

A plaintiff domiciled in State A brought a wrongful death action in a federal court in State A against a State B parent corporation and one of its foreign subsidiaries. The plaintiff alleged that a tire manufactured by the subsidiary in Europe had caused his wife's death in an automobile accident in Europe.

The parent corporation does significant business throughout the United States, including in State A. The subsidiary conducts no business and has no employees or bank accounts in State A. The subsidiary manufactures its tires for the European market, but 2% of its tires are distributed in State A by the parent corporation. The subsidiary has moved to dismiss for lack of personal jurisdiction.

Should the court grant the subsidiary's motion?

- A. No, because 2% of the subsidiary's tires entered State A through the stream of commerce.
- B. No, because of the general personal jurisdiction established over the parent corporation.
- C. Yes, because the accident did not occur in the United States.
- D. Yes, because the subsidiary lacks continuous, systematic, and substantial contacts with State A.

Explanation:

Personal jurisdiction

(court's authority over defendant)

Type	Requirements
Service of process	<ul style="list-style-type: none">• Serving process on defendant voluntarily in state where court is located (ie, forum state)
Consent	<ul style="list-style-type: none">• Express – contractual agreement (eg, forum-selection clause)• Implied – engaging in specific activity that state has substantial interest in regulating (eg, driving on public roads)• Waiver – untimely objection to personal jurisdiction• Appearance – voluntarily appearing in court to litigate merits of case
Specific (case-linked)	<ul style="list-style-type: none">• Plaintiff's claim arises from or is closely related to defendant's minimum contacts (ie, purposeful availment) with forum state AND• Exercise of jurisdiction complies with notions of fair play & substantial justice
General (all-purpose)	<ul style="list-style-type: none">• Defendant has continuous & systematic contacts with forum state so substantial that defendant is essentially "at home" (ie, defendant's domicile)

Personal jurisdiction is established when the defendant consents or is served with process in the forum state (not seen here). It can also be established through specific or general jurisdiction. **Specific jurisdiction** exists 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.

A defendant manufacturer (eg, the subsidiary) has minimum contacts with the forum state if it places a product in the **stream of commerce** *plus purposefully targets* that state. Here, 2% of the subsidiary's tires entered State A through the stream of commerce. But the subsidiary did not purposefully target State A because it did not conduct business or have employees or bank accounts there. Therefore, the court lacks specific jurisdiction (**Choice A**).

In contrast, **general jurisdiction** exists when the defendant has **continuous and systematic contacts** with the forum state that are so substantial that the defendant is essentially "at home" (ie, **domiciled**) there. Here, the subsidiary has no such contacts with

State A because it is domiciled in Europe. Therefore, the court also lacks general jurisdiction over the subsidiary, and it should grant the motion to dismiss for lack of personal jurisdiction.

(Choice B) The court's general jurisdiction over the parent corporation would not give it jurisdiction over the subsidiary unless the subsidiary was acting as the parent corporation's agent or alter ego. Here, the subsidiary did not act as an agent or alter ego because its business (manufacturing tires) is separate from the parent corporation's (distributing tires).

(Choice C) Although the accident occurred outside the United States, the court could have had general jurisdiction over the subsidiary had it had continuous and systematic contacts with State A.

Educational objective:

General jurisdiction over a defendant exists when the defendant has continuous and systematic contacts with the forum state that are so substantial that the defendant is essentially "at home" (ie, domiciled) there.

References

- Bristol-Myers Squibb Co. v. Super. Ct. of Cal., 137 S. Ct. 1773, 1780–82 (2017) (explaining the minimum contacts required for specific jurisdiction).
- Goodyear Dunlop Tires Operations, S.A. v. Brown, 564 U.S. 915, 926–29 (2011) (discussing the continuous and systematic business contacts required for general jurisdiction).

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