) On October 30, 2024, Cecilia timely filed her opposition (Def.'s Opp'n to Pls.' Mot.), in compliance with the Court's order. *See* Order After Status Conf. at 1. On April 11, 2025, the parties filed a stipulated request to schedule a status conference. (Stip. Req. for Status Conf.) On April 22, 2025, the Court issued an order scheduling a Case Management Conference for April 30, 2025. *See generally* Order Setting Status Conf. & Directing Case Mgmt. Deadlines.

Although Plaintiffs filed their reply on December 6, 2024, after the deadline,[1] the Court considers all filed briefs in ruling on the present Motion.

III. LEGAL STANDARD

A. *Failure to State a Claim Upon Which Relief Can Be Granted*

A motion to dismiss a complaint for "failure to state a claim upon which relief can be grant" under Rule 12(b)(6) of the Commonwealth Rules of Civil Procedure tests the legal sufficiency of the claims within the complaint. To avoid dismissal, a complaint must satisfy the notice pleading requirements of Rule 8(a). *See Capeda v. Hefner*, 3 NMI 121, 126 (1992). Rule 8(a)(2) requires only "a short and plain statement of the claim showing that the pleader is entitled to relief" such that it

[1] Although the Court did not initially rule on the parties' stipulated request to extend the deadline for the reply brief filed on November 22, 2024, the issue was not addressed during the hearing. Accordingly, the Court now **GRANTS** the parties' stipulated request to extend the reply brief deadline, as entered on November 22, 2024.

provides "fair notice of the nature of the action." *Govendo v. Marianas Pub. Land Corp.*, 2 NMI 482, 506 (1992).

The Commonwealth Supreme Court has explicitly declined to adopt the heightened plausibility standard established by the U.S. Supreme Court. S*ee Syed v. Mobil Oil Marianas Islands, Inc.*, 2012 MP 20 ¶ 17. Instead, under Commonwealth law, a complaint survives a Rule 12(b)(6) motion if it contains either (1) "direct allegations on every material point necessary to sustain a recovery on any legal theory, even though it may not be the theory suggested or intended by the pleader; or (2) "allegations from which an inference fairly may be drawn that evidence on these material points will be introduced at trial." *In re Adoption of Amanda C. Magofna*, 1 NMI 449, 454 (1990) (quoting 5 Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure: Civil*, § 1216, at 120–23 (1969) [sic]).

When evaluating a Rule 12(b)(6) motion, "court[s] must accept the allegations in the complaint as true and construe them in the light most favorable to the [non-moving party]." *Camacho v. Micronesian Dev. Co.*, 2008 MP 8 ¶ 10. However, courts are not required to "strain to find inferences favorable to the non-moving party . . ." *In re Adoption of Amanda C. Magofna*, 1 NMI at 454. Furthermore, courts need not accept as true conclusory allegations that are contradicted by the complaint's own exhibits or by other documents subject to judicial notice. *See Lazy Y Ranch Ltd. v. Behrens*, 546 F.3d 580, 588 (9th Cir. 2008).

B. *Subject Matter Jurisdiction*

Standing is a threshold issue that determines whether a party has the right to bring a legal claim. *See Borja v. Rangamar*, 1 NMI 126, 131 (1990) ("Standing to sue is . . . a concept utilized to determine if a party is sufficiently affected so as to ensure that a justiciable controversy is presented to the court.") (internal citation omitted). Because standing is a component of justiciability, *see* 13A Charles Alan Wright, Arthur R. Miller, & Edward H. Cooper, *Federal Practice and Procedure* §

3521.1, at 114 (2d ed. 1984), a court must first determine whether it has subject matter jurisdiction before addressing the merits of the case. *See Rivera v. Guerrero*, 4 NMI 79, 81 n.2 (1993) ("[W]hen the [Commonwealth] Superior Court determines that it has no subject matter jurisdiction and dismisses a complaint under Com. R. Civ. P. 12(b)(1), the court should proceed no further."); *Cody v. N. Mar. I. Ret. Fund*, 2011 MP 16 ¶ 23 (internal citation omitted).

A defendant may move to dismiss a case where a court lacks subject matter jurisdiction. *See* NMI R. CIV. P. 12(b)(1). In adjudicating such a motion, courts "must accept as true the complaint's undisputed factual allegations and construe the facts in the light most favorable to [non-moving party]." *Atalig v. Commonwealth Election Comm'n*, 2006 MP 1 ¶ 16. If a court determines it lacks subject matter jurisdiction, it has no authority to rule on the merits and must dismiss the case. *See id.*

Standing is a necessary component of subject matter jurisdiction. *In re Estate of Moteisou*, 2023 MP 3 ¶ 10 ("If the litigant lacks standing, the court lacks subject matter jurisdiction to hear them . . ."). To establish standing, a litigant must satisfy three elements: (1) injury-in-fact, (2) causation, and (3) redressability. *See Estate of Ogumoro v. Han Yoon Ko*, 2011 MP 11 ¶ 19 (citing *Chapman v. Pier 1 Imps. (U.S.), Inc.*, 631 F.3d 939, 946 (9th Cir. 2011); *W. Watersheds Project v. Kraayenbrink*, 632 F.3d 472, 485 (9th Cir. 2011)).

