

## SUPREME COURT CLARIFIES “AT HOME” FOR PURPOSES OF JURISDICTION OVER CORPORATIONS

On January 14, 2014, the Supreme Court of the United States issued *Daimler AG v. Bauman*, 134 S.Ct. 746, 760 (2014), which confirmed that “only a limited set of affiliations with a forum will render a defendant amenable to general jurisdiction.” *Daimler* sharply limits plaintiffs’ ability to engage in forum shopping because, absent “exceptional” circumstances, a plaintiff may sue in only three places: (1) the forum that has specific jurisdiction because the lawsuit stems from the defendant’s contacts with that forum; (2) the defendant’s place of incorporation; and (3) the defendant’s principal place of business.

### GENERAL JURISDICTION VS. SPECIFIC JURISDICTION

Courts may exercise personal jurisdiction if one of two categories of jurisdiction exist: specific jurisdiction or general jurisdiction. Most cases are filed in the forum that has specific jurisdiction, which exists where a defendant’s contacts with the forum gave rise to the plaintiff’s claim. General jurisdiction, on the other hand, does not depend on where the allegedly wrongful conduct occurred; it exists only when the defendant’s “affiliations with the State are so ‘continuous and systematic’ as to render [it] essentially at home in the forum State.” *Id.* at 754 (citing *Goodyear Dunlop Tires Operations, S.A. v. Brown*, 564 U.S. \_\_\_, 131 S.Ct. 2846, 2851 (2011)).

### THE DAIMLER AG DECISION

The *Daimler* litigation began when 22 Argentinian residents sued Daimler, a German corporation headquartered in Stuttgart, over its alleged involvement in Argentina’s 1976-1983 “Dirty War.” The plaintiffs sued Daimler in the

Northern District of California in 2004, alleging general jurisdiction on the basis of the contacts that Daimler’s subsidiary, Mercedes-Benz USA—itsself a Delaware corporation with its principal place of business in New Jersey—had with California. The district court agreed it lacked personal jurisdiction over Daimler, but the Ninth Circuit reversed, concluding it could attribute the Mercedes-Benz contacts to Daimler and, based on those contacts, exercise general jurisdiction.

The Supreme Court granted certiorari to decide whether “consistent with the Due Process Clause of the Fourteenth Amendment, Daimler is amenable to suit in California courts for claims involving only foreign plaintiffs and conduct occurring entirely abroad.” It unanimously reversed, with eight justices concurring in the majority opinion and a separate concurrence in the judgment by Justice Sotomayor.

The Supreme Court’s decision reaffirmed its 2011 *Goodyear* holding that “a court may assert jurisdiction over a foreign corporation ‘to hear any and all claims against [it]’ only when the corporation’s affiliations with the State in which suit is brought are so constant and pervasive ‘as to render [it] essentially at home in the forum State.’” 134 S.Ct. at 751. But, importantly, the Court clarified that “continuous activity” by a corporation in the forum is not enough—general jurisdiction exists only where a corporation’s activity in the forum state renders it “at home” there:

For an individual, the paradigm forum for the exercise of general jurisdiction is the individual’s domicile; for a corporation, it is an equivalent place, one in which the

corporation is fairly regarded as at home. With respect to a corporation, the place of incorporation and principal place of business are paradigm[m] . . . bases for general jurisdiction. Those affiliations have the virtue of being unique—that is, each ordinarily indicates only one place—as well as easily ascertainable. These bases afford plaintiffs recourse to at least one clear and certain forum in which a corporate defendant may be sued on any and all claims. 134 S.Ct. at 760 (internal punctuation and citations omitted).

To be clear, the Supreme Court recognized there may be occasions in which “a corporation’s operations in a forum other than its formal place of incorporation or principal place of business may be so substantial and of such a nature as to render the corporation at home in that State,” but also emphasized that such occasions were for “exceptional” cases. 134 S.Ct. at 761 n.19.

#### REPERCUSSIONS OF *DAIMLER AG*

Although *Daimler* does not reshape the law of general jurisdiction, it clarifies several principles that may affect foreign and domestic corporations alike. Importantly, the Supreme Court made clear that “[a] corporation that operates in many places can scarcely be deemed at home in all of them.” 134 S.Ct. at 762 n. 20. That is, any test of general jurisdiction that would turn only on a company’s systematic contacts with a forum—and render any corporation with a national reach subject to the jurisdiction of *every* state—cannot stand.

Accordingly, *Daimler* may prove the spark necessary to limit the common practice of plaintiff forum shopping. Applying the reasoning of *Daimler*, plaintiffs should generally sue only in three potential forums: (1) the forum that can exercise specific jurisdiction; (2) the defendant’s place of incorporation; and (3) the defendant’s principal place of business. Only in exceptional cases may a plaintiff sue a corporation in any other state for an injury that occurred elsewhere. In this way, *Daimler* should at least bring greater consistency and predictability to corporate counsel about the jurisdictions in which their corporations may be sued.

Following *Daimler*, corporations may be able to assert successful jurisdictional challenges even in forums where they have not previously contested general jurisdiction. For example, a corporation’s contacts with a state may not render it “at home” even if that corporation has sales offices or retail locations in the state, executes contracts within the state, or conducts a significant amount of business within the boundaries of the state, if that state is not the location of its corporate headquarters or principal place of business. In other words, *Daimler* does away with the notion that there is a pre-determined threshold level of contacts sufficient to create general jurisdiction; under *Daimler*, even extensive contacts may not render a corporation “at home” if there is another forum in which the corporation has an even greater level of contacts.

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#### **ADDITIONAL INFORMATION**

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