

A man domiciled in State A sued a corporation in a federal court in State A for violating a federal law that prohibits collaboration with terror organizations. The man alleged that the corporation's South American subsidiary provided funds to a notorious terror group that carried out an attack in South America, resulting in the deaths of the man's parents. The man claims that the corporation is vicariously liable for the subsidiary's actions.

The corporation is incorporated and has its headquarters in Europe. The corporation also has a United States subsidiary that maintains an office in State A.

The corporation has moved to dismiss the lawsuit for lack of personal jurisdiction.

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

- A. Deny the motion, because general jurisdiction exists in State A.
- B. Deny the motion, because specific jurisdiction exists in State A.
- C. Grant the motion, because foreign corporations are never subject to personal jurisdiction in the United States.
- D. Grant the motion, because neither specific nor general jurisdiction exists in State A.

Explanation:

Courts must have **personal jurisdiction** over the parties to satisfy the constitutional guarantee of due process. Personal jurisdiction can be established through a defendant's consent or by **serving process** while the defendant is physically present in the state where the court is located (ie, the forum state)—not seen here. Personal jurisdiction can also be established through:

- **specific jurisdiction** – when the plaintiff's **claim arises from or is closely related to** the defendant's **minimum contacts** with the forum state such that the exercise of jurisdiction would not offend notions of fair play and substantial justice *or*
- **general jurisdiction** – when the defendant has **continuous and systematic contacts** with the forum state that are so substantial that the defendant is **essentially "at home"** there (ie, the defendant's domicile).

A **corporation** is domiciled in the state where it is **incorporated** and where it maintains its principal place of business (eg, its headquarters). However, the location and activities of a corporation's subsidiary have **no effect** on its domicile.

Here, the State A federal court lacks *specific* jurisdiction since the claim arises from and is closely related to the corporation's contacts with South America—where its subsidiary allegedly funded the terror group and the attack occurred **(Choice B)**. The State A federal court also lacks *general* jurisdiction because the corporation is domiciled in Europe—where it is incorporated and maintains its headquarters **(Choice A)**. Therefore, the court will likely grant the corporation's motion to dismiss.

(Choice C) Foreign corporations *can* be subject to personal jurisdiction in the United States—eg, through consent or minimum contacts.

Educational objective:


General jurisdiction exists when a defendant has continuous and systematic contacts with the forum state that are so substantial that the defendant is essentially "at home" there. A corporation is at home (ie, domiciled) in the state where it is incorporated and maintains its principal place of business—not where its subsidiary has an office.

References

- Bristol-Myers Squibb Co. v. Super. Ct. of Cal., 137 S. Ct. 1773, 1780–82 (2017) (explaining the requirements for specific jurisdiction).
- Daimler AG v. Bauman, 571 U.S. 117, 138–39 (2014) (holding that a subsidiary's activities do not subject a parent corporation to general jurisdiction).


Grounds for personal jurisdiction

Specific jurisdiction
(minimum contacts)




General jurisdiction
(continuous & systematic contacts)


Person
(state of residence)



Corporation
(state of incorporation)




(headquarters)



Other grounds

Service of process



Consent

Contract

14. Forum selection clause:
All parties consent to exclusive jurisdiction and venue in the state and federal courts of Texas.