As articulated by the U.S. Supreme Court, standing requires that a plaintiff: (1) "must have suffered an injury in fact—an invasion of a legally protected interest which is a) concrete and particularized, and b) actual or imminent, not conjectural or hypothetical;" (2) "there must be a causal connection between the injury and the conduct complained of—the injury has to be fairly traceable to the challenged action of the defendant, and not the result of independent action of some third party not before the court;" and (3) "it must be likely, as opposed to merely speculative that the injury will be redressed by a favorable decision." *Ko*, 2011 MP 11 ¶ 19 (quoting *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560–61 (1992)).

IV. DISCUSSION

Plaintiffs argue that Cecilia's counterclaims should be dismissed under the doctrine of claim preclusion, asserting that they are barred by res judicata, claim-splitting, and duplicative litigation. (Pls.' Mot. 6–9.) Cecilia, however, contends that her counterclaims are not precluded, asserting that they present distinct claims, involve different parties in different capacities, and rely on separate legal theories. (Def.'s Opp'n 3–4.)

A. Doctrine of Res Judicata

The doctrine of res judicata encompasses two related but distinct forms of preclusion: claim preclusion and issue preclusion (collateral estoppel). *See In re Estate of Manglona*, 2023 MP 13 ¶ 31. The present case involves the former—claim preclusion, which bars the re-litigation of claims that were, or could have been, raised in a prior action resulting in a valid final judgment. *See Santos v. Santos*, 4 NMI 206, 209 (1994) (quoting *Allen v. McCurry,* 449 U.S. 90, 94 (1980)); *Del Rosario v. Camacho*, 2001 MP 3 ¶ 62 (citing *Simmons-Harris v. Zelman*, 54 F. Supp. 2d 725, 730 (N.D. Ohio 1999); *Id.* ¶ 32 (quoting *In re Estate of Camacho*, 4 NMI 22, 4 (1993)).[2]

Under res judicata, "a final judgment on the merits of an action precludes the parties or their privies from relitigating issues that were or could have been raised in that action." *Santos*, 4 NMI at 209 (quoting *Allen*, 449 U.S. at 94). Also, the res judicata effect of a prior judgment depends on the scope of the prior cause of action or claim. *See In re Est. of Manglona*, 2023 MP 13 ¶ 32 (citing *In re Est. of Camacho*, 4 NMI at 4)). The doctrine extends not only to claims actually litigated, but also to those that should have been raised in the earlier suit. *See id.*; *see also Sablan v. Iginoef*, 1 NMI 190, 200–01 (1990); *Santos*, 4 NMI at 209; *Taman v. Marianas Pub. Land Corp.*, 4 NMI 287, 4 (1995); [3]

[2] This case does not have page or paragraph numbers. The page citation therefore refers to the page of the PDF on cnmilaw.org.
[3] *See supra* note 2.

Piteg v. Sorensen, 2000 MP 3 ¶ 10; *Del Rosario*, 2001 MP 3 ¶ 62 (citing *Lizama v. ANZ Guam, Inc.*, 2020 MP 17 ¶ 10 (quoting *In re Estate of Deleon Castro,* 4 NMI 102, 111 (1994))).

To determine whether two claims are sufficiently related for purposes of claim preclusion, Commonwealth courts apply the "transactional analysis" approach. *See In re Est. of Manglona*, 2023 MP 13 ¶ 35 (citing *Taman*, 4 NNMI at 4); *Mpoyo v. Litton Electro-Optical Sys.*, 430 F.3d 985, 987 (9th Cir. 2005) (citing *Int'l Union v. Karr*, 994 F.2d 1426, 1429–30 (9th Cir. 1993)); *Hall v. Hodgkins*, 305 Fed. Appx. 224, 228 (5th Cir. 2008). Under this test, claims arise from the same transaction when they share a "natural grouping or common nucleus of operative facts." *Taman*, 4 NMI at 291 (citing *In re Est. of Manglona*, 2023 MP 13 ¶ 35 (quoting Restatement (Second) of Judgments § 24 (1982) [sic])). Relevant considerations include whether the claims are "related in time, space, origin, or motivation, [and] whether they form a convenient trial unit." *In re Est. of Manglona*, 2023 MP 13 ¶ 38 (quoting *Etherton v. Serv. First Logistics, Inc.*, 807 Fed. Appx. 469, 471 (6th Cir. 2020)); *Hall*, 305 Fed. Appx. at 228–29 (quoting Restatement (Second) of Judgments § 24(2) (1982)).

