

A tire company is incorporated and has its principal place of business in Asia. The company assembles all its tires in Asia and sells them throughout the world. The company purchases tire valves from a manufacturer incorporated and headquartered in Europe. All of the valves are manufactured in Europe and sold exclusively to tire companies in Asia. The manufacturer was aware that tires with its valves were sold in State A, but it never contemplated that its sales to the company would subject it to suit there.

A tire assembled by the company exploded when a motorcyclist from State A was driving on a road in State A. The motorcyclist sued the company in a federal court in State A to recover \$225,000 in medical expenses and property damage. The motorcyclist alleged that the valve in the tire was defective and caused the accident. The company impleaded the manufacturer for indemnification.

The motorcyclist settled his claim with the company, which left the company's indemnity claim against the manufacturer. In its answer, the manufacturer moved to dismiss the indemnity claim for lack of personal jurisdiction.

State A has a long-arm statute that gives its courts personal jurisdiction to the full extent allowed under the U.S. Constitution.

How will the federal court likely rule on the manufacturer's motion to dismiss?

- A. Deny the motion, because the manufacturer has continuous, systemic, and substantial contacts with State A.
- B. Deny the motion, because the manufacturer waived any objection to personal jurisdiction by failing to assert it in a pre-answer motion.
- C. Grant the motion, because the manufacturer did not purposefully avail itself of State A and exercising jurisdiction would offend notions of fair play and substantial justice.
- D. Grant the motion, because the manufacturer never contemplated that its sales to the company would subject it to suit in State A.

Explanation:

Requirements for specific jurisdiction

Long-arm statute Forum state statute must authorize jurisdiction under specific circumstances

Due process	Minimum contacts	Purposeful availment of forum state's laws so suit is foreseeable: <ul style="list-style-type: none">• Stream of commerce test – defendant places goods in stream of commerce & takes action that intentionally targets forum state• Effects test – defendant commits intentional tort in one state with intent that effects will be felt in forum state
	Fair play & substantial justice	Reasonableness factors: <ul style="list-style-type: none">• Burden on defendant to appear & defend in forum state• Plaintiff's interest in obtaining relief in forum state• Forum state's interest• Interstate judicial system's interest in obtaining most efficient resolution of disputes• Interest of several states in furthering fundamental substantive social policies

Long-arm statutes specify when a court within the forum state can exercise **specific personal jurisdiction** over a **nonresident defendant** (eg, European manufacturer). However, **due process** only permits application of that statute when:

- the plaintiff's claim arises from or is closely related to the defendant's minimum contacts with the forum state *and*
- the exercise of jurisdiction complies with notions of fair play and substantial justice.

Minimum contacts exist when the **defendant purposefully avails** itself of the state's protections and benefits so that it should reasonably foresee being sued there. For a defendant-manufacturer, this occurs when it places goods in the **stream of commerce plus purposefully targets** the forum state (eg, advertises there). Here, the manufacturer's valves happened to be (but were not *purposely*) sold in State A, so no minimum contacts exist.

Even if minimum contacts existed, the court would still dismiss the company's indemnity claim since exercising jurisdiction would offend notions of **fair play and substantial justice**. That is because:

- adjudicating the claim in State A would *significantly* burden the European manufacturer
- the company has *minimal* interest in adjudicating its claim there since it can be asserted in a foreign judicial forum
- State A has *no* interest in this dispute since the motorcyclist (State A citizen) has already been compensated through the settlement *and*
- the interstate judicial system and other states have *little* interest in the indemnity dispute since neither party resides in the U.S.

(Choice A) **General personal jurisdiction** exists when the defendant's continuous and systematic contacts with the forum state are so substantial that the defendant is "at home" there. Here, the manufacturer has no such contacts with State A because it is domiciled in Europe.

(Choice B) An objection to personal jurisdiction must be asserted in a pre-answer motion or answer, whichever occurs first. Therefore, the manufacturer's objection was not **waived**.

(Choice D) Minimum contacts only require that the defendant reasonably foresee—not actually contemplate—that it could be sued in the forum state.

Educational objective:

A defendant-manufacturer has minimum contacts with the forum state when it places goods in the stream of commerce *plus* purposefully targets that state.

References

- *Asahi Metal Indus. Co. v. Super. Ct. of Cal.*, 480 U.S. 102, 114–16 (1987) (holding that the exercise of personal jurisdiction over a suit between foreign parties offended notions of fair play and substantial justice).
- *J. McIntyre Mach., Ltd. v. Nicastro*, 564 U.S. 873, 886–87 (2011) (Kennedy, J., plurality) (reaffirming that purposeful availment requires a defendant-manufacturer to purposefully target the forum state).