

***Young v. Daimler AG* (2014) 228 Cal.App.4th 855**

**German company had insufficient contacts with California for the exercise of general jurisdiction, even if contacts of its US subsidiary were attributed to it.**

**FACTS AND PROCEDURAL POSTURE**

After a vehicle roll over accident involving a 2004 Jeep Grand Cherokee, plaintiffs sued, among other defendants, Daimler and DaimlerChrysler Corporation (DCC). Daimler is a German public stock company that designs Mercedes-Benz vehicles in Germany and has its principal place of business in Stuttgart, Germany. DCC came into existence in 1998 as a subsidiary of Daimler, after an agreement between Chrysler Corporation and Daimler. DCC was a Delaware corporation with its principal place of business in Michigan. In 2007 DCC ceased to be a subsidiary of Daimler, and became Chrysler LLC. Daimler is not a successor in interest to either DCC or Chrysler.

Daimler moved to quash service of summons for lack of personal jurisdiction. Plaintiffs opposed the motion on the grounds that there was specific jurisdiction because the accident at issue was related to the California activities of DCC, Daimler's indirect subsidiary. Additionally, plaintiffs cited *Bauman v. DaimlerChrysler Corp.* (2011) 644 F.3d 909 (*Bauman I*), which found Daimler subject to general jurisdiction in California based on the extensive California contacts of Mercedes-Benz USA, LLC (MBUSA), an indirect subsidiary of Daimler.<sup>1</sup> The trial court, however, declined to follow *Bauman I*, noting that it is not binding precedent and finding it factually distinguishable. The court granted Daimler's motion to quash on June 18, 2012. Plaintiffs appealed. Subsequently, the U.S. Supreme Court granted Daimler's petition for a writ of certiorari in *Bauman I*. This case was stayed, pending resolution of *Bauman*.

**DISCUSSION**

The Supreme Court unanimously reversed the Ninth Circuit decision in *Bauman*. (*Daimler AG v. Bauman* (2014) \_\_\_ U.S. \_\_\_ [134 S.Ct. 746, 750].) (*Bauman II*) In the opinion by Justice Ginsburg, the court reaffirmed *International Shoe* as the "canonical opinion" in the area of personal jurisdiction. The court explained that "only a limited set of affiliations with a forum will render a defendant amenable to all-purpose jurisdiction there." A corporation's principal place of business and place of incorporation are paradigm all-purpose forums. Outside of these forums, there may be exceptional circumstances where a corporation's operations are of such a nature as to render the corporation at home in the state. The *Bauman* plaintiff's suggestion that general jurisdiction be deemed appropriate in every state where a corporation "engages in a substantial, continuous, and systematic course of business" was "unacceptably grasping." For general jurisdiction to apply, the corporation must have substantial and continuous operations in the state, such that the corporation's forum contacts are comparable to a domestic enterprise in that state. Courts must consider the entirety of a corporation's operations. "A corporation that operates in many places can scarcely be deemed at home in all of them." The Supreme Court held

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<sup>1</sup> In *Bauman I*, the 9<sup>th</sup> Circuit concluded that it had general jurisdiction over Daimler based on the activities of MBUSA in California. MBUSA acts as the sole distributor of all Mercedes-Benz vehicles in the United States, purchasing those vehicles from Daimler in Germany for sale in the United States. MBUSA was a wholly owned subsidiary of a holding company, which in turn was a wholly owned subsidiary of Daimler.

that Daimler, even with MBUSA's contacts attributed to it, could not be found to be "at home" in California, and thus there was no general jurisdiction.

In the present case, plaintiffs did not contend that Daimler is subject to specific jurisdiction in California. Plaintiffs also did not contend that Daimler's own contacts with California are sufficient to justify the exercise of general jurisdiction. Plaintiff's sole argument on appeal was that Daimler is subject to general jurisdiction in California based on its relationship with MBUSA and MBUSA's contacts with California.

The court explained that the *Bauman II* test – whether the defendant's contacts with the forum state are so continuous and systematic as to render it essentially at home in the forum state – focuses on the defendant's significant corporate presence in the forum. Thus plaintiff's arguments regarding the location of the accident, and the domicile of the plaintiffs, were irrelevant to the whether there was general jurisdiction. Following *Bauman II*, the court held that MBUSA had insufficient contacts with California to support the exercise of general jurisdiction over Daimler. Accordingly, the court affirmed the trial court's order granting Daimler motion to quash service of summons for lack of personal jurisdiction.