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Expert Analysis

Federal Courts, Church Disputes, and 'Erie'

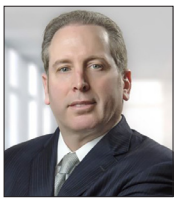
By Barry Black and Hillary Byrnes

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When a church property dispute reaches federal court, should the court follow the forum state's approach to resolving the dispute or look to federal precedent to choose its method? Property rights are governed by state law, but the ecclesiastical abstention doctrine, rooted in the First Amendment, constrains a court's jurisdiction to adjudicate church property disputes. The resulting dilemma lies at the intersection of ecclesiastical abstention and the *Erie* Doctrine.

In *Jones v. Wolf,* 443 U.S. 595 (1979), the U.S. Supreme Court held that "a State may adopt any one of various approaches for settling church property disputes so long as it involves no consideration of doctrinal matters."

Specifically, the court ruled that secular courts adjudicating disputes within hierarchical religious organizations may either defer to the decision of the denomination's highest ecclesiastical authority or adjudicate the dispute by applying "neutral principles of law" without examining matters of religious doctrine.



By Barry Black



And Hillary Byrnes

Although *Jones* preserved traditional deference as a constitutionally permissible approach, it devoted substantial attention to the practical and constitutional virtues of the neutral principles method.

Writing for the majority, Justice Blackmun emphasized that secular instruments such as deeds, trusts, and corporate charters provide a predictable and objective secular basis for resolving disputes: one that avoids entangling civil courts in religious questions while preserving property owners' access to the protections of secular law.

Since property rights are primarily governed by state and local law, most church property disputes are resolved in state court. *Jones* is generally understood to prefer and endorse the neutral principles method over deference.

Consequently, most states have since adopted their own version of neutral principles, while others, such as Florida and West Virginia, have remained committed to absolute deference.

Ecclesiastical abstention and Erie

How, then, should federal courts proceed? Must they strictly rely on *Jones* and federal precedent, or should they follow the forum state's approach to resolving church property disputes?

> Are federal courts sitting in diversity bound by the forum state's method of resolving church property disputes?

In a deference jurisdiction, this choice may be outcome-determinative: applying state law requires abstaining in favor of denominational authority, whereas applying federal precedent requires actively adjudicating the dispute under neutral principles of law.

In *Erie R.R. v. Tompkins*, 304 U.S. 64, 78 (1938), the Supreme Court held that federal courts hearing state law claims in diversity

BARRY BLACK, *the Religion Law columnist for the New York Law Journal, is a partner in the religion law firm Nelson Madden Black LLP, which serves the legal needs of the faith community.* **HILLARY BYRNES**, *counsel at the firm, formerly served as director of Religious Liberty and assistant general counsel of the U.S. Conference of Catholic Bishops.*

jurisdiction are to apply federal procedural law but state substantive law "[e]xcept in matters governed by the Federal Constitution or by Acts of Congress."

In the context of church property disputes, does the *Erie* Doctrine require a federal court to adopt the state's approach as a substantive question of law, or is this in fact a constitutional question which a federal court is to resolve only under *Jones* and other federal precedent? The courts have yet to provide clear guidance on this question.

Erie and Statutory Interpretation Methodologies

J. Stephen Tagert's *To Erie or Not to Erie: Do Federal Courts Follow State Statutory Interpretation Methodologies?*, 66 Duke L.J. 211 (2016), offers a relevant analysis. Tagert argues that the Erie doctrine requires federal courts to apply state interpretive methodologies when those methods affect substantive legal outcomes.

Ignoring a state's established interpretive regime, he contends, violates Erie's dual aims of discouraging forum shopping and avoiding the inequitable administration of the laws. The analogy is not exact: a state's approach to church property disputes is typically driven by common law or constitutional principles rather than statutory interpretation.

Nevertheless, Tagert's underlying thesis suggests that, if a state's framework for property rights functions as settled state substantive law, federal courts hearing state-law claims are Erie-bound to adopt that methodology to ensure consistent outcomes between federal and state venues.

But this only begs the question: If a state's approach to resolving church property disputes is a matter of state property law interpretation, Tagert's thesis mandates that federal courts follow the state's methodology.

Conversely, if the issue is governed directly by the First Amendment's Religion Clauses as interpreted by Jones v. Wolf and its progeny, then the constitutional exception to Erie is triggered, allowing federal courts to rule under federal law because it involves "matters governed by the Federal Constitution or by Acts of Congress."

Consequently, whether *Erie* requires adopting a state's church property approach depends entirely on whether the question is classified as a matter of state substantive law or a federal constitutional command. And the underlying question remains unanswered.

Viewed as a Property Rights Question

Some courts have viewed the question as one grounded in state substantive property rights. Under this analysis, since the dispute is about property, the manner in which the court approaches the dispute is substantive in nature. As such, *Erie* would require a federal court to consider the state's viewpoint.

The Third Circuit has expressly framed a federal court's task in a diversity church property dispute as reaching the decision it believes the state supreme court would reach. In *Scotts African Union Methodist Protestant Church v. Conf. of African Union First Colored Methodist Protestant Church*, 98 F.3d 78 (3d Cir. 1996), the court explained: "[B]efore we can apply the instructions learned from the Supreme Court's cases to the issue at hand," "we must determine whether the district court correctly ruled that New Jersey has adopted the neutral-principles approach."

