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California Supreme Court Defies *Daimler*, Permits Unrestricted Jurisdiction over Out-of-State Firms

(Bristol-Myers Squibb Co. v. The Superior Court of San Francisco County)

“... [A] plaintiff may not sue a corporate defendant in a State unless his claims arise in that State or the corporation is at home in the State. ... [A]pparently California did not get the message. This case cries out for further review.”

—Richard Samp, WLF Chief Counsel

WASHINGTON, DC—The California Supreme Court today issued a decision that largely jettisons constitutional limits on the authority of state courts to exercise personal jurisdiction over out-of-state defendants, ruling 4-3 that such defendants may be sued in California based on claims lacking a connection with the State. The decision marked a setback for Washington Legal Foundation and the Allied Educational Foundation, which filed an *amicus* brief arguing that the U.S. Supreme Court’s 2014 decision in *Daimler AG v. Bauman*—also out of California—cut back significantly on state courts’ power to assert jurisdiction over out-of-state corporations.

Bristol-Myers Squibb v. The Superior Court of San Francisco County involves 659 unrelated plaintiffs from across the country who filed a products-liability lawsuit in California state court, alleging they were injured after taking Plavix, a drug manufactured by defendant Bristol-Myers Squibb (BMS). Only 84 of the plaintiffs are California residents; the other 575 live in 33 other States, and their claims are not connected to any California conduct.

BMS does a substantial amount of business in California, but it is not ‘at home’ there. California is neither its principal place of business nor where it is incorporated. The U.S. Supreme Court’s *Daimler* decision held that, under those circumstances, a corporation may not be sued unless the claim being sued on has a substantial connection with the State. The California court ruled today that the 575 nonresident plaintiffs’ claims should be deemed to have a sufficient connection with California because BMS has offices in California and its Plavix sales there gave rise to tort claims similar to the tort claims being asserted by the nonresident plaintiffs. If jurisdiction can be based on sales made to consumers who are unrelated to the plaintiff, virtually every company that operates nationwide will be subject to nationwide forum shopping by the plaintiffs’ bar.

Upon hearing the Court’s decision, WLF issued the following statement by Chief Counsel Richard Samp: “The Due Process Clause significantly limits the power of a State to hale nonresidents into its courts. In its seminal 2014 *Daimler v. Bauman* decision, the U.S. Supreme Court made clear that a plaintiff may not sue a corporate defendant in a State unless his claims arise in that State or the corporation is at home in the State. Today’s decision indicates that apparently California did not get the message. This case cries out for further review.”

WLF is a public-interest law firm and policy center that regularly litigates in support of civil justice reform, to ensure that unwarranted lawsuits do not drive up costs for all consumers.