Res judicata "'relieve[s] parties of the cost and vexation of multiple lawsuits, conserve judicial resources, and, by preventing inconsistent decisions, encourage reliance on adjudication.'" *Commonwealth v. Cabrera*, 1999 MP 22 ¶ 15 (citing *In re Est. of Manglona*, 2023 MP 13 ¶ 38 (quoting *Allen*, 449 U.S. at 94)). Although litigants are entitled to their day in court, they are not entitled to multiple opportunities to relitigate the same cause of action. *See id.* (citing *In re Est. of Manglona*, 2023 MP 13 ¶ 38 (quoting *Sablan*, 1 NMI at 200–01)).

In contrast, issue preclusion, or collateral estoppel, applies to discrete factual or legal issues that were actually litigated, necessarily decided, and essential to the judgment in a prior proceeding. *See Del Rosario*, 2001 MP 3 ¶ 62 (citing Restatement (Second) of Judgments § 27 (1982) [sic]; *Simmons-Harris,* 54 F. Supp. 2d at 731); *Lizama v. ANZ Guam, Inc.*, 2020 MP 17 ¶ 10 (citing *In re Est. of Deleon Castro*, 4 NMI at 111). Unlike claim preclusion, issue preclusion does not bar

matters that could have been litigated but were not. *See Del Rosario*, 2001 MP 3 ¶ 62; *Taman*, 4 NMI at 290–91.

Once a final judgment has been entered, both claim and issue preclusion doctrines operate to ensure finality and judicial economy. *See In Sik Chang v. Est. of Norita*, 2006 MP 2 ¶ 16. Courts applying these doctrines promote the orderly administration of justice by avoiding piecemeal litigation, preventing duplicative appeals, and ensuring consistency across proceedings. *See Kerotest Mfg. Co. v. C-O-Two Fire Equipment Co.*, 342 U.S. 180, 183 (1952).

1. Identity or Privity of Parties

The Court finds that the parties in this case and in *Lifoifoi I* satisfy the identity-of-parties requirement under claim preclusion. The record establishes that the parties in both actions are either identical or in sufficient relationship to meet this requirement.

In *Lifoifoi I*, Jose was the plaintiff, and Quad L, Ignatia, and Remedio were the defendants. After Jose's passing on May 18, 2020, this Court granted the motion to substitute Cecilia as the personal representative and executrix of Jose's estate. *See generally* Substitution Order. As Jose's legal successor, Cecilia stands in a position that may be bound by the outcome of that litigation, thereby potentially satisfying the identity-of-parties requirement.

Furthermore, Cecilia stands in privity with Jose based on her role as the executor of his estate. Privity is defined as "the connection or relationship between two parties, each having a legally recognized interest in the same subject matter." Black's Law Dictionary (12th ed. 2024). Further, "privity of estate"—also referred to as "privity of title" or "privity in estate"—captures the successive legal relationship in property rights between a decedent and their executor. *See id.* Because Cecilia now asserts claims based on Jose's alleged property rights, she may be considered in privity with him for preclusion purposes. Courts have routinely recognized that an estate and its decedent are in privity

for this purpose. *See Santos v. Santos*, 3 NMI 39, 49–50 (1992) (internal citations omitted); *Headwaters Inc. v. U.S. Forest Serv.*, 399 F.3d 1047, 1052–53 (9th Cir. 2005).

Additionally, while Quad L, Ignacia, and Remedio brought the second action as plaintiffs, they became counterclaim defendants in response to Cecilia's counterclaims. In that procedural posture, their legal positions and interests remain connected with their original roles as defendants in *Lifoifoi I*.

2. Judicial Competence

There is no dispute that *Lifoifoi I* was decided by this Court, which had jurisdiction over both the subject matter and the parties. The judgment in that case was issued pursuant to a properly filed civil action, following extensive motion practice, discovery, and a ruling on the merits. Accordingly, the second element—judicial competence—is satisfied.

3. Final Judgment on the Merits

Moreover, Cecilia's counterclaims in this matter appear to involve issues that were addressed through a final judgment on the merits in *Lifoifoi I*, including Breach of Fiduciary Duty (Count IV), as well as the portions of Conversion (Count I), Unlawful Taking (Count II), Breach of Contract (Count III), Judicial Removal of Directors (Count V), and Ultra Vires Acts (Count IV)—with limited exceptions pertaining to the alleged transfer of Jose's shares. *See* Summary Judgment Order at 14.

It is well established that a summary judgment constitutes a final judgment on the merits for purposes of res judicata. *See Federated Dep't Stores, Inc. v. Moitie*, 452 U.S. 394, 398 (1981) (citing *Angel v. Bullington*, 330 U.S. 183, 187 (1947)); *see also Chicot Cnty. Drainage Dist. v. Baxter State Bank*, 308 U.S. 371 (1940); *Wilson's Executor v. Deen*, 121 U.S. 525, 534 (1887) (noting that a final judgment retains its preclusive effect regardless of its correctness or subsequent changes in the law). Thus, this element would also appear to be met.

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4. Same Claim in Both Actions

Upon review of the pleadings, the counterclaims asserted in this action appear to arise from substantially related transactional nucleus of facts as those in *Lifoifoi I*. Specifically, both actions concern allegations regarding property transfers and corporate governance disputes.

