

A foreign exchange student from Germany was on vacation in State B with his host family, all citizens of State A, when their car collided with a truck owned by a company headquartered and incorporated in Germany. The truck was driven by a citizen of State B.

The student and the host family brought a negligence suit against the company and the truck driver in a federal court in State B. The student seeks to recover \$200,000 and the family seeks \$500,000 in damages. The company and the truck driver have filed a motion to dismiss for lack of subject-matter jurisdiction.

Is the court likely to grant the motion?

- A. No, because actions involving foreign citizens pose a federal question.
- B. No, because the requirements for diversity jurisdiction are satisfied.
- C. Yes, because the doctrine of forum non conveniens requires that the action be heard in Germany.
- D. Yes, because the foreign exchange student and the company are citizens of the same country.

Explanation:

Subject-matter jurisdiction refers to a federal court's authority to hear a particular type of case. This jurisdictional requirement can be established through federal-question jurisdiction or diversity jurisdiction. **Diversity jurisdiction** is established when (1) the amount in controversy exceeds \$75,000 and (2) **complete diversity of citizenship** exists between the opposing parties. As a result, diverse citizenship exists if the **suit is between:**

- U.S. citizens domiciled in the U.S. and foreign citizens
- U.S. citizens and permanent residents domiciled in different states *or*
- **U.S. citizens domiciled in different states with foreign citizens as additional parties.**

Here, the host family from State A and the German exchange student brought a negligence suit against the truck driver from State B and the German company. Since the suit is between U.S. citizens domiciled in different states with foreign citizens as additional parties, diverse citizenship exists. Additionally, the amount-in-controversy requirement is met because the student seeks \$200,000 and the family seeks \$500,000 in damages. Therefore, the requirements for diversity jurisdiction are satisfied.

(Choice A) Judicial actions involving foreign citizens do not automatically pose a federal question. The cause of action must arise from the U.S. Constitution, a treaty, or a federal statute. Since the negligence action asserted here arises from state law, federal-question jurisdiction does not exist.

(Choice C) The doctrine of forum non conveniens allows, but does not require, a federal court to dismiss or stay a lawsuit if a state or foreign judicial system provides a more convenient forum to hear the case. Additionally, this doctrine is unrelated to subject-matter jurisdiction.

(Choice D) The fact that the foreign exchange student and the company are both German citizens is irrelevant. Diverse citizenship is established since the host family and the truck driver are U.S. citizens domiciled in different states and the foreign citizens are additional parties.

Educational objective:

Diverse citizenship exists in a suit between (1) U.S. citizens domiciled in the U.S. and foreign citizens, (2) U.S. citizens and permanent residents domiciled in different states, or (3) U.S. citizens domiciled in different states with foreign citizens as additional parties.

References

- 28 U.S.C. § 1332(a) (diversity jurisdiction).
- 32A Am. Jur. 2d Federal Courts § 628 (2020) (explaining that diverse citizenship exists in a suit between U.S. citizens domiciled in different states with foreign citizens as additional parties).

Diversity of citizenship examples (28 U.S.C. § 1332)

