



LANDMARK U.S. SUPREME COURT CASE

International Shoe Company v. State of Washington

How far can a state go to require a person or business to defend himself, herself, or itself in a court of law in that state? That question was presented to the Supreme Court of the United States in the landmark case *International Shoe Company v. State of Washington*.⁶

The International Shoe Company was a Delaware corporation that had its principal place of business in St. Louis, Missouri. The company manufactured and distributed shoes throughout the United States. The company maintained a sales force throughout the United States. In the state of Washington, its sales representative did not have a specific office but sold shoes door-to-door and sometimes at temporary locations. The sales representatives were paid commissions based on the number of shoes they sold.

The state of Washington assessed an unemployment tax on International Shoe for the sales representative it had in the state. When International Shoe failed to pay, Washington served personal service on a sales representative of the company in Washington and mailed the service of process to the company's headquarters in St. Louis. International Shoe appeared specially to argue that it did not do sufficient business in Washington to warrant having to pay unemployment taxes in that state. The office of unemployment ruled against International Shoe, and the Appeals Tribunal, the Superior Court, and the Supreme Court of Washington agreed. International Shoe appealed to the U.S. Supreme Court. In its decision, the U.S. Supreme Court stated:

Due process requires only that in order to subject a defendant to a judgment in personam, if he be not present within the territory of the forum, he have certain minimum contacts with it such that the maintenance of that suit does not offend traditional notions of fair play and substantial justice.

Applying these standards, the activities carried on in behalf of International Shoe in the state of Washington were neither irregular nor casual. They were systematic and continuous throughout the years in question. They resulted in a large volume of interstate business, in the course of which International Shoe received the benefits and protection of the laws of the state, including the right to resort to the courts for the enforcement of its rights. The obligation which is here sued upon arose out of those very activities. It is evident that these operations establish sufficient contacts or ties with the state of the forum to make it reasonable and just, according to our traditional conception of fair play and substantial justice, to permit the state to enforce the obligations which International Shoe has incurred there.

Thus, the famous “minimum contacts” test and “traditional notions of fair play and substantial justice” establish when a state may subject a person or business to the walls of its courtrooms. Obviously, this is not a bright-line test, so battles of in personam jurisdiction abound to this day.

In Rem Jurisdiction

A court may have jurisdiction to hear and decide a case because it has jurisdiction over the property of the lawsuit. This is called *in rem* jurisdiction (“jurisdiction over the thing”).

Example A state court would have jurisdiction to hear a dispute over the ownership of a piece of real estate located within the state. This is so even if one or more of the disputing parties live in another state or states.

Quasi In Rem Jurisdiction

Sometimes a plaintiff who obtains a judgment against a defendant in one state will try to collect the judgment by attaching property of the defendant that is located in another state. This is permitted under *quasi in rem* jurisdiction, or attachment jurisdiction. Under the Full Faith and Credit Clause of the U.S. Constitution

in rem jurisdiction

Jurisdiction to hear a case because of jurisdiction over the property of the lawsuit.

quasi in rem jurisdiction (attachment jurisdiction)

Jurisdiction that allows a plaintiff who obtains a judgment in one state to try to collect the judgment by attaching property of the defendant located in another state.

watch itself. When Joshua's mother opened the envelope, she realized that the see-through window had not revealed the full text of Time's offer. Not viewable through the see-through window were the following words: "And mailing this Certificate today." The certificate required Joshua to purchase a subscription to *Fortune* magazine in order to receive the free calculator watch. Joshua (through his father, a lawyer) sued Time in a class action lawsuit, seeking compensatory damages in an amount equal to the value of the calculator watch and \$15 million in punitive damages. The trial court dismissed the lawsuit as being too trivial for the court to hear. Joshua appealed. *Harris v. Time, Inc.*, 191 Cal.App.3d 449, 237 Cal.Rptr. 584, Web 1987 Cal.App. Lexis 1619 (Court of Appeal of California)

1. Did Time act ethically?
2. What is a frivolous lawsuit? Was Joshua's lawsuit against Time, Inc., a frivolous lawsuit?
3. Was the claimed damages of \$15 million excessive?

3.7 Ethics The National Enquirer, Inc., is a Florida corporation with its principal place of business in Florida. It publishes the *National Enquirer*, a national weekly newspaper with a total circulation of more than five million copies. About six hundred thousand copies, almost twice the level in the next highest state, are sold in California. The *Enquirer* published an article about Shirley Jones, an entertainer. Jones, a California resident, filed a lawsuit in California state court against the *Enquirer* and its president, who was a resident of Florida. The California lawsuit sought damages for alleged defamation, invasion of privacy, and intentional infliction of emotional distress. *Calder v. Jones*, 465 U.S. 783, 104 S.Ct. 1482, 79 L.Ed.2d 804, Web 1984 U.S. Lexis 4 (Supreme Court of the United States)

1. What kind of paper is the *National Enquirer*?
2. Was it ethical for The National Enquirer, Inc., to try to avoid suit in California?
3. Are the defendants subject to suit in California? Why or why not?

Internet Exercises



1. Go to Exhibit 3.2 in the chapter. Find the website that represents your state or district or territory and go to that website. What is the name of the highest court? In what city is the highest state court located?
2. Use an Internet search engine to find whether your state has a small claims court. If so, what is the dollar amount limit for cases to qualify for small claims court?
3. Go to the map that appears in Exhibit 3.3 in this chapter. Find the federal court of appeals that serves your geographical area. What states are represented by that circuit court? Visit the website of that court that is listed in Exhibit 3.4. What city is the primary court

located in? How many judges does the circuit court have?

4. Go to the website of the U.S. Supreme Court, at www.supremecourtus.gov. Who are the nine justice of the U.S. Supreme Court? What president appointed each justice, and what political party (e.g., Democrat, Republican) did that president belong to?
5. Visit the website of the U.S. Department of Homeland Security, at www.dhs.gov. What does this federal government agency regulate?
6. Visit the website of the federal Food and Drug Administration (FDA), at www.fda.gov. What does this federal government agency regulate?

Endnotes

1. Federal Courts Improvement Act of 1982, Public Law 97-164, 96 Stat. 25, 28 U.S.C. Sections 1292 and 1295.
2. Effective September 25, 1988, mandatory appeals were all but eliminated, except for reapportionment cases and cases brought under the Civil Rights Act and Voting Rights Act, antitrust laws, and the Presidential Election Campaign Fund Act.
3. Prior to 1980, there was a minimum dollar amount controversy requirement of \$10,000 to bring a federal question action in federal court. This minimum amount was eliminated by the Federal Question Jurisdictional Amendment Act of 1980, Public Law 96-486.
4. The amount was raised to \$75,000 by the 1996 Federal Courts Improvement Act, Title 28 U.S.C. Section 1332(a).
5. *International Shoe Co. v. Washington*, 326 U.S. 310, 66 S.Ct. 154, 90 L.Ed. 95, Web 1945 U.S. Lexis 1447 (Supreme Court of the United States).
6. 326 U.S. 310, 66 S.Ct. 154, 90 L.Ed 95, Web 1945 U.S. Lexis 1447 (Supreme Court of the United States).
7. 952 F.Supp. 1119, Web 1997 U.S. Dist. Lexis 1701 (United States District Court for the Western District of Pennsylvania).
8. 5 U.S.C. Sections 551-706.