When Environmental Claims Stick: Federal Court Clarifies Pleading Requirements for NJ Spill Act Claims

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On April 21, 2026, the U.S. District Court for the District of New Jersey, in *Canam Steel Corp. v. Chevron U.S.A. Inc. and Chevron Environmental Management Co.*,[1] dismissed in part Canam Steel's complaint asserting contractual and environmental claims related to its property in South Plainfield, New Jersey. In doing so, the court clarified the allegations required to survive a motion to dismiss when pleading strict liability and contribution under the New Jersey Spill Compensation and Control Act (Spill Act).[2]

Background

Canam operated a specialty steel facility adjacent to Chevron's property. As alleged in Canam's complaint, Chevron manufactured organochloride pesticides (OCPs) that migrated onto Canam's property. According to the complaint, Chevron was obligated to investigate and remediate the Canam property under ISRA Case No. E88205 and an Environmental Investigation/Access and Reimbursement Agreement dated November 30, 2016 (the Access Agreement) between Canam and Chevron.

However, because Chevron failed to properly investigate and remediate OCP contamination at the Canam Property, Chevron was allegedly in breach of the Access Agreement. Canam then undertook remediation of OCP contaminated soils at its property and incurred remediation and related costs of more than $2 million.

Canam subsequently filed suit against Chevron for: (1) declaratory judgment; (2) breach of contract; (3) common law indemnity; (4) strict liability under the Spill Act; and (5) contribution and treble damages under the Spill Act. While the court dismissed without prejudice Canam's claims for declaratory judgment, breach of contract, and treble damages, the court denied Chevron's challenges related to common law indemnity and the Spill Act

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claims.

Declaratory Judgment and Breach of Contract Claims

The court determined that Canam's claims for declaratory judgment and breach of contract were insufficiently pled and required dismissal without prejudice.

As to declaratory judgment, the court reiterated that under Third Circuit precedent, declaratory judgments are meant to define the legal rights and obligations of the parties in anticipation of some future conduct, not simply to proclaim that one party is liable to another. Moreover, declaratory judgment claims cannot be duplicative of breach of contract claims. Not only did the court determine that Canam's declaratory judgment claim was duplicative of its breach of contract claim, but the court found that even if not duplicative, Canam's declaratory judgment claim impermissibly sought "a declaration that Chevron is liable to Canam for all costs incurred."[3]

Regarding Canam's breach of contract claim, the court reiterated that to sustain such a claim, a plaintiff must allege (1) a contract between the parties, (2) a breach of that contract, (3) damages flowing therefrom, and (4) that the party stating the claim performed its own contractual obligations. The court determined that Canam failed to allege that it performed its own contractual obligations. In making these findings, the court also rejected Canam's argument that it fully performed its obligations or was excused from doing so because such assertions were only alleged in Canam's brief and not in the complaint. The court reiterated that a plaintiff cannot amend its Complaint through its opposition brief. [4]

Spill Act Claims

Unlike Canam's claims for declaratory judgment and breach of contract, the court ultimately determined that Canam had alleged the basic elements of a Spill Act claim sufficient to survive a motion to dismiss, namely that "Chevron caused OCP contaminated soil to

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be discharged, contaminating the soil and groundwater of the Canam property, [and] then failed to remediate such discharges."[5]

In rendering such conclusion, however, the court declined to address Chevron's argument that the claims should be dismissed because Canam had failed to allege it obtained written approval from the New Jersey Department of Environmental Protection (NJDEP) for its cleanup and removal costs. Relying on an earlier published decision from within the district,[6] the court determined that the law was ambiguous as to (1) when in the course of litigation a party is required to receive written approval of cleanup costs from the NJDEP, and, accordingly, (2) whether, in order to maintain a claim for cleanup costs, an approval in writing from the NJDEP must be set forth in an initial pleading. In noting the ambiguity surrounding written notice from NJDEP, the court effectively removed this potential requirement from consideration for purposes of a motion to dismiss.[7]

Treble Damages

The court determined that while Canam's Complaint alleged the basic elements of a contribution claim, it failed to allege the elements of a treble damages claim. As the court recognized, N.J.S.A. 58:10-23.11f(a)(3) of the Spill Act permits treble damages if the contribution defendant was subject to and failed to comply with an NJDEP directive, received 30 days' notice and an opportunity to participate in the cleanup, refused to settle, and the contribution plaintiff either commenced remediation with proper notice or entered into a remediation agreement with NJDEP. In this case, the court determined that Canam failed to allege these requirements. In doing so, the court rejected Canam's argument that the law has "moved away" from requiring allegations of the treble damages requirements outlined in N.J.S.A. 58:10-23.11f(a)(3).[8]

Takeaways

The *Canam* decision serves as important clarification to environmental practitioners litigating in the District of New Jersey. Some key takeaways include:

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- The pleading requirements to survive a motion to dismiss in federal court remain minimal. This is exemplified by the court's clarification for strict liability and contribution claims under the Spill Act. For purposes of a strict liability claim, a plaintiff need only allege that: (1) the defendant caused a discharge of some type of contamination, (2) the discharge resulted in contamination on the plaintiff's property, and (3) the defendant refused to remediate the discharge or reimburse the plaintiff for costs for remedial work conducted. Regarding a contribution claim, a plaintiff need only allege that a discharge occurred for which the contribution defendant or defendants are liable.
- While courts in the District of New Jersey have declined to answer whether a plaintiff must plead that it obtained written approval from NJDEP for its cleanup and removal costs, the court in *Canam* effectively set a standard that allegations about NJDEP approved costs are unnecessary for purposes of surviving a motion to dismiss so long as the basic elements of a Spill Act claim are present.[9]
- A plaintiff seeking treble damages under the Spill Act is still required to plead the basic elements outlined in N.J.S.A. 58:10-23.11f(a)(3) to survive a motion to dismiss.
- Declaratory judgment claims, which are common in environmental lawsuits, will not survive a motion to dismiss if a plaintiff simply proclaims that one party is liable to another. Rather, claims for declaratory judgments should define the legal rights and obligations of the parties in anticipation of some future conduct.

For more information about these proceedings and their potential implications for your business, please contact the author or any member of our Environmental practice group.

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[1] Civ. No. 25-15454, 2026 WL 1078801, at *6 (D.N.J. Apr. 21, 2026).

[2] *Canam*, 2026 WL 1078801, at *6, n.5.

[3] *Id.* at *4.

[4] *Id.* at *5.

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[5] *Id.* at *6.

[6] *See Giordano v. Solvay Specialty Polymers USA, LLC*, 522 F. Supp. 3d 26, 36 (D.N.J. 2021).

[7] Canam also asserted an indemnification claim. Because the court was unclear as to the scope of the indemnification provision at issue, the court denied Chevron's motion, finding that the issue was better suited for summary judgment.

[8] *Id.* at *7.

[9] To the extent a party is seeking indirect costs, as opposed to direct costs, courts will require some allegations of the relevant costs in a complaint. *See, e.g.*, *NL Indus., Inc. v. Old Bridge Twp.*, Civ. No. 13-3493, 2014 WL 12631479, at *8 (D.N.J. June 30, 2014).

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