Part I
Multiple Choice Questions

1. Able is a resident of the State of Jefferson and Bean is a resident of the State of Madison. Able owns a vacation house in Madison. Able also has an account at the Bank of Madison. Able owes Bean $100. Bean files a complaint against Able in the Madison State Court. When Able visits Madison to close his account at the Bank of Madison, he is personally served by Bean. What kind of jurisdiction does the Madison State Court have over Able?
   a. In personam
   b. In rem
   c. Quasi-in-rem
   d. a and c
   e. a, b & c

Answer: a.

2. Able is a resident of the State of Jefferson and Bean is a resident of the State of Madison. Able sells widgets wholesale via mail-order. Bean sells widgets retail from his store in Madison. Able sells a total of about 1000 widgets per year and sells Bean about 500 widgets per year. Bean files a complaint against Able in the Madison State Court, alleging that he paid Able $1000 for 100 widgets and that Able refused to send the widgets. The Madison long-arm law provides that a nonresident who commits a tortious act within the state submits to jurisdiction. Which of the following statements are true?
   a. The court can exercise specific jurisdiction over Able
   b. The court can exercise general jurisdiction over Able
   c. The court can exercise in personam jurisdiction over Able
   d. a and c
   e. None of the above

Answer: e.

3. Acme Inc. is a Jefferson corporation, with its headquarters in the State of Jefferson. Acme manufactures widgets at its factory in Jefferson. Beta Inc. is a Madison corporation with its headquarters in the State of Madison. Beta uses Acme widgets to manufacture contraptions at its factory in Madison. Beta sells contraptions internationally via mail-order. Collins is a resident of the State of Hamilton. Collins purchases a Beta contraption, which does not work. Collins files a complaint against Acme and Beta in the Hamilton State Court, alleging that the Acme widget and Beta contraption are defective. The Hamilton long-arm law provides that a nonresident who commits a tortious
act within the state submits to jurisdiction. Which of the following statements are true?

a. The court has personal jurisdiction over Acme
b. The court has personal jurisdiction over Beta
c. The court has quasi-in-rem jurisdiction over Acme and Beta
d. a and b
e. None of the above

Answer: e.

4. Acme Inc. is a Jefferson corporation, with its headquarters in the State of Madison. Acme manufactures widgets at its factory in Madison. Beta Inc. is a Jefferson corporation with its headquarters in the State of Madison. Beta uses Acme widgets to manufacture contraptions at its factory in Madison. Beta sells contraptions internationally via mail-order. Collins is a resident of the State of Hamilton. Collins purchases a Beta contraption, which does not work. Collins files a complaint against Acme and Beta in the Jefferson State Court, alleging that the Acme widget and Beta contraption are defective. Jefferson law provides that the court can exercise jurisdiction to the extent permitted by due process. Which of the following statements are true?

a. The court has personal jurisdiction over Acme, but not Beta
b. The court has personal jurisdiction over Beta, but not Acme
c. The court has personal jurisdiction over Acme and Beta
d. The court has quasi-in-rem jurisdiction over Acme and Beta
e. None of the above

Answer: c.

5. Acme Inc. is a Jefferson corporation, with its headquarters in the State of Jefferson. Acme manufactures widgets at its factory in Jefferson. Beta Inc. is a Madison corporation with its headquarters in the State of Madison. Beta uses Acme widgets to manufacture contraptions at its factory in Madison. Beta sells contraptions in Madison. Collins is a resident of the State of Hamilton. Collins receives a mailed advertisement from Acme and Beta for “Beta contraptions with Acme widgets!” Collins travels to Madison, purchases a Beta contraption, and returns to Hamilton. One week later, the contraption stops working. Collins files a complaint against Acme and Beta in the Hamilton State Court, alleging that the Acme widget and Beta contraption are defective. Hamilton law provides that the court can exercise jurisdiction to the extent permitted by due process. Which of the following statements are true?:

a. The court has personal jurisdiction over Acme, but not Beta
b. The court has personal jurisdiction over Beta, but not Acme
c. The court has personal jurisdiction over Acme and Beta  
d. The court has quasi-in-rem jurisdiction over Acme and Beta  
e. None of the above  

Answer: c.
Part II
Short Answer Questions

Acme Inc. is a Delaware corporation with headquarters in Virginia. Acme operates an international Internet retail business selling tools. Acme only accepts orders through its website, acme-tools.com. Acme ships all of its orders from a warehouse in Virginia. In 2008, Acme sold about 1 million tools, including about 50,000 tools in Vermont and 150,000 in New York. Bean is a website designer. In 2008, when Bean was a resident of New York, Acme hired him to design its website and agreed to pay him $100,000 per year for five years. In 2009, Bean moved to Vermont. In 2010, Acme created a new website and refused to continue paying Bean. Bean wants to file a complaint in either Vermont or New York. Vermont law provides that the court can exercise jurisdiction to the extent permitted by due process. New York law provides that a nonresident who commits a tortious act within the state submits to jurisdiction.

1. Does the Vermont court have personal jurisdiction over Acme?

Answer: Maybe. Under Vermont law, the court can exercise personal jurisdiction to the extent permitted by due process. Bean claims that Acme breached a contract to pay him for designing its website.

If Bean’s claim arises out of or relates to Acme’s contacts with Vermont then specific jurisdiction is sufficient. Acme’s contacts with Vermont consist of its website and its sales in Vermont. Bean’s presence in Vermont probably does not create a relevant contact with Vermont because Bean chose to move to Vermont unilaterally. Bean’s claim probably does not arise out of or relate to Acme’s sales in Vermont, but arguably does relate to the availability of Acme’s website in Vermont. If specific jurisdiction is sufficient, then due process probably permits the court to exercise personal jurisdiction over Acme, because Acme’s website actively allows residents of Vermont to purchase tools over the Internet, and Acme directs a substantial number of sales to Vermont.

If Bean’s claim does not arise out of or relate to Acme’s contacts with Vermont, the court needs general jurisdiction, which requires continuous and systematic with Vermont. Acme may or may not have sufficient contacts with Vermont for the court to exercise general jurisdiction. While Acme lacks a physical presence in Vermont, it sells about 50,000 tools in Vermont every year, and directs those tools to Vermont. In Goodyear, the Supreme Court held that tens of thousands of sales through intermediaries were insufficient to create jurisdiction. While Acme makes a similar number of sales, it sells products directly to consumers in Vermont.

2. Does the New York court have personal jurisdiction over Acme?
Answer: Probably not. Under New York law, the court can exercise personal jurisdiction over a nonresident only if the nonresident commits a tortious act in New York. Bean appears to allege a contract claim, so New York law does not authorize jurisdiction. The court can exercise jurisdiction only if Bean alleges a tort claim, perhaps a business tort like interference with contractual relations.

If Bean alleges a tort claim, then specific jurisdiction is probably sufficient. Acme’s contacts with New York consist of hiring Bean, a New York resident, to design its website and its sales in New York, as well as its website and sales in New York. Bean’s claims arise out of Acme’s decision to hire him.

New York may or may not be able to exercise general jurisdiction over Acme. While Acme lacks a physical presence in New York, it sells about 150,000 tools in New York every year, and directs those tools to New York. It is not clear whether this sufficient for general jurisdiction.

END OF THE EXAM