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Supreme Court Issues Important Personal Jurisdiction Decision for Multistate Corporations

On March 25, 2021, the Supreme Court held in *Ford Motor Company v. Montana Eighth Judicial District Court* that the Due Process Clause allows a state court to exercise specific personal jurisdiction over a non-resident defendant whose contacts within the state did not cause the plaintiff's claim, so long as that claim sufficiently relates to the defendant's in-forum activities. The decision could expand the scope of specific personal jurisdiction over multistate corporations that conduct business and market their products across state lines.

Background

A court exercises specific personal jurisdiction when it adjudicates a claim asserted against a defendant that is not a resident of the forum state. As construed by the Supreme Court, the Fourteenth Amendment's Due Process Clause permits a state court to exercise specific personal jurisdiction only when the plaintiff's claims "arise out of or relate to" the non-resident defendant's activities within the forum state.

The decision in *Ford Motor Company* involved two consolidated cases, one from Minnesota and one from Montana. In each case, Ford was sued in local state court for injuries that a driver of a Ford vehicle sustained in a local car accident. In each case, however, Ford neither manufactured nor sold the vehicle in the forum state. Ford moved to dismiss both actions for lack of specific personal jurisdiction, arguing that the claims did not "arise out of or relate to" Ford's in-state conduct because that conduct could not have caused the plaintiffs' injuries.

The Minnesota and the Montana Supreme Courts ultimately rejected Ford's argument. Both courts concluded that, by advertising and selling thousands of vehicles in their respective jurisdictions, Ford had established a sufficient local connection to allow local state courts to decide claims alleging injuries caused by one of Ford's vehicles within state borders, even if Ford manufactured and sold the vehicle elsewhere. The Supreme Court granted review in both cases.

The Supreme Court's Decision

In a decision written by Justice Kagan, the Supreme Court held that the connection between the plaintiffs' claims and Ford's activities is sufficient to support specific personal jurisdiction. The Court explained that Ford had "systematically served" a market in Montana and Minnesota for the very vehicles that plaintiffs

allege malfunctioned and caused their injuries, and the Court concluded that this strong relationship among the defendant, the forum and the litigation warranted specific jurisdiction.

The Court rejected Ford's argument that specific jurisdiction is only appropriate where the link between the defendant's activities and the plaintiff's claims is causal in nature. In rejecting this causation-only approach, the Court asserted that none of its precedents has suggested that only a strict causal relationship between the defendant's activities and the litigation will suffice for specific jurisdiction.

Instead, the Court noted that the most common formulation of the rule demands that the lawsuit "arise out of or relate to" the defendant's contacts with the forum. The Court explained that this standard, particularly the "relate to" portion, contemplates that some connections between the defendant's contacts and the plaintiff's claim will support jurisdiction even without a showing of causation. Thus, even if a causal test would preclude jurisdiction in a forum state, the state might still exercise jurisdiction if there are other sufficient activities or occurrences involving the defendant. At the same time, however, the Court reiterated that this related-to prong incorporates "real limits" that protect defendants "foreign to a forum."

Applying that test to this case, the Court explained that Ford had purposefully availed itself of Montana and Minnesota's auto markets through billboards, TV and radio spots, print ads and direct mail urging Montanans and Minnesotans to buy its vehicles, including the car models at issue in this case. Ford dealers also regularly maintain and repair such cars throughout the two states, and Ford distributes replacement parts both to those dealers and other auto shops. Accordingly, the Court reasoned that Ford had "clear notice" that it would be subject to jurisdiction in Montana and Minnesota; because Ford conducted substantial business in the states and enjoyed "the benefits and protection" of their laws, Ford assumed "reciprocal obligations" to ensure that the "car models [it] so extensively markets" in the states are "safe for their citizens to use there." And the Court explained that "interstate federalism" supported jurisdiction because Montana and Minnesota have a significant interest in providing a convenient forum for the redress of harms caused to their residents by out-of-state actors. The Court thus concluded that, because Ford conducted so much related business in the states, specific jurisdiction was appropriate.

The Court also distinguished its 2018 decision in *Bristol-Myers Squibb Co. v. Superior Court of California*, in which the Court held that jurisdiction was improper when non-resident plaintiffs brought suit in California state court against the manufacturer of a nationally marketed prescription drug. Here, unlike in *Bristol-Myers*, plaintiffs were residents of the forum states and used the allegedly defective products—and suffered injuries from them—in such states. The Court also distinguished its 2014 decision in *Walden v. Fiore*, in which the Court held that jurisdiction was improper when Nevada residents brought suit in Nevada against a Georgia police officer who searched and seized money from them in a Georgia airport. Here, unlike in *Walden*, the defendant had purposefully availed itself of the forum state, and there was a sufficient "link" between those contacts and the plaintiffs' suit.

Justice Alito concurred only in the judgment, and wrote separately to express his concern that the Court was adding a new category of cases in which personal jurisdiction is permitted: those in which claims do not “arise out of” but nevertheless “relate to” the defendant’s contacts. Though Justice Alito worried that this innovation could be “potentially boundless,” the Court reiterated in response that the related-to prong must have “real limits” to “adequately protect defendants foreign to a forum.”

Justice Gorsuch, joined by Justice Thomas, also concurred only in the judgment. Justice Gorsuch recounted the history of the Court’s personal-jurisdiction case law and questioned whether the Court’s modern approach is consistent with the “Constitution’s original meaning.” While the concurrence suggested that the Constitution may allow a state to exercise jurisdiction over a nationwide corporation doing business within the state on any claim, the majority squarely rejected that approach; the Court reiterated that its longstanding specific-jurisdiction precedents require a “connection” between “the case and forum [s]tate.”

Implications

Since 2010, personal jurisdiction has been a recurring issue on the Supreme Court’s docket. Depending on how it is interpreted in other courts, the decision here could expand the scope of specific personal jurisdiction when corporations have substantial connections to a forum state that “relate to” the lawsuit.

Specifically, the Court’s rejection of Ford’s argument that specific jurisdiction *requires* a showing that the “defendant’s forum conduct *gave rise* to the plaintiff’s claims” could, in some cases, make it more difficult for defendants to show that personal jurisdiction is not appropriate. While the Court’s earlier decision in *Bristol-Myers* had suggested that a defendant’s connection to the forum must be—at a minimum—some type of causal link with the plaintiff’s cause of action, the decision here holds that a strict causal connection is not always required.

At the same time, the Court reaffirmed the decisions in *Bristol-Myers* and in *Walden*. The Court also reiterated that the Due Process Clause requires that defendants have “clear notice” of their exposure to liability within a state, and that a state’s exercise of jurisdiction must comport with the system of “interstate federalism.” These principles should guide the lower courts as they give more concrete meaning to the “real limits” on specific jurisdiction that the Court here referenced but did not elaborate on.

Accordingly, the future effect of the decision will in part turn on how lower courts interpret the related-to portion of the specific jurisdiction standard. As Justice Alito and Justice Gorsuch suggested in their separate opinions, the Court has not established concrete standards or guidelines by which to assess whether a defendant’s actions “relate to” the plaintiff’s claim. In this particular instance, Ford had substantial connections to the forum states directly related to the specific products at issue, but the opinion does not explain what connections would fail to satisfy the “relate to” test. In light of this decision, companies that sell products in different states should consider evaluating their activities in the forum under the assumption that selling or marketing products that harm someone in the forum state may increase the

likelihood that the state will exercise jurisdiction, even if the specific product causing the harm was sold or manufactured elsewhere.

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This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:

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