

## Second Circuit Says Not All Businesses Are Subject To Conn. Court Jurisdiction

JUDGES SAY BUSINESS REGISTRATION DOESN'T CONSTITUTE  
'CONSENT' TO STATE JURISDICTION

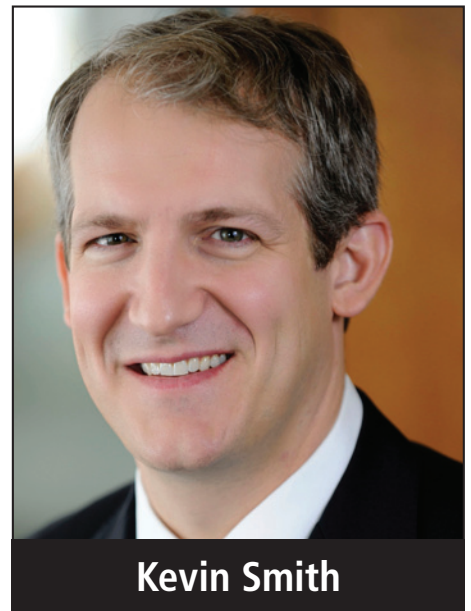
By **ALAN SCHWARTZ** and  
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In the 2014 case *Daimler AG v. Bauman*, the U.S. Supreme Court held that a state has general personal jurisdiction over only those corporations that incorporate or maintain a principal place of business in the state, or otherwise have such "substantial, continuous, and systematic contacts" that the corporation is "essentially at home" in the state.

So what about companies that register to transact business and appoint an agent for service of process in Connecticut, but are incorporated and maintain their principal place of business elsewhere? Do such registrations constitute voluntary "consent" to Connecticut's exercise of general personal jurisdiction over the corporations, such that *Bauman* is inapplicable? Not according to the U.S. Court of Appeals for the Second Circuit. In an important recent decision, *Brown v. Lockheed Martin*, the Second Circuit disagreed with the Connecticut Appellate Court on the point, and "construe[d] Connecticut's registration statute and appointment of agent provisions not to



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require registrant corporations that have appointed agents for service of process to submit to the general jurisdiction of Connecticut courts."

Many companies transact business in Connecticut, even though they are based elsewhere. For example, a corporation incorporated in Delaware may nevertheless have some workers and lease space in Connecticut. Under the doctrine of specific personal jurisdiction (also known as "case-linked" personal

jurisdiction), a plaintiff may of course sue that company in Connecticut state or federal court in instances where the suit arises from company activities in Connecticut. Sometimes, however, a plaintiff will file suit in Connecticut, even though the state lacks any connection to the activities giving rise to the claims in the case.

A Florida plaintiff might sue a Delaware corporation, registered to transact business in Connecticut, in a Connecticut

court for activities that took place in Florida, for example, in an effort to leverage more favorable law or verdicts. If the Connecticut courts have general personal jurisdiction (also known as “all-purpose” personal jurisdiction) over a company, by virtue of its registration, the case could go forward in Connecticut.

In *Brown*, a representative of Walter Brown, a resident of Alabama, sued Lockheed Martin, a Maryland corporation, in Connecticut state court. The suit was removed to federal court. Brown’s representative alleged that Lockheed was responsible for injuries suffered by her late father as a result of asbestos exposure sustained in locations in Europe and around the United States, but not in Connecticut. Indeed, the facts underlining the claims lacked any connection with Connecticut, so there was no basis for specific jurisdiction.

### Exercise of Jurisdiction

But the plaintiff argued that the Connecticut court nonetheless had general jurisdiction over Lockheed. Although Lockheed is incorporated and maintains its principal place of business in Maryland, it is registered to do business and has appointed an agent to accept service of process in Connecticut. The plaintiff argued that these activities constituted voluntary consent to the state courts’ exercise of general jurisdiction as a matter of Connecticut law, and that this exercise of jurisdiction was consistent with federal due process requirements. In an opinion written by Judge Susan Carney and joined by Judges Barrington Parker and Gerald Lynch, the Second Circuit rejected both arguments.

First, the Second Circuit rejected a construction of Connecticut’s long-arm statute that would permit general jurisdiction over a company that simply has registered to do business and appointed an agent to accept service in Connecticut. The Second Circuit acknowledged that the Connecticut Appellate Court has declared in dicta that registering to do business in the state constitutes consent to the general jurisdiction of state courts. But the Second Circuit declined to follow this approach, given the ambiguity in the Connecticut statutes, the lack of a definitive interpretation from the Connecticut Supreme Court, and the due process concerns associated with the sweeping interpretation suggested by the Connecticut Appellate Court. Instead, the Second Circuit construed Connecticut law not to require registrant corporations that have appointed agents for service of process to consent to the general jurisdiction of Connecticut courts.

Second, the Second Circuit found that Lockheed’s contacts with Connecticut fell far short of the recently clarified standards for the exercise of general jurisdiction under the Due Process Clause. Under *Bauman*, the only basis for general jurisdiction, other than incorporating or maintaining a principal place of business, is if a corporation has such “substantial, continuous, and systematic contacts” with a state that it is “essentially at home” there. The Second Circuit construed this to mean that general jurisdiction will exist only in a state where the corporation is

incorporated or maintains its principal place of business, except in a truly “exceptional” case. And *Brown*, it opined, was not an exceptional case. Although Lockheed had a physical presence in Connecticut, maintained workers in the state and derived millions of dollars in revenue from its Connecticut-based work, the Second Circuit held that this activity was not “exceptional” enough in view of Lockheed’s overall portfolio of worldwide business operations to render it “essentially at home” in Connecticut under *Bauman*.

*Brown* will have a significant impact on cases in Connecticut state and federal courts in which a plaintiff argues that an out-of-state defendant has consented to general jurisdiction by registering to do business and appointing an agent for service of process. Although this federal court decision is not binding on Connecticut state courts, it will be highly persuasive. Moreover, *Brown* provides helpful guidance to all Second Circuit litigants on the contacts that will be required to satisfy due process considerations attendant to the exercise of general jurisdiction. At bottom, a plaintiff will be hard-pressed to demonstrate that a corporation is subject to general jurisdiction unless that corporation is incorporated or maintains its principal place of business in the state. ■

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