

How Wide are the Arms of State Court Jurisdiction?

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It is well-settled precedent that a non-resident defendant may be subject to a state court's jurisdiction only when the defendant has "certain minimum contacts with [the forum] such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice." *Int'l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945). Nevertheless, lower courts have continually struggled with the perimeters of personal jurisdiction, both general and specific, resulting in conflicting decisions across the United States.

The United States Supreme Court clarified the boundaries of general personal jurisdiction with its opinions in *Goodyear Dunlop Tires Operations, S.A. v. Brown Goodyear*, 564 U.S. 915 (2011) and *Daimler AG v. Bauman*, 134 S. Ct. 746 (2014). The Court held in *Goodyear* that a corporation may submit to a state's general authority by explicit consent, when the corporation's "affiliations with the State are so 'continuous and systematic' as to render them essentially at home in the forum State," or by making that state its place of incorporation or principal place of business. *Goodyear*, 564 U.S. at 918-19. And, in *Daimler*, the Court explained that a non-resident corporation is subject to general jurisdiction in the fora of its place of incorporation and principal place of business because those "are paradigm bases for


general jurisdiction." *Daimler*, 134 S. Ct. at 760. Prior to these decisions, corporations engaged in nationwide business activities found themselves subject to a state court's general jurisdiction in multiple and often unforeseeable forums.

Soon after *Daimler*, the high Court reemphasized precedent on specific personal jurisdiction established in *International Shoe, Burger King Corp. v. Rudzewicz*, 471 U.S. 462 (1985), *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408 (1984), and others. The relationship between the defendant, the forum, and the litigation, "must arise out of contacts that the 'defendant himself' creates with the forum State." *Walden v. Fiore*, 134 S. Ct. 1115, 1122 (2014). Nonetheless, the application of specific jurisdiction precedent by lower courts has been murky at times. Courts differed in how they evaluated whether a plaintiff's claims "arise out of or relate to" a non-resident defendant's contacts with the forum.

This year, however, the U.S. Supreme Court, gave further clarification by reaffirming settled principles of personal jurisdiction in their decision *Bristol-Myers Squibb Co. v. Superior Court of California, San Francisco Cty.*, 137 S. Ct. 1773 (2017) ("BMS"). In *BMS*, 592 non-resident plaintiffs were joined with 86 California residents in a single, California state court action, claiming they had been injured by ingesting BMS's pharmaceutical drug Plavix. *BMS*, 137 S. Ct. at 1777-78. BMS is a global biopharmaceutical company incorporated in Delaware and headquartered in New York. *Id.* BMS sold Plavix in California, as it did in the rest of the country. But, Plavix was not developed, manufactured, labeled, or packaged in California. *Id.* Regardless, the Supreme

Court of California held that it had specific personal jurisdiction over BMS as to all the plaintiffs' claims. BMS appealed as the non-resident plaintiffs only.

The U.S. Supreme Court reversed the state court decision holding that there were not adequate links between California and the nonresident-plaintiffs' claims. The Court emphasized that, "[i]n order for a state court to exercise specific jurisdiction, 'the suit' must 'aris[e] out of or relat[e] to the defendant's contacts with the forum' for each individual plaintiff's claims. *BMS*, 137 S. Ct. at 1780. The Court also reiterated its prior holdings, "there must be an affiliation between the forum and the underlying controversy, principally, [an] activity or an occurrence that takes place in the forum State and is therefore subject to the State's regulation." *Id.* at 1780. Thus, "specific jurisdiction is confined to adjudication of issues deriving from, or connected with, the very controversy that establishes jurisdiction." *Id.*

With its holding in *BMS*, the Court ended any divide among the lower courts. The decision confirmed the limits of a state courts' exercise of specific jurisdiction over out-of-state defendants and continues the trend of narrowed application of personal jurisdiction. 

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