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TWO CASES INVOLVING PERSONAL VEHICLES LEAD THE WAY ON PERSONAL JURISDICTION

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The law on specific personal jurisdiction is difficult to apply. This case—likely to be one of many such examples—shows why.

After suffering injuries in a motorcycle accident in Florida, the rider sued Yamaha, the motorcycle manufacturer. She brought the lawsuit in South Carolina, where she lived. Yamaha sought to dismiss the lawsuit on the basis of a lack of personal jurisdiction—in other words, on the basis that the claims had nothing to do with Yamaha's connections to South Carolina. The district court agreed with Yamaha and dismissed the case, leaving the plaintiff to file elsewhere (perhaps in Florida, or in the states Yamaha has designated as its home, Delaware or California) if she wanted to sue at all. But before giving up on her lawsuit in South Carolina, she appealed to the Fourth Circuit Court of Appeals.

The case, [*Wallace v. Yamaha Motors Corp., USA*](#), required the Fourth Circuit to grapple with the application of the U.S. Supreme Court's most recent specific jurisdiction decision in [*Ford Motor Co. v. Montana Eighth Judicial District Court*](#), __ U.S. __, 141 S. Ct. 1017 (2021). *Yamaha* is an early example of the challenges federal courts will face in interpreting *Ford*, and determining where a company can be sued.

Yamaha sells motorcycles in South Carolina, including the specific model involved in the accident. But it sold the particular motorcycle involved in the crash in Kansas. Through an unknown chain of ownership, the motorcycle ended up being owned by a South Carolina resident. That person lent the motorcycle to another South Carolina resident, the plaintiff in this case, who rode it to Florida, where the accident occurred. As the following discussion will show, this constellation of facts creates some friction in the current personal jurisdiction landscape.

Background and Recent Developments on Personal Jurisdiction

U.S. Supreme Court jurisprudence has long held that the minimum contacts test can be satisfied in two distinct ways. First, a court has "general jurisdiction" over a corporate defendant where the corporation's contacts with the state are so extensive that it is "essentially at home" in the state. More recent Supreme Court precedent has established that this category of personal jurisdiction over a corporation exists, except in rare situations, only in the state in which the corporation has its headquarters or its principal place of business. [*Daimler AG v. Bauman*](#), 571 U.S. 117, 134 S. Ct. 746 (2014). General jurisdiction allows a corporation to be sued in its home state(s) regardless of whether its contacts with the state has given rise to the plaintiff's specific claims.

In the second distinct category of personal jurisdiction, a court may exercise "specific jurisdiction" where the corporation's contacts with the forum state are continuous, systematic, and purposeful (not just isolated random or fortuitous), *and* the specific claims in the lawsuit "arise out of or relate to" those particular contacts. *Bristol-Myers Squibb Co. v. Superior Court of Cal.*, ___ U.S. ___, 137 S. Ct. 1773 (2017).

The law on this second category—specific jurisdiction—has been under the microscope in recent years. In 2021, in its *Ford* decision, the Supreme Court clarified that "arise out of or relate to" must be analyzed in the disjunctive. Claims "arise out of" a defendant's contacts to the forum state if those contacts are a *cause* of the claims. For example, if a car manufacturer sells a car in North Carolina and the car malfunctions in North Carolina, there is a causal connection between the manufacturer's contacts with the state and the purchaser's claims. Such a claim "arises out of" the car company's connection to North Carolina, and the company can be sued in North Carolina.

But the *Ford* case involved claim that did not "arise out of" Ford's connections to the forum state, and yet the Supreme Court still found Ford subject to personal jurisdiction. A passenger was injured when an airbag in a Crown Victoria allegedly failed to deploy during a crash in Minnesota. The passenger sued Ford in Minnesota. But Ford had designed the car in Michigan, built it in Canada, and sold it in North Dakota. It ended up in Minnesota five owners later. So, nothing about Ford's actions in Minnesota had given rise to the claims; it just happened that the accident was in Minnesota.

The Supreme Court, however, concluded that the following facts were sufficient to exercise personal jurisdiction: (i) Ford sells plenty of Crown Victorias in Minnesota, even if not the one involved in the crash; and (ii) Ford advertises heavily in Minnesota, ships parts there, and services cars there, essentially encouraging Minnesotans to buy Fords, including Crown Victorias, in Minnesota. So, the claims in the lawsuit still "related to" Minnesota even if they did not "arise out of" Ford's activities in the state.

The Supreme Court did not draw a bright-line rule in the case. Challenges remain for the lower courts in applying the principles of the Supreme Court's decision. Courts still need to conduct a fact-intensive analysis to determine whether there is *enough* of a connection to the state where the case was filed.

At one end of the spectrum, *the Supreme Court in Bristol-Myers Squibb* found that specific personal jurisdiction was not proper where there was *no* relationship between the claims of out-of-state plaintiffs and the forum state. Those plaintiffs could not sue Bristol-Myers Squibb in California because all the relevant events—the prescription of a drug, its purchase and consumption, and the adverse effects—occurred outside California.

But it does not take *too* much more, as *Ford* showed. The Supreme Court ruled: "When a company like Ford serves a market for a product in a State and that product causes injury in the State to one of its residents, the State's courts may entertain the resulting suit."

Applying the 'Ford' Principles to 'Yamaha'

The facts in *Yamaha* fall in between the two guideposts of *Bristol-Myers Squibb* and *Ford*. Yamaha had extensive sales and marketing activity in South Carolina, including selling and marketing the same model of motorcycle that was involved in the accident. Both the owner and the rider of the motorcycle lived in South Carolina. But Yamaha's connections to plaintiff's claims and South Carolina were not as closely linked as Ford's connections to the plaintiff's claims and Minnesota. In *Yamaha*, the clear distinction is that the accident and injuries occurred in Florida, not South Carolina.

The Fourth Circuit ruled that the court in South Carolina did not have personal jurisdiction over Yamaha. The relevant contacts for personal jurisdiction are the *defendant's* contacts with the forum state, regardless of the plaintiff's connection. The record was unclear as to how the motorcycle ended up in South Carolina after Yamaha first sold it in Kansas. And the location of the injury, which the Fourth Circuit emphasized as an integral part of the *Ford* decision, was outside South Carolina.

Takeaways from 'Yamaha'

Yamaha is likely to be one of many cases in which the Fourth Circuit and other courts must grapple with challenging applications of *Ford*. Though the Supreme Court's decision answered one question about specific jurisdiction, it generated others.

In both cases, the company engaged in significant sales and marketing in the forum states, including marketing and selling the specific model that was involved in the accident. In both cases, it just happened that the companies' sales of the particular car and motorcycle that had been involved in the accident took place outside the forum state, and the items made their way into the forum states through subsequent sales.

The primary difference—and perhaps the only material difference—between *Ford* and *Yamaha* is that the accident occurred inside the forum state in the former but not in the latter. And yet, it does not appear that the location of the injury is a bright-line rule that can be applied in every case. The Supreme Court in *Ford* explicitly avoided setting a bright-line rule.

The sands of specific jurisdiction are ever-shifting without a bright-line rule, but *Ford's* framework does give the courts maximum flexibility in making a constitutional determination that is fundamentally an exercise in fairness. *Int'l Shoe Co. v. State of Wash., Office of Unemployment Comp. & Placement*, 326 U.S. 310, 316 (1945). Plaintiffs therefore will need to carefully analyze where they file suit against a corporation. And corporate defendants will need to carefully evaluate their litigation risk based on their activities in each state and the facts of each specific case.

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