

United States Supreme Court Holds That Non-U.S. Corporations Are Subject to General Personal Jurisdiction in U.S. States Only in States Where They Are “At Home”

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In [Daimler AG v. Bauman](#), No. 11-965, 2014 U.S. LEXIS 644 (U.S. Jan. 14, 2014) (Ginsburg, J.), the [Supreme Court of the United States](#) held that a court may not exercise **general personal jurisdiction** over a **non-U.S. corporation** unless that corporation’s contacts with the forum state are so continuous and systematic as to render the corporation “at home” there. The Supreme Court also held that a non-U.S. corporation will not be subject to a state’s general jurisdiction simply because the corporation’s subsidiary is “at home” in the forum state and the subsidiary’s contacts with the state are imputed to the corporation. *Daimler* limits the situations under which a large, multinational corporation will be subject to general personal jurisdiction. As a result, plaintiffs may have more difficulty establishing jurisdiction over an foreign corporation when the claims sued upon do not arise in or relate to the forum state.

Defendant DaimlerChrysler Aktiengesellschaft (“Daimler”) is a German public stock company that manufactures Mercedes-Benz vehicles in Germany. Plaintiffs were twenty-one residents and citizens of Argentina and one resident of Argentina who was also citizen of Chile. They alleged that MB Argentina, a wholly owned subsidiary of Daimler’s predecessor in interest, collaborated with Argentinian state security forces to kidnap, detain, torture and kill plaintiffs and their relatives during the military dictatorship in place from 1976 through 1983. Plaintiffs sued Daimler in the [United States District Court for the Northern District of California](#) asserting claims under the [Alien Tort Statute](#), 28 U.S.C. § 1350, and the [Torture Victim Protection Act of 1991](#), 106 Stat. 73 (1992), as well as claims for wrongful death and intentional infliction of emotional distress under the laws of Argentina and California. Plaintiffs made no allegations that MB Argentina’s purported collaboration with Argentinian authorities took place in California or in the United States.

Daimler moved to dismiss the action for lack of personal jurisdiction. Plaintiffs argued that jurisdiction over Daimler was proper because Daimler’s indirect subsidiary, MBUSA, has significant contacts with California. MBUSA, which is a Delaware limited liability company that operates in New Jersey, is Daimler’s exclusive importer and distributor of cars in the United States. Plaintiffs argued that MBUSA’s contacts should be imputed to Daimler based upon an agency theory and that those contacts were sufficient to establish general personal jurisdiction over Daimler in California.

The district court granted Daimler's motion to dismiss for lack of personal jurisdiction. The court held that plaintiffs failed to demonstrate that MBUSA acted as Daimler's agent, and therefore, its contacts with California could not be imputed to Daimler. On appeal, the [United States Court of Appeals for the Ninth Circuit](#) reversed and held that MBUSA acted as Daimler's agent for jurisdictional purposes. [Bauman v. Daimler-Chrysler Corp.](#), 644 F.3d 909 (9th Cir. 2011). The Supreme Court granted *certiorari* to decide whether, consistent with the [Due Process Clause](#) of the Fourteenth Amendment to the United States Constitution, Daimler is amenable to suit in California courts for claims involving only foreign plaintiffs and conduct occurring entirely abroad.

First, the Supreme Court rejected the Ninth Circuit's holding that MBUSA acted as Daimler's agent for jurisdictional purposes. The Ninth Circuit's agency finding rested primarily upon the observation that MBUSA's services were "important" to Daimler. The Ninth Circuit held MBUSA's services were "important" because Daimler would perform those services itself if MBUSA did not exist. The Supreme Court held this agency analysis unfairly tipped the scales in favor of finding an agency relationship. Under this analysis, the services of a subsidiary would almost always be "important." However, the Court only held that the Ninth Circuit's agency analysis was erroneous, and it did not pass judgment on the invocation of an agency theory in the context of general jurisdiction.

Second, the Supreme Court addressed whether Daimler was subject to general personal jurisdiction when assuming that MBUSA's contacts with California could be imputed to Daimler. The Supreme Court explained that general personal jurisdiction over a corporation is appropriate when the corporation is deemed "at home" in a forum. Paradigm bases for general jurisdiction are a corporation's principal place of business or place of incorporation. Additionally, a corporation may be amenable to general jurisdiction if the corporation's connections with the forum state are so continuous and systematic as to render it essentially "at home" in the state.

The Supreme Court held that, even assuming MBUSA is "at home" in California and that MBUSA's contacts were imputable to Daimler, Daimler still was not subject to California's general jurisdiction because Daimler lacked sufficient contacts with the state. For Daimler to be subject to general jurisdiction in California, Daimler had to have such continuous and systematic contacts as to render it essentially "at home" there. In its analysis, the Supreme Court compared Daimler's California contacts to its business operations worldwide. In light of the magnitude of Daimler's worldwide business activities, Daimler's activities in California, even after imputing MBUSA's business activities to it, were too few to render Daimler "at home" there. Furthermore, Daimler was not "at home" in California under the paradigm bases because it was not incorporated in California and it did not have its principal place of business in California. Thus, Daimler was not subject to California's general jurisdiction.

Lastly, the Supreme Court commented on how an expansive view of general jurisdiction affects international relations. According to the Solicitor General, foreign governments' objections to an expansive view of general jurisdiction have impeded negotiations of international agreements on the reciprocal recognition of the enforcement of judgments. The Supreme Court held that embracing a more limited view of general jurisdiction also supported and helped protect international agreements.

Daimler limits the circumstances in which general jurisdiction will be applied to large, multinational corporations. Unless a defendant corporation is incorporated or has its principal place of business in a forum state, a court will rarely have general jurisdiction over it. This decision may make it more difficult for plaintiffs to sue non-U.S. corporations for their activities that take place entirely outside of the United States.

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