

UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

Phillips Exeter Academy v. Howard Phillips Fund, Inc.

196 F.3d 284 (1st Cir. 1999) · No. No. 99-1254 · Decided November 19, 1999

SUMMARY

****Personal jurisdiction – specific jurisdiction – relatedness requirement – purposeful availment.**** The First Circuit affirmed dismissal for lack of personal jurisdiction, holding that a New Hampshire school’s claims against a Florida-based fund and company for breach of contract and fiduciary duty did not arise out of the defendants’ limited contacts with New Hampshire (annual payments and a single settlement visit). Even if relatedness were shown, the defendants did not purposefully avail themselves of New Hampshire law because they did not initiate the relationship or benefit from forum protections. The court emphasized that a fiduciary’s breach occurs where the disloyal act takes place, not where the plaintiff receives payment, and that the mere location of payment under a contract does not alone establish jurisdiction.

CASE DETAILS

COURT	United States Court of Appeals for the First Circuit
WRITING FOR THE COURT	Selya; Coffin; Lipez
JURISDICTION	Federal
DECIDED	November 19, 1999
DOCKET	No. 99-1254
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from the United States District Court for the District of New Hampshire dismissal of action for lack of personal jurisdiction.
STANDARD OF REVIEW	de novo
PRECEDENTIAL VALUE	Published
PARTIES	Phillips Exeter Academy v. Howard Phillips Fund, Inc., et al.

TOPICS

- personal jurisdiction
- civil procedure
- due process
- appellate procedure
- fiduciary duty

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the district court had specific personal jurisdiction over the defendants based on their contacts with New Hampshire.

HOLDINGS

1. The court lacks personal jurisdiction because the claims do not arise out of the defendants' contacts with New Hampshire and the defendants did not purposefully avail themselves of the benefits of New Hampshire law.

KEY QUOTATIONS

“First, an inquiring court must ask whether the claim that undergirds the litigation directly relates to or arises out of the defendant's contacts with the forum. Second, the court must ask whether those contacts constitute purposeful availment of the benefits and protections afforded by the forum's laws. Third, if the proponent's case clears the first two hurdles, the court then must analyze the overall reasonableness of an exercise of jurisdiction in light of a variety of pertinent factors that touch upon the fundamental fairness of an exercise of jurisdiction.” (11)

“The relatedness requirement is not met merely because a plaintiff's cause of action arose out of the general relationship between the parties; rather, the action must directly arise out of the specific contacts between the defendant and the forum state.” (17)

FACTUAL BACKGROUND

Howard Phillips bequeathed all stock in Dr. Phillips, Inc. to the Howard Phillips Fund, conditioned on the Fund paying 5% of net income from the stock to Phillips Exeter Academy for 20 years and giving Exeter a board seat. The Fund made annual payments to Exeter in New Hampshire. Exeter sued the Fund and the Company in New Hampshire federal court, alleging breach of contract and breach of fiduciary duty based on underpayment and improper restructuring. The district court dismissed for lack of personal jurisdiction.

PROCEDURAL HISTORY

The district court granted the defendants' joint motion to dismiss under Fed. R. Civ. P. 12(b)(2), concluding that it lacked personal jurisdiction over the Fund and the Company. The plaintiff appealed.

DISPOSITION

affirmed

CASES CITED

- World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286 (1980)
- Burger King Corp. v. Rudzewicz, Burger King Corp. v. Rudzewicz, 471 U.S. 462 (1985)

- United Elec., Radio & Mach. Workers v. 163 Pleasant St. Corp., 960 F.2d 1080 (1st Cir. 1992)
- International Shoe Co. v. State of Washington, International Shoe Co. v. Washington, 326 U.S. 310 (1945)
- Helicopteros Nacionales de Colombia, S.A. v. Hall, 466 U.S. 408 (1984)
- Donatelli v. National Hockey League, 893 F.2d 459 (1st Cir. 1990)
- Massachusetts Sch. of Law at Andover, Inc. v. American Bar Ass'n, 142 F.3d 26 (1st Cir. 1998)
- Ticketmaster-N.Y., Inc. v. Alioto, 26 F.3d 201 (1st Cir. 1994)
- Foster-Miller, Inc. v. Babcock & Wilcox Can., 46 F.3d 138 (1st Cir. 1995)
- Hachikian v. FDIC, 96 F.3d 502 (1st Cir. 1996)
- Marino v. Hyatt Corp., 793 F.2d 427 (1st Cir. 1986)
- Jones v. Petty-Ray Geophysical, Geosource, Inc., 954 F.2d 1061 (5th Cir. 1992)
- Papachristou v. Turbines Inc., 902 F.2d 685 (8th Cir. 1990)
- Nowak v. Tak How Invs., Ltd., 94 F.3d 708 (1st Cir. 1996)
- Sawtelle v. Farrell, 70 F.3d 1381 (1st Cir. 1995)
- Hanson, Executrix, et al. v. Denckla et al., Hanson v. Denckla, 357 U.S. 235 (1958)
- Bond Leather Co. v. Q.T. Shoe Mfg. Co., 764 F.2d 928 (1st Cir. 1985)
- Young v. Colgate-Palmolive Co., 790 F.2d 567 (7th Cir. 1986)
- McFarland v. Yegen, 699 F. Supp. 10 (D.N.H. 1988)
- Ganis Corp. v. Jackson, 822 F.2d 194 (1st Cir. 1987)
- Kulko v. Superior Court, 436 U.S. 84 (1978)
- Kerry Steel, Inc. v. Paragon Inds., 106 F.3d 147 (6th Cir. 1997)
- Scullin Steel Co. v. National Ry. Utiliz. Corp., 676 F.2d 309 (8th Cir. 1982)
- Savin v. Ranier, 898 F.2d 304 (2d Cir. 1990)
- Phelps v. Kingston, 536 A.2d 740 (N.H. 1987)
- Computac v. Dixie News Co., 469 A.2d 1345 (N.H. 1983)

CITED IN

- Phillips Exeter Academy v. Howard Phillips Fund, Inc., Phillips Exeter Academy v. Howard Phillips Fund, 196 F.3d 284 (1st Cir. 1999)
- Phillips Exeter Academy v. Howard Phillips Fund, Inc., Phillips Exeter Academy v. Howard Phillips Fund, Inc., 196 F.3d 284 (1st Cir. 1999)
- Phillips Exeter Academy v. Howard Phillips Fund, Inc., Phillips Exeter Acad. v. Howard Phillips Fund, Inc., 196 F.3d 284 (1st Cir. 1999)
- Phillips Exeter Academy v. Howard Phillips Fund, Inc., Phillips Exeter Academy v. Howard Phillips Fund, 196 F.3d 284, 288 (1st Cir. 1999)
- Phillips Exeter Academy v. Howard Phillips Fund, Inc., Phillips Exeter Acad. v. Howard Phillips Fund, Inc., 196 F.3d 284, 292 (1st Cir. 1999)

