When a Corporation Is "At Home"

Personal Jurisdiction over Out-of-State Defendants

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A court must have personal jurisdiction over defendants, among other requirements, before it can hear disputes. For personal jurisdiction purposes, a company can properly be sued in the place of its incorporation and the location of its principal place of business. However, it is possible that a company can be sued out of state if the defendant can fairly be brought in front of the courts of the forum state. The United States Supreme Court's 2014 decision in *Daimler AG v. Bauman* made it more difficult for a plaintiff to sue an out-of-state company when the acts or omissions giving rise to the suit are not based in the forum state. 134 S. Ct. 746 (2014).

In order for a state court to exercise jurisdiction over an out-of-state defendant, there must be a "long-arm" statute that gives the court authority to reach over jurisdictional lines to exercise authority. Oregon's long-arm statute gives the court jurisdiction when certain occurrences, omissions, or other contacts are based in Oregon. Or. R. Civ. Proc. 4. Oregon's rule also includes a catch-all provision in Rule 4(L), which gives Oregon courts jurisdiction in any suit, subject to constitutional limits. The most ubiquitous constitutional limit is the Due Process Clause of the Fourteenth Amendment, which applies regardless of the state in which plaintiff sues.

When the United States Supreme Court considers whether a defendant may fairly be brought before a court under the Due Process Clause of the Fourteenth Amendment, it distinguishes between specific and general jurisdiction. Specific jurisdiction is based on the facts of each case and what contacts the parties had with the forum state. On the other hand, general jurisdiction is not based on the facts of a particular suit, but whether the defendant is "at home" in the forum state such that it may fairly be brought before the court in *any* suit in that state. A corporation is generally considered "at home" in the place of its incorporation and the place of its principal place of business.

However, pre-*Bauman*, defendants were often brought before courts under "general jurisdiction" principles when they had some non-suit-related business based in the state even though the business in that state was small relative to the business's overall volume. The United States Supreme Court's 2011 decision in *Goodyear Dunlop Tires Operations v. Brown* stated that general jurisdiction is limited to situations where the defendant's contacts with the forum are "so 'continuous and systemic'" as to render the corporation "at home" there. 131 S. Ct. 2846, 2851 (2011) (quoting *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945)). But state courts continued to

exercise general jurisdiction over out-of-state defendants when their contact with the state was relatively minimal. The Court's 2014 decision in *Bauman* further reigned in what constitutes "at home" for general jurisdiction.

In *Bauman*, the Court rejected the "unacceptably grasping" and "exorbitant" theory that general jurisdiction may be exercised in any state in which a corporation engages in "substantial, continuous, and systemic" business. 134 S. Ct. at 760–61. The Court recognized that there may be "exceptional" situations where a corporation's activities and business with a forum are so substantial and of such a nature to render it at home in a forum that is not its principle place of business or place of incorporation. However, a corporation cannot be determined to be at home merely because of the quantum of its forum-state operations. The Court's decision reiterates that it is not proper to subject defendants to general jurisdiction outside of its place of incorporation or its principal place of business.

Unless, that is, there are "exceptional" circumstances. The Supreme Court held in *Perkins v. Benguet Consol. Mining Co.*, 342 U.S. 437 (1952) that the foreign defendant was subject to jurisdiction in Ohio because its president's relocation to Ohio where he oversaw the company's activities was its principal place of business at that time, even if the office and presence in Ohio was temporary. *See also Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 780 n.11 (1984) (stating rationale used in *Perkins*). In other words, while Ohio was not the place of incorporation or its normal principal place of business, in the unusual circumstance where the president sent up a temporary location to direct company activities, the company was essentially "at home" in Ohio, even though it was temporary. Thus, the focus is on whether the activities resemble what a company performs when "at home" as opposed to some quantum of business related to the forum.

It has been over two years since the Court's opinion in *Bauman*. State courts will need to reconcile their previous wide-reaching general jurisdiction view with the narrowed approach mandated by *Bauman*. Courts looking to articulate a rationale for exercising jurisdiction over out-of-state companies may find ways to use specific jurisdiction by tying the defendant companies' conduct in the forum to the acts or omissions giving rise to the suits. Thus, companies should expect to see fewer out-of-state suits under the guise of general jurisdiction, to see more cases brought where the company is based, and, when a company is sued out-of-state, to see plaintiffs articulating suit-related ties to the forum to justify the exercise of specific jurisdiction.