Cecilia's current counterclaims—including Constructive Trust (Count I), Quiet Title (Count II), Conversion (Count III), Unlawful Taking (Count IV), Breach of Fiduciary Duty (Count V), Judicial Removal of Directors (Count VI), and Ultra Vires Acts (Count VII)—all related to the previous litigation. Each of these claims is either based on or connected to disputes that were previously litigated—or may have been capable of being litigated—in *Lifoifoi I*.

Although Cecilia now argues that these counterclaims present distinct legal theories or seek alternative remedies (Def.'s Opp'n 7.), the relevant inquiry under the transactional approach is not whether the legal theories differ, but whether the claims arise from the same nucleus of operative facts and could conveniently be tried together. *See Mpoyo*, 430 F.3d at 987 (quoting Restatement (Second) of Judgments § 24(2) (1982)). The Court finds that they share substantial factual overlap.

Based on established legal principles, because the present counterclaims appear to arise from a substantially similar nucleus of operative facts as those in *Lifoifoi I*, they are barred by the doctrine of res judicata. The Court finds that all four elements of claim preclusion—identity or privity of parties, jurisdictional competence, a final judgment on the merits, and the same nucleus of operative facts—have been sufficiently demonstrated.

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B. Duplicative Litigation Doctrine

The Court now turns to whether Cecilia ran afoul of the rule against duplicative litigation or the related doctrine of claim splitting.

The doctrine of claim-splitting, though closely related to res judicata, is analytically distinct. While both doctrines promote the judicial economy and aim to protect against vexatious litigation over the same subject matter, res judicata applies only when there has been a final judgment, whereas claim-splitting allows courts to dismiss duplicative actions even before entry of judgment to manage their dockets. *See Shaver v. F.W. Woolworth Co.*, 840 F.2d 1361, 1365 (7th Cir. 1988) (observing that "the doctrine of *res judicata* prevents the splitting of a single cause of action and the use of several theories of recovery as the basis for separate suits") (citing *Button v. Harden*, 814 F.2d 382, 384 (7th Cir. 1987)); *Davis v. Sun Oil Co.*, 148 F.3d 606, 613 (6th Cir. 1998) (per curiam) (describing claim-splitting as the "'other action pending' facet of the *res judicata* doctrine"); *Curtis v. Citibank, N.A.*, 226 F.3d 133, 138–40 (2d Cir. 2000); *Katz v. Gerardi*, 655 F.3d 1212, 1218 (10th Cir. 2011).

Black's Law Dictionary defines "claim-splitting" as occurring when a plaintiff "segregates several related claims that could have been joined in a single lawsuit into more than one lawsuit, involving the same defendants or their privies and claims that arise from the same or closely related transactions or occurrences or a common nucleus of operative facts." Black's Law Dictionary (12th ed. 2024). In the absence of binding precedent from the Commonwealth Supreme Court, the Commonwealth recognizes the doctrine by following the common law and the Restatements. *See* 7 CMC § 3401; *Castro v. Hotel Nikko Saipan, Inc.*, 4 NMI 268, 275 (1995).

Federal courts, including those in the Ninth Circuit, have articulated that claim-splitting prevents parties from bringing successive actions arising from the same transactional nucleus of facts, regardless of whether a final judgment was entered in the prior suit. *See Mpoyo*, 430 F.3d at 988; *Single Chip Sys. Corp. v. Intermec IP Corp.*, 495 F. Supp. 2d 1052, 1058–60 (S.D. Cal. 2007). The doctrine "prohibits a party from splitting a cause of action into separate grounds of recovery and [raising] the separate ground in successive lawsuits." Dismissal Order at 24 (quoting *Adams v.*

California Dep't of Health Servs., 487 F.3d 684, 688 (9th Cir. 2007) (internal citation omitted)). This rule "bars a party from bringing separate actions involving the same subject matter against the same defendants in the same court." *Id.*; *see also Kezhaya v. City of Belle Plaine*, 78 F.4th 1045, 1050 (8th Cir. 2023) (a litigant has "no right to maintain two actions on the same subject in the same court, against the same defendant at the same time.") (quoting *Curtis*, 226 F.3d at 138–40); *Adams*, 487 F.3d at 688; *Arendi S.A.R.L. v. LG Elecs. Inc.*, 47 F.4th 1380, 1384 (Fed. Cir. 2022) (quoting *Walton v. Eaton Corp.*, 563 F.2d 66, 70 (3d Cir. 1977) (en banc), *cited with approval* in *Russ v. Standard Ins. Co.*, 120 F.3d 988, 990 (9th Cir. 1997)); *Mendoza v. Amalgamated Transit Union Int'l*, 30 F.4th 879, 886 (9th Cir. 2022).

