

UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

IAC/InterActiveCorp v. Adam Roston

No. 21-2501, United States Court of Appeals for the Seventh Circuit (August 11, 2022)

SUMMARY

The Seventh Circuit affirmed dismissal under forum non conveniens, enforcing a mandatory forum selection clause designating California courts as the exclusive venue for disputes arising from an employment agreement, despite the contract's separate "non-exclusive jurisdiction" language. The court held that plaintiffs who sue under a contract are bound by its forum selection clause, even if the contract is expired or the plaintiff is a nonsignatory (like Bluecrew) seeking to benefit from the agreement. The ruling rejects efforts to evade the clause by arguing the contract is no longer in force or by bringing tort and statutory claims that relate to contractual obligations.

CASE DETAILS

COURT	United States Court of Appeals for the Seventh Circuit
WRITING FOR THE COURT	Kirsch; Easterbrook; Scudder
JURISDICTION	Federal
DECIDED	August 11, 2022
DOCKET	21-2501
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from dismissal of complaint under forum non conveniens based on mandatory forum selection clause.
STANDARD OF REVIEW	Abuse of discretion for forum non conveniens dismissal; de novo for contract interpretation.
PRECEDENTIAL VALUE	Published
PARTIES	IAC/InterActiveCorp, IAC Publishing, and Bluecrew (collectively 'the Companies') v. Adam Roston

TOPICS

- venue
- contract interpretation
- civil procedure
- appellate procedure
- standard of review

PRACTICE AREAS

- Civil Procedure
- Contracts
- Appellate Practice

QUESTIONS PRESENTED

1. Whether the forum selection clause in the Employment Agreement applies to the claims in the complaint.
2. Whether the forum selection clause is mandatory or permissive.
3. Whether the district court abused its discretion in dismissing the complaint under forum non conveniens.

HOLDINGS

1. When plaintiffs pursue claims and relief that arise out of or relate to a contract, they will be bound by that contract's forum selection clause governing disputes that arise out of or relate to the contract.
2. The forum selection clause is mandatory because it uses the word 'will' and specifies a particular venue (federal or state courts in Alameda County, California).
3. The district court did not abuse its discretion because the mandatory forum selection clause eliminated the need to consider the plaintiffs' forum preference and private interest factors, and the public interest factors reasonably favored California.

KEY QUOTATIONS

“We hold that when plaintiffs pursue claims and relief that arise out of or relate to a contract, they will be bound by that contract's forum selection clause governing disputes that arise out of or relate to the contract.”
(at 6)

“The Agreement's forum selection clause is mandatory. It requires that any dispute arising out of or related to the Agreement 'will be heard and determined before an appropriate federal court located in the State of California in Alameda County, or, if not maintainable therein, then in an appropriate California state court located in Alameda County.’” (at 12-13)

“We hold that these plaintiffs cannot simultaneously pursue claims arising under the Agreement and disavow the Agreement's mandatory forum selection clause sending such disputes to California.” (at 18)

FACTUAL BACKGROUND

Adam Roston signed an Employment Agreement with IAC Publishing in 2016, which included a forum selection clause designating California courts as the exclusive venue for disputes. Roston later became CEO of Bluecrew, an affiliate. After his termination, Roston retained a company laptop and confidential documents. The Companies sued in Illinois for declaratory relief regarding stock appreciation rights, wrongful termination, and return of property. The district court dismissed under forum non conveniens based on the forum selection clause.

PROCEDURAL HISTORY

The Companies filed a complaint in the Northern District of Illinois. Roston moved to dismiss under forum non conveniens, citing the forum selection clause in the Employment Agreement. The district court granted the motion. The Companies appealed.

DISPOSITION

affirmed

CASES CITED

- Soarus L.L.C. v. Bolson Materials International Corp. and Timothy J. Heenan, Soarus LLC v. Bolson Materials Int'l Corp., 905 F.3d 1009 (7th Cir. 2018)
- Jackson v. Payday Fin., LLC, 764 F.3d 765 (7th Cir. 2014)
- Adams v. Raintree Vacation Exch., LLC, 702 F.3d 436 (7th Cir. 2012)
- Litton Fin. Printing Div. v. NLRB, 501 U.S. 190 (1991)
- Auto. Mechanics Loc. 701 Welfare & Pension Funds v. Vanguard Car Rental USA, Inc., 502 F.3d 740 (7th Cir. 2007)
- Hetronic Int'l, Inc. v. Hetronic Germany GmbH, 10 F.4th 1016 (10th Cir. 2021)
- Omron Healthcare, Inc. v. Maclaren Exports Ltd., 28 F.3d 600 (7th Cir. 1994)
- U.S. Smoke & Fire Curtain, LLC v. Bradley Lomas Electrolok, Ltd., 612 F. App'x 671 (4th Cir. 2015)
- Abbott Lab'ys v. Takeda Pharm. Co., 476 F.3d 421 (7th Cir. 2007)
- Am. Patriot Ins. Agency, Inc. v. Mutual Risk Mgmt., Ltd., 364 F.3d 884 (7th Cir. 2004)
- Ginter ex rel. Ballard v. Belcher, Prendergast & Laporte, 536 F.3d 439 (5th Cir. 2008)
- In re McGraw-Hill Glob. Educ. Holdings LLC, 909 F.3d 48 (3d Cir. 2018)
- A.D. v. Credit One Bank, N.A., 885 F.3d 1054 (7th Cir. 2018)
- Hellenic Inv. Fund, Inc. v. Det Norske Veritas, 464 F.3d 514 (5th Cir. 2006)
- Kochert v. Adagen Med. Int'l, Inc., 491 F.3d 674 (7th Cir. 2007)
- Paper Exp., Ltd. v. Pfankuch Maschinen GmbH, 972 F.2d 753 (7th Cir. 1992)
- Dockside, Ltd. v. Sea Tech., Ltd., 875 F.2d 762 (9th Cir. 1989)
- Muzumdar v. Wellness Int'l Network, Ltd., 438 F.3d 759 (7th Cir. 2006)
- Atl. Marine Const. Co. v. U.S. Dist. Ct. for W. Dist. of Texas, 571 U.S. 49 (2013)
- Kamel v. Hill-Rom Co., 108 F.3d 799 (7th Cir. 1997)
- Abad v. Bayer Corp., 563 F.3d 663 (7th Cir. 2009)
- Deb v. SIRVA, Inc., 832 F.3d 800 (7th Cir. 2016)
- Stroitelstvo Bulgaria Ltd. v. Bulgarian–Am. Enter. Fund, 589 F.3d 417 (7th Cir. 2009)
- Clerides v. Boeing Co., 534 F.3d 623 (7th Cir. 2008)
- Roston v. Ask Media Grp., LLC et al., No. RG20064980 (Cal. Super. Ct. Alameda Cty., filed June 17, 2020)