

Sec. 1—Full Faith and Credit

that the defendant in a transitory action is entitled to all the benefits resulting from whatever material restrictions the statute under which plaintiff's rights of action originated sets thereto, except that courts of sister states cannot be thus prevented from taking jurisdiction in such cases.¹¹⁴

However, the modern doctrine permits a forum state with sufficient contacts with the parties or the matter in dispute to follow its own law. In *Allstate Ins. Co. v. Hague*,¹¹⁵ the decedent was a Wisconsin resident who had died in an automobile accident within Wisconsin near the Minnesota border in the course of his daily employment commute to Wisconsin. He had three automobile insurance policies on three automobiles, each limited to \$15,000. Following his death, his widow and personal representative moved to Minnesota, and she sued in that state. She sought to apply Minnesota law, under which she could "stack" or aggregate all three policies, permissible under Minnesota law but not allowed under Wisconsin law, where the insurance contracts had been made. The Court, in a divided opinion, permitted resort to Minnesota law, because of the number of contacts the state had with the matter. On the other hand, an earlier decision is in considerable conflict with *Hague*. There, a life insurance policy was executed in New York, on a New York insured, with a New York beneficiary. The insured died in New York, and his beneficiary moved to Georgia and sued to recover on the policy. The insurance company defended on the ground that the insured, in the application for the policy, had made materially false statements that rendered it void under New York law. The defense was good under New York law, impermissible under Georgia law, and Georgia's decision to apply its own law was overturned, the Court stressing the surprise to the parties of the resort to the law of another state and the absence of any occurrence in Georgia to which its law could apply.¹¹⁶

Stockholder Corporation Relationship.—The protections of the Full Faith and Credit Clause extend beyond transitory actions. Some legal relationships are so complex, the Court holds, that the law under which they were formed ought always to govern them as long as they persist.¹¹⁷ One such relationship is that of a stockholder and his corporation. Hence, if a question arises as to the liability of the stockholders of a corporation, the courts of the forum state are required by the Full Faith and Credit Clause to deter-

¹¹⁴ *Northern Pacific R.R. v. Babcock*, 154 U.S. 190 (1894); *Atchison, T. & S.F. Ry. v. Sowers*, 213 U.S. 55, 67 (1909).

¹¹⁵ 449 U.S. 302 (1981). See also *Clay v. Sun Ins. Office*, 377 U.S. 179 (1964).

¹¹⁶ *John Hancock Mut. Life Ins. Co. v. Yates*, 299 U.S. 178 (1936).

¹¹⁷ *Modern Woodmen v. Mixer*, 267 U.S. 544 (1925).