To determine whether claim-splitting applies, courts use the same transactional nucleus of facts test as applied in claim preclusion. The relevant factors include: (1) whether rights or interests established in the first action would be impaired by the second; (2) whether substantially the same evidence is presented in both actions; (3) whether the suits involve infringement of the same right; and (4) whether they arise from the same transactional nucleus of facts. *See* Dismissal Order at 24 (citing *Mendoza*, 30 F.4th at 887); *see also Adams*, 487 F.3d at 689. Courts may also examine whether the same parties or their privies are involved and whether the claims could have been brought together in the earlier action. *See Lane v. Peterson*, 899 F.2d 737, 742 (8th Cir. 1990); *Scholz v. United States*, 18 F.4th 941, 952 (7th Cir. 2021).

Even in the absence of a final judgment in the first action, a court may dismiss a later-filled action as duplicative where both cases share a common factual foundation and involve the same parties or legal equivalents. *See Hartsel Springs Ranch of Colo., Inc. v. Bluegreen Corp.*, 296 F.3d 982, 987 n.1 (10th Cir. 2002) ("[I]n the [duplicative-litigation] context, the appropriate inquiry is whether, assuming that the first suit were already final, the second suit could be precluded pursuant

to claim preclusion."); *Arendi*, 47 F.4th at 1385 n.1 ("To determine whether a suit is duplicative, we borrow from the test for claim preclusion.") (citing *Adams*, 487 F.3d at 688–89).

In the present case, Cecilia's counterclaims arise from the same operative facts as the claims and defenses adjudicated in *Lifoifoi I*. Although she now styles these claims—including constructive trust and quiet title—as derivative in nature and brought on behalf of Quad L, the underlying factual allegations remain substantially related. The doctrine of claim-splitting, which bars parties from "maintain[ing] two separate actions involving the same subject matter at the same time in the same court," applies irrespective of whether the claims are asserted in a direct or representative capacity. *Kezhaya*, 78 F.4th at 1050 (applying claim-splitting doctrine to bar second action asserting overlapping claims without requiring final judgment) (quoting *Curtis*, 226 F.3d at 138–40).

Cecilia contends that her counterclaims are distinguishable because she now purports to proceed in a representative capacity. (Def.'s Opp'n 6–7.) However, such distinction is not determinative. The claim-splitting doctrine does not require that the claims be identical in legal theory—only that they arise from the same transactional nucleus of facts and could have been raised previously. *See Adams*, 487 F.3d at 688 (holding that litigants have "no right to maintain two separate actions involving the same subject matter at the same time in the same court.") (quoting *Walton*, 563 F.2d at 70); *see also*; *Sutcliffe Storage & Warehouse Co. v. United States*, 162 F.2d 849, 851 (1st Cir. 1947); *Oliney v. Gardner*, 771 F.2d 856, 859 (5th Cir. 1985); *Zerilli v. Evening News Ass'n*, 628 F.2d 217, 222 (D.C. Cir. 1980); *Serlin v. Arthur Andersen & Co.*, 3 F.3d 221, 223–24 (7th Cir. 1993); *Curtis*, 226 F.3d at 138–39. Whether labeled direct or derivative, these counterclaims address corporate decisions and property issues related to those in *Lifoifoi I*.

The Court previously denied Cecilia's motion to dismiss Plaintiffs' claims on claim-splitting grounds, focusing on whether Plaintiffs impermissibly divided their claims—not whether Cecilia has done so now. *Cf.* Dismissal Order at 24–25. The applicable inquiry here is whether Cecilia, who was

a party to *Lifoifoi I*, is now asserting claims that arise from the same transactional nucleus of facts and could have been brought in the prior proceeding. *Kezhaya* confirms that this inquiry governs claim-splitting analysis.

Although this Court previously referenced *Mendoza* in assessing preclusion, *see* Dismissal Order at 24, *Mendoza* addressed traditional claim preclusion, which requires a final judgment. *See Mendoza*, 30 F.4th 879 at 885 (holding that claim preclusion barred a second suit by a trust beneficiary based on a prior judgment resolving related claims against the same trustee). In contrast, the doctrine at issue here—claim-splitting—is a subset of preclusion that bars piecemeal litigation regardless of final judgment. As the Ninth Circuit recognized in *Kezhaya*, the claim-splitting doctrine rests on the same underlying factors as claim preclusion—such as whether the actions arise from the same transactional nucleus of facts, involve the same parties or their privies, and seek to vindicate the same rights—but does not require a final judgment. *See* 78 F.4th at 1051. This framework applies to the present analysis.

Mendoza's reference to the *Taylor* exceptions to nonparty preclusion, including the rule that a party may be bound where they were "adequately represented by someone with the same interests who was a party" to the earlier suit. *See Mendoza*, 30 F.4th at 887 (quoting *Taylor v. Sturgell*, 553 U.S. 880, 894 (2008) (simplified)). However, that doctrine governs when a nonparty may be bound by res judicata, not when a party—like Cecilia—is prohibited from relitigating or repackaging claims she already had the opportunity to assert. Accordingly, *Kezhaya* provides the more appropriate framework here.

1. Potential Impairment of Rights or Interests

Permitting these counterclaims to proceed could potentially create inconsistencies with matters that have been adjudicated. The Court has previously made determinations regarding related

issues and allowing re-litigation of substantially similar matters under different legal raises procedural concerns about judicial economy and consistent adjudication.

