



Delaware Supreme Court Holds that Merely Registering to do Business in the State Not Sufficient to Subject Corporation to General Personal Jurisdiction

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The Delaware Supreme Court recently held that a corporation that simply registers to do business in Delaware without more is not subject to general personal jurisdiction. The court held that a state's registration statute does not constitute consent to be subject to general jurisdiction. The case, *Genuine Parts Co. v. Cepec*, 2016 Del. LEXIS 247 (Del. Apr. 18, 2016), clarified an area of commercial law left ambiguous after the landmark U.S. Supreme Court case, *Daimler AG v. Bauman*, 134 S. Ct. 746 (2014).

In *Daimler*, the Supreme Court held that to be consistent with the Due Process Clause of the Fourteenth Amendment, a corporation may only be subject to general personal jurisdiction if it is "at home" in the state. The Court defined being "at home" as either its principal place of business or the state in which the corporation is incorporated. The Court also determined that it would not be in line with "fair play and substantial justice" to subject corporations to general personal jurisdiction without having these sufficient connections to the state.

Daimler replaced the previous standard for general personal jurisdiction from *Goodyear Dunlop Tires Operations, S.A. v. Brown*, 564 U.S. 915 (2011). In *Goodyear*, the U.S. Supreme Court held that general personal jurisdiction could be achieved through "continuous and systematic general business contacts." In doing so, however, the Court left open the question as to whether registering to do business in a state would be sufficient to trigger general jurisdiction.

Cepec also marked a departure from the Delaware Supreme Court's own precedent. In *Sternberg v. O'Neil*, 550 A.2d 1105 (Del. 1988), the court held that filing a registration in the state constituted consent to subject a corporation to general personal jurisdiction. The court, however, opted to overturn this precedent in light of important policy considerations, particularly noting that "many post-*Daimler* decisions involved situations where plaintiffs sought to subject a Delaware corporation to the general jurisdiction of a state that had no relation to the cause of action and was not the corporation's principal place of business." *Cepec*, 2016 Del. LEXIS 247, at *53. By requiring a higher standard, the Delaware Supreme Court clarified that the state's registration statutes "provid[e] a means for service of process and not as conferring general jurisdiction." *Id.* at *67.

As noted by Law360, the Delaware Supreme Court, acting in its “status as a leader in commercial law,” took the opportunity in *Cepec* to clarify this changing area of the law. While it was the first state court to so hold, several other states may follow suit in short order. Corporations should pay close attention to these types of cases, as they have the ability to have significant practical as well as legal implications.

If you have any questions, concerns or related issues, please contact James G. Ryan at jryan@cullenanddykman.com or at 516-357-3750.

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