

U.S. Supreme Court decides that manufacturer may be sued in state where accident occurred when manufacturer engages in activities in the state

March 25, 2021. In *Ford Motor Co v. Montana Eighth Judicial District Court*, 592 U.S. ____ (2021), the U.S. Supreme Court revisited the issue of specific jurisdiction for manufacturers with national markets. *Ford* involved a consolidated appeal of two state court cases: a fatal accident in Montana involving a Ford Explorer and a crash in Minnesota involving a Ford Crown Victoria. In both cases, the vehicles were originally sold outside the forum state and later resold to individuals in Montana and Minnesota. Ford sought to dismiss both claims for lack of personal jurisdiction.

The Supreme Court has recognized two types of personal jurisdiction, general and specific. A court has general jurisdiction over a defendant that is “at home” in the forum state. Specific jurisdiction over a non-resident defendant is established when the plaintiff’s claims “arise out of or relate to the defendant’s contacts” in the forum state. The defendant must also “purposefully avail itself of the privilege of conducting activities” in the forum state.

As a Delaware corporation headquartered in Michigan, Ford was not subject to general jurisdiction in either Montana or Minnesota. Accordingly, the issue was whether the courts had specific jurisdiction over Ford. Although Ford admitted that it conducted “substantial business in Montana and Minnesota,” Ford argued this was not sufficient for specific jurisdiction because it had not designed, manufactured, or sold the vehicles involved in the accidents in the forum states.

The Supreme Court rejected Ford’s argument that specific jurisdiction requires a “strict causal relationship” and concluded that “[w]hen 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.”

Justice Kagan noted that Ford regularly conducts business in Montana and Minnesota, advertising “[b]y every means imaginable,” selling new and used vehicles, and repairing vehicles—including selling and repairing the models that were involved in the accidents. “In other words, Ford had systematically served a market in Montana and Minnesota for the very vehicles that the plaintiffs allege malfunctioned and injured them in those States.” Therefore, Ford’s activities in Montana and Minnesota were “close enough to support specific jurisdiction.”

In so finding, Justice Kagan distinguished the Court’s previous decision in *Bristol-Myers Squibb Co. v. Superior Court*, 137 S. Ct. 1773, 582 U.S. __ (2017). There, non-resident plaintiffs sued Bristol-Myers, a non-resident defendant, in California state court for injuries allegedly caused by one of its pharmaceuticals. The Court found that the forum state and the defendant’s activities “lacked any connection to the plaintiffs’ claims” because the plaintiffs did not reside in the forum state, had not purchased or used the drug in the forum state, and had not sustained their injuries in the forum state.

Unlike *Bristol-Myers*, the *Ford* plaintiffs did not engage in forum-shopping but instead “brought suit in the most natural State.” The plaintiffs are residents of the forum states, used the allegedly defective products in the forum states, and sustained their injuries in the forum states.

Based on this decision, a manufacturer may be subject to personal jurisdiction where the accident involving its product occurred even if the manufacturer did not manufacture or sell the specific product

in that state. A manufacturer's connections with the forum state are sufficient to establish personal jurisdiction if the manufacturer regularly markets, sells, and services products in that state.

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