2. Evidentiary Overlap Between Both Actions

The Court finds substantial overlap in the factual allegations between both actions. Both matters involve allegations concerning corporate governance and property interests. The current claims—constructive trust, quiet title, and derivative relief—rely on factual predicates that share commonality with issues that were, or reasonably could have been, raised in *Lifoifoi I*.

The doctrine of claim-splitting is concerned with not just identical claims, but claims arising from the same facts. *See Costantini v. Trans World Airlines, Inc.*, 681 F.2d 1199, 1201–02 (9th Cir. 1982); *Mpoyo*, 430 F.3d at 988. Although Cecilia acknowledges the factual relatedness between the cases (Def.'s Opp'n at 6–7.), she attempts to distinguish them based on differences in legal theory rather than factual distinction. Courts consistently reject efforts to repackage previously available claims to circumvent preclusion. *See Tahoe-Sierra Pres. Council, Inc. v. Tahoe Reg'l Planning Agency*, 322 F.3d 1064, 1078 (9th Cir. 2003) (holding that a new action based on the same events and previously available information was barred); *see also Curtis*, 226 F.3d at 140.

3. Relationship Between Rights Asserted

The counterclaims implicate core rights addressed in *Lifoifoi I*—specifically, rights concerning corporate governance and property transactions. (Def.'s Countercl. 16–18.) That these claims are now presented as "derivative" does not insulate them from claim-splitting analysis. *See Mendoza*, 30 F.4th at 887 ("The 'most important' factor is 'whether the two suits arise out of the same transactional nucleus of facts.'")("the two suits involve 'infringement of the same right'; that litigation of the suits would involve 'substantially the same evidence'; and that continued litigation of a second suit could impair any 'rights or interests' that might be established in a judgment in the first.") (quoting *Adams*, 487 F.3d at 689 (citations and internal quotation marks omitted)).

4. Prior Availability of Claims

The record indicates that Cecilia had an opportunity to bring these claims to *Lifoifoi I*. She actively litigated the matter, filed pleadings, and had the opportunity to amend—but did not pursue the derivative theories or equitable remedies she now asserts. She also did not seek leave to assert them after the Court's ruling.

The Court finds that that these claims were available to Cecilia during the pendency of *Lifoifoi I*, and she made litigation choices regarding which claims to pursue. Her current claims therefore appear to circumvent the procedural consequences of those choices—a practice courts routinely reject. *See* Summary Judgment Order at 12 n.4 (citing *Coleman v. Quaker Oats Co.*, 232 F.3d 1271, 1292–93 (9th Cir. 2000)); *see also Mpoyo*, 430 F.3d at 988; *Curtis*, 226 F.3d at 140.

Cecilia's argument—that her current claims differ because they are now brought derivatively—is not persuasive. (Def.'s Opp'n 4–7.) Even assuming arguendo that she did not explicitly plead derivative claims earlier, preclusion still applies where the factual basis was known and reasonably available. *See Kezhaya*, 78 F.4th at 1050–51 (quoting *Poe v. John Deere Co.*, 695 F.2d 1103, 1107 (8th Cir. 1982) ("It is immaterial that a plaintiff in a first action seeks to prove the acts relied on in a second action and is not permitted to do so because they are not alleged in the complaint and an application to amend the complaint came too late.") (citing Restatement (Second) of Judgments § 25 cmt. b (1982))).

Moreover, while the Court's dismissal of certain arguments "without prejudice" in *Lifoifoi I* might preserve claims for future proceedings in limited contexts, it does not entitle Cecilia to file a new action—or counterclaim here—on the same facts that were at issue in the prior case. She could have sought leave to amend or for reconsideration prior to trial in *Lifoifoi I*. This course of action suggests that the current pleading represents retrospective litigation strategy rather than the assertion of newly discovered rights. This is precisely the sort of conduct the claim-splitting doctrine exists to

prevent. *See Clements v. Airport Auth. of Washoe Cnty.*, 69 F.3d 321, 328 (9th Cir. 1995); *Vanover v. NCO Fin. Servs.*, 857 F.3d 833, 841 (11th Cir. 2017) (noting that claim-splitting doctrine's function in conserving judicial resources and preventing unfairness) (quoting *Hartsel Springs Ranch of Colo.*, 296 F.3d at 985).

The Court has demonstrated flexibility in accommodating legitimate procedural concerns. *See Lifoifoi I*, (NMI Super. Ct. July 9, 2020) (Order Granting Request for Temp. Stay & Opportunity to Respond). Based on the record, there is no indication that Cecilia was deprived of an opportunity to bring these claims earlier.

In conclusion, Cecilia's counterclaims involve the same parties, arise from a substantially similar factual context, implicate related rights, and were available to her in the earlier proceeding. Her attempt to reframe those claims through derivative labeling or equitable remedies does not overcome the bar imposed by the doctrine of claim-splitting. Based on these considerations, the Court finds that Cecilia's counterclaims are duplicative of those that could and should have been raised in *Lifoifoi I* and are therefore barred.

