

Sec. 1—Full Faith and Credit

The current understanding is that the Full Faith and Credit Clause is “exacting” with respect to final judgments of courts, but “is less demanding with respect to choice of laws.”¹⁰⁷

The Court has explained that, where a statute or policy of the forum state is set up as a defense to a suit brought under the statute of another state or territory, or where a foreign statute is set up as a defense to a suit or proceedings under a local statute, the conflict is to be resolved, not by giving automatic effect to the Full Faith and Credit Clause and thus compelling courts of each state to subordinate their own statutes to those of others, but by weighing the governmental interests of each jurisdiction.¹⁰⁸ That is, the Full Faith and Credit Clause, in its design to transform the states from independent sovereigns into a single unified nation, directs that a state, when acting as the forum for litigation having multistate aspects or implications, respect the legitimate interests of other states and avoid infringement upon their sovereignty. But because the forum state is also a sovereign in its own right, in appropriate cases it may attach paramount importance to its own legitimate interests.¹⁰⁹ In order for a state's substantive law to be selected in a constitutionally permissible manner, that state must have a significant contact or significant aggregation of contacts, creating state interests, such that choice of its law is neither arbitrary nor fundamentally unfair.¹¹⁰ Once that threshold is met, the Court will not weigh the competing interests. “[T]he question of which sovereign interest should be deemed more weighty is not one that can be easily answered,” the Court explained, “declin[ing] to embark on the

debts of the enacting state to prevent another state (the state in which the creditor resided) from taxing the debts. *See also* *Bank of Augusta v. Earle*, 38 U.S. (13 Pet.) 519, 589–96 (1839); *Kryger v. Wilson*, 242 U.S. 171 (1916); and *Bond v. Hume*, 243 U.S. 15 (1917).

¹⁰⁷ *Baker v. General Motors Corp.*, 522 U.S. at 232.

¹⁰⁸ *Alaska Packers Ass'n. v. Industrial Accident Comm'n*, 294 U.S. 532 (1935); *Bradford Elec. Co. v. Clapper*, 286 U.S. 145 (1932). When, in a state court, the validity of an act of the legislature of another state is not in question, and the controversy turns merely upon its interpretation or construction, no question arises under the Full Faith and Credit Clause. *See also* *Western Life Indemnity Co. v. Rupp*, 235 U.S. 261 (1914), citing *Glenn v. Garth*, 147 U.S. 360 (1893); *Lloyd v. Matthews*, 155 U.S. 222, 227 (1894); *Banholzer v. New York Life Ins. Co.*, 178 U.S. 402 (1900); *Allen v. Alleghany Co.*, 196 U.S. 458, 465 (1905); *Texas & N.O.R.R. v. Miller*, 221 U.S. 408 (1911). *See also* *National Mut. B. & L. Ass'n v. Brahan*, 193 U.S. 635 (1904); *Johnson v. New York Life Ins. Co.*, 187 U.S. 491, 495 (1903); *Pennsylvania Fire Ins. Co. v. Gold Issue Mining Co.*, 243 U.S. 93 (1917).

¹⁰⁹ *E.g.*, *Allstate Ins. Co. v. Hague*, 449 U.S. 302 (1981); *Nevada v. Hall*, 440 U.S. 410 (1979); *Carroll v. Lanza*, 349 U.S. 408 (1955); *Pacific Employers Ins. Co. v. Industrial Accident Comm'n*, 306 U.S. 493 (1939); *Alaska Packers Ass'n v. Industrial Accident Comm'n*, 294 U.S. 532 (1935).

¹¹⁰ *Phillips Petroleum Co. v. Shutts*, 472 U.S. 797, 818 (1985), quoting *Allstate Ins. Co. v. Hague*, 449 U.S. 302, 312–13 (1981) (plurality opinion).