This approach is consistent with *Jones's* holding that the First Amendment does not demand any single method to resolve church property disputes, expressly leaving the decision to each state. The analysis views church property regimes as unique legal systems created by state legislatures and courts.

Indeed, New York's Religious Corporations Law is consistent with this approach, in that it expressly excludes applicability to anything and everything ecclesiastical, instead limiting its scope to a church's temporalities, regulating church property and governance through the application of neutral principles of law.

Viewed as a Constitutional Question

Another perspective considers the issue from the standpoint of the church's First Amendment right to exercise its faith without governmental interference. As such, ecclesiastical abstention is a threshold constitutional issue that precedes the substantive property law inquiry.

By this measure, Erie would not require a federal court's consideration of the state's approach; it would be guided only by federal precedent.

The Supreme Court recognized this constitutional limitation in *Presbyterian Church in U.S. v. Mary Elizabeth Blue Hull Mem'l Presbyterian Church*, 393 U.S. 440 (1969), a dispute concerning the ownership of church property following the withdrawal of two congregations from a hierarchical denomination. Under Georgia law, the property dispute turned on whether the denomination had departed from its original religious doctrines.

The court held that the First Amendment prohibited this inquiry, reasoning that civil courts could not determine the meaning or significance of religious doctrine to resolve property ownership.

Although property rights are ordinarily governed by state law, the court made clear that the First Amendment independently restricts the methods by which

those rights may be adjudicated.

More recently, the Fifth Circuit addressed a similar tension between secular legal principles and constitutional church autonomy in *Lutheran Church-Missouri Synod v. Christian*, No. 25-50130 (5th Cir. June 4, 2026).

The dispute concerned the relationship between a religious denomination and a church-affiliated university, including the denomination's authority over the university and its property. The district court applied state corporate law principles in determining the proper parties for diversity jurisdiction.

> The Second Circuit appears to view abstention as a threshold constitutional issue which precedes any substantive state-law inquiry.

The Fifth Circuit reversed, finding that the district court had improperly substituted its own interpretation of the church's organizational structure for the church's understanding of its ecclesiastical governance.

Although acknowledging that neutral principles may resolve church property disputes, the court concluded that the controversy primarily concerned religious hierarchy, implicating constitutional protections independent of state corporate law.

The Ninth Circuit in *Puri v. Khalsa*, 844 F.3d 1152 (9th Cir. 2017), looked to both federal and state law. Pointing out that "*Jones* suggested a clear preference for the neutral-principles approach," the court considered the circuit's prior neutral principles determinations.

But the court went on to note that "our general preference in federal cases for resolving claims by applying neutral principles is further supported here by the fact that most claims in this case are based on state law."

And "Oregon law would call for application of the state's neutral-principles approach." Thus, the court's primary emphasis seems to be on the federal courts, but it further supported its conclusions by looking at the local state's approach.

These decisions support the view that ecclesiastical abstention operates as an independent constitutional limitation on judicial authority, rather than as a component of state substantive law.

They do not, however, resolve whether a federal court may entirely disregard a state's chosen approach to church-property disputes when the controversy can be resolved without examining religious doctrine. Thus, even if ecclesiastical abstention is characterized as a constitutional question, *Jones v. Wolf* leaves room as to which approach a federal court should employ.

The Second Circuit

The Second Circuit has repeatedly applied the neutral principles of law method, citing exclusively to federal precedent, and without reference to the holdings of New York decisions, such as *Matter of Congregation Yetev Lev D'Satmar, Inc. v. Kahana*, 9 N.Y.3d 282 (2007), which also adopt the neutral principles method. For example, in *Merkos L'Inyonei Chinuch, Inc. v. Otsar Sifrei Lubavitch, Inc.*, 312 F.3d 94 (2d Cir. 2002), and *Hyung Jin Moon v. Hak Ja Han Moon*, 833 F. App'x 876 (2d Cir. 2020), the court relied on federal precedent alone in applying neutral principles of law.

More recently, in *Belya v. Kapral,* 188 F.4th 169 (2d Cir. 2026), the Second Circuit solely relied on *Jones* and other federal decisions in holding that federal courts may adjudicate a dispute implicating religious interests when neutral secular principles avoided undue entanglement in religious doctrine.

The opinion did not cite to New York precedent. Notably, the opinion seemed solely driven by its constitutional underpinnings, and not by property rights considerations. The court held that the ecclesiastical abstention doctrine "is rooted in both of the First Amendment's Religion Clauses, the Free Exercise Clause and the Establishment Clause."

It explained that "the state-law issues presented by the parties necessitate a threshold constitutional inquiry" to determine whether the court must abstain. It therefore appears that the Second Circuit views abstention as a threshold constitutional issue which precedes any substantive state-law inquiry, requiring no consideration at all of New York's approach to church property dispute resolution.

Conclusion

Federal courts must consider a state's relevant substantive law when adjudicating state property rights. The unresolved question is whether ecclesiastical abstention—and the choice between deference to a church hierarchy and neutral principles of law—constitutes a threshold constitutional inquiry and is not part of the state's substantive law.

If so, *Erie* does not require federal judges to consider the forum state's approach; federal precedent alone governs that inquiry. A comprehensive judicial analysis of *Erie's* applicability to ecclesiastical abstention is needed to define the boundary between the threshold constitutional inquiry and the obligation to apply state substantive law.

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