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C. Doctrine of Prior Pending Action

The next issue is whether Cecilia's counterclaims are precluded by the doctrine of prior pending action, commonly referred to as abatement.

Black's Law Dictionary defines "abatement" as the "suspension or defeat of a pending action for a reason unrelated to the merits of the claim." Black's Law Dictionary (12th ed. 2024). Although the term is sometimes used interchangeably with "stay," the two concepts are distinct. *See id.* (citing 1 Am. Jur. 2d *Abatement, Survival, and Revival* § 3 (1994)). Specifically, a stay is discretionary, whereas abatement, when applicable, is mandatory and operates as a matter of right. *See id.*

Additionally, courts retain the inherent authority to stay proceedings even where abatement is not strictly warranted, in the interest of judicial efficiency. *See id.*

In the absence of controlling precedent from the Commonwealth Supreme Court, this Court has addressed the prior pending action doctrine as a matter of first impression in prior decisions. *See* Dismissal Order at 22–24. The doctrine is grounded in principles of judicial economy and consistency and serves to prevent duplicative litigation and conflicting rulings. *See id.* at 22. However, the mere existence of an earlier-filed action does not compel dismissal or abatement of a subsequent case. Courts must examine the extent of factual and legal overlap between the actions and whether applying the doctrine serves the interests of justice. *See id.* (quoting *Markoff v. Markoff*, Civ. No. 12–0008 (NMI Super. Ct., Apr. 9, 2012) (Order Granting Stay)).

Although not binding, prior decisions of this Court are entitled to persuasive weight under the common law doctrine of precedent, which attaches legal consequences to a set of facts and provides a rule of decision in future cases with materially similar circumstances. *See Cohens v. Virginia*, 19 U.S. (6 Wheat.) 264, 399–400 (1821) (Marshall, C.J.);[4] *United States v. Osborne (In re Osborne)*, 76 F.3d 306, 309 (9th Cir. 1996) (citing *Allegheny Gen. Hosp. v. NLRB*, 608 F.2d 965, 969–70 (3d Cir. 1979)).

Building on this foundation, the Court adopts the four-part test articulated in a prior decision. *See* Dismissal Order at 22–23 (citing *Byoong Seob Choi v. Jung Ja Kim*, Civ. No. 10–0114 (NMI Super. Ct. Sept. 3, 2010) (Consol. Op. & Order on Defs.' Mot. to Dismiss at 8 [sic]) (quoting *Solomon v. Aberman*, 493 A.2d 193, 194 [sic] (Conn. 1985))). Under the *Choi* test, the doctrine of prior pending

[4] Chief Justice Marshall articulated that the common law doctrine of precedent "is a maxim not to be disregarded, that general expressions, in every opinion, are to be taken in connection with the case in which those expressions are used. If they go beyond the case, they may be respected, but ought not to control the judgment in a subsequent suit when the very point is presented for decision. The reason of this maxim is obvious. The question actually before the Court is investigated with care, and considered in its full extent. Other principles which may serve to illustrate it, are considered in their relation to the case decided, but their possible bearing on all other cases is seldom completely investigated."

action applies where: (1) a prior action is pending in the same jurisdiction; (2) the parties are the same or substantially the same; (3) the actions are of the same character and seek substantially the same relief; and (4) the interests of justice and equity support the application of the doctrine. *See id.*

All four elements are satisfied here. First, *Lifoifoi I* remains pending before this Court. The record indicates that *Lifoifoi I* includes claims that have not yet been fully resolved. *See Lifoifoi I*, (Summary Judgment Order at 14). Following the conclusion of trial proceedings on September 9, 2024, the matter is under advisement and a final ruling is forthcoming.

Second, as previously discussed, the parties in both actions are identical or substantially similar, including Cecilia, Quad L, Ignacia, and Remedio.

Third, an objective examination of the pleadings demonstrates that the two cases are of the same character and seek substantially identical relief as previously explained. The claims in both actions involve substantially similar legal and factual questions regarding corporate governance matters.

Fourth, standard principles of judicial administration and efficiency support the application of the doctrine. Parallel litigation of matters that involve potentially overlapping issues would not serve judicial economy and could potentially lead to inconsistent rulings. The Court notes that procedural coordination between related cases falls within its inherent authority to manage its docket efficiently. *See Ernest Bock, LLC v. Steelman*, 76 F.4th 827, 842 (9th Cir. 2023) (quoting *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936) (recognizing that "the power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants.")). Courts commonly exercise this discretion when confronted with related proceedings that present connected issues of fact or law.

To clarify the procedural posture, this approach does not contradict the Court's earlier decision denying Cecilia's request to consolidate *Lifoifoi I* and the present action into a single docket

for case management purposes. *See Lifoifoi I*, (NMI Super. Ct. Mar. 4, 2024) (Order Granting Continuance & Setting Pretrial Dates at 1).

The Court distinguishes between formal consolidation and the appropriate sequencing of related matters, each serving different procedural purposes. Courts have recognized that proper sequencing of related proceedings can be essential to orderly adjudication. *See Labayog v. Labayog*, 927 P.2d 420, 445 (Haw. Ct. App. 1996) (noting the "hazard" of "confusion and conflict in the ultimate disposition of the probate asset" where proceedings are fragmented). The Court's determination to address these procedural matters at this juncture represents a neutral application of established doctrine rather than any assessment of the underlying merits of either action.

Accordingly, because all elements of the *Choi* test are satisfied, and because *Lifoifoi I* remains pending in the same jurisdiction involving the same parties and substantially the same claims, the Court finds that Cecilia's counterclaims are barred by the doctrine of prior pending action and are therefore precluded.

D. Statute of Limitations and Standing

The Court next addresses Plaintiffs' arguments that Cecilia's counterclaims are barred by the statute of limitations or lack of standing. (Pls.' Mot. 10–16.) However, courts may decline to reach the merits of arguments when threshold preclusion doctrines—such as res judicata, duplicative litigation, and prior pending action—dispose of the claims. The doctrines operate to bar the re-litigation of claims that were, or could have been, raised in a prior or concurrent proceeding between the same parties. *See Federated Dep't Stores*, 452 U.S. at 398 ("A final judgment on the merits of an action precludes the parties or their privies from relitigating issues that were or could have been raised in that action. Nor are the res judicata consequences of a final, unappealed judgment on the merits altered by the fact that the judgment may have been wrong or rested on a legal principle subsequently overruled in another case.") (internal citations omitted). When such a bar applies, courts need not—

and indeed cannot—address additional defenses, such as timeliness or jurisdiction, because the claims are no longer justiciable. A court lacks jurisdiction to resolve moot questions or to issue advisory opinions. *See Torres v. House Standing Comm. on Judiciary & Governmental Operations*, 2023 MP 10 ¶ 4 (citing *Govendo v. Micronesian Garment Mfg., Inc.*, 2 NMI 270, 281 (1991)).

Here, the Court has determined that the counterclaims—including claims for conversion, breach of fiduciary duty, ultra vires acts, as well as the demands for injunctive relief and officer removal—involve legal and factual questions that fall within the scope of the prior pending action doctrine as applied to *Lifoifoi I*. These counterclaims present substantially similar issues to those currently pending adjudication. Because Cecilia was a party to both actions and the legal framework for preclusion applies, the Court holds that the counterclaims cannot proceed simultaneously. Accordingly, the counterclaims are dismissed in full on procedural grounds.

Given this ruling on procedural grounds, the Court declines to address Plaintiffs' remaining arguments on the statute of limitations and standing. When a claim is barred under applicable preclusion doctrines, further analysis into whether the claim is timely or whether the claimant has standing is rendered moot. Additionally, courts are prohibited from resolving legal questions in the absence of a live controversy, and moot issues must be dismissed. *See Castro v. Castro*, 2009 MP 8 ¶ 7 (citing *Oriental Crystal Ltd. v. Lone Star Casino Corp.*, 5 NMI 122, 123 (1997)). Here, no exception to the mootness doctrine—such as the "capable of repetition, yet evading review" exception—applies. The counterclaims at issue are fact-bound, concern private interests, and do not raise constitutional questions or broad public issues that would justify further judicial review. *See In re Commonwealth*, 2022 MP 5 ¶ 10 (citing *Castro*, 2009 MP 8 ¶ 9).

Accordingly, because the counterclaims are barred under the procedural grounds previously discussed, the Court does not reach the Plaintiffs' arguments regarding statute of limitations or standing and dismisses the counterclaims in full on procedural grounds.

V. CONCLUSION

For the foregoing reasons, Plaintiffs' Motion is hereby **GRANTED**. Cecilia's counterclaims are hereby **DISMISSED** on procedural grounds as follows:

1. Counterclaims for Breach of Fiduciary Duty (Count V), and portions of Conversion (Count III), Unlawful Taking (Count IV), Judicial Removal of Directors (Count VI), and Ultra Vires Acts (Count VII) that concern the transfer of Quad L's property and issuance of dividends are **DISMISSED WITH PREJUDICE**, as these matters were fully adjudicated by summary judgment in *Lifoifoi I*.
2. Counterclaims for Constructive Trust (Count I), Quiet Title (Count II), and portions of Conversion (Count III), Unlawful Taking (Count IV), Judicial Removal of Directors (Count VI), and Ultra Vires Acts (Count VII) that concern the alleged transfer of Jose's shares are **DISMISSED WITHOUT PREJUDICE**, as these matters relate to issues still pending adjudication in *Lifoifoi I*.

This dismissal reflects the Court's obligation to manage docket efficiently and to avoid inconsistent rulings. The Court expresses no view on the merits of any claims or defenses in *Lifoifoi I* and issues this Order solely to address the procedural posture of this case. Nothing herein alters or impairs the rights of any party to present arguments or evidence in that proceeding.

It is **SO ORDERED** this 28th day of April 2025.

/s/
ROBERTO C. NARAJA, Presiding Judge