

SUPREME COURT OF IOWA

Sioux Pharm, Inc. and Sioux Biochemical, Inc. v. Summit
Nutritionals International, Inc.

No reporter citation stated; No. 13-1756 (Iowa Apr. 7, 2015) (amended) · No. No. 13-1756 · Decided January
30, 2015

SUMMARY

The Iowa Supreme Court held that Summit Nutritionals International, Inc.’s inaccurate statement on a passive website identifying an Iowa manufacturing facility did not establish general personal jurisdiction because Summit was not essentially at home in Iowa. The court nevertheless affirmed denial of Summit’s motion to dismiss because the totality of its Iowa contacts, including its supply contract, website statement, and related product sale, supported specific jurisdiction over claims arising from those contacts. The decision also discusses waiver, estoppel, and website-based jurisdiction under the Calder effects test and Zippo sliding-scale approach.

CASE DETAILS

COURT	Supreme Court of Iowa
WRITING FOR THE COURT	Waterman, Justice; All justices except Hecht, J.
JURISDICTION	Iowa
DECIDED	January 30, 2015
DOCKET	No. 13-1756
DISPOSITION	affirmed
PROCEDURAL POSTURE	Interlocutory appeal from an order denying Summit Nutritionals International, Inc.'s motion to dismiss for lack of personal jurisdiction.
STANDARD OF REVIEW	The court reviewed the ruling on the motion to dismiss for lack of personal jurisdiction for correction of errors at law. Factual findings supported by substantial evidence were binding on appeal, and the court accepted as true the petition's allegations and the contents of uncontroverted affidavits. After the plaintiff made a prima facie showing of personal jurisdiction, the burden shifted to the defendant to rebut it.
PRECEDENTIAL VALUE	Published Iowa Supreme Court opinion; precedential unless limited by later authority.

PARTIES

Summit Nutritionals International, Inc. v. Sioux Pharm, Inc., Sioux Biochemical, Inc.

TOPICS

personal jurisdiction

subject matter jurisdiction

civil procedure

commercial litigation

trademark law

PRACTICE AREAS

civil procedure

constitutional law

commercial litigation

intellectual property

trademark law

QUESTIONS PRESENTED

1. Whether Summit's inaccurate statement on a passive website that it had an Iowa manufacturing facility established general personal jurisdiction in Iowa.
2. Whether the totality of Summit's Iowa contacts, including its supply contract with an Iowa company, its president's brief Iowa visit, its website statement, and its sale of a product sample in Iowa, established general personal jurisdiction.
3. Whether those contacts, considered in relation to Sioux Pharm's unfair-competition claims and under the Calder effects test, established specific personal jurisdiction consistent with due process.

HOLDINGS

1. A nonresident corporation's inaccurate statement on a passive website that it has a manufacturing facility in Iowa, standing alone, does not establish general personal jurisdiction in Iowa.
2. Summit's annual supply contract with an Iowa company, brief site visit, website statement, and other Iowa contacts did not establish general personal jurisdiction because Summit was not essentially at home in Iowa.
3. Summit's Iowa contacts, considered in their totality and in light of the Calder effects test, established specific personal jurisdiction over Summit in Sioux Pharm's unfair-competition action.

KEY QUOTATIONS

“Recent precedent requires proof the nonresident defendant is “essentially at home in the forum State” to establish general jurisdiction.” (2)

“We hold the totality of Summit’s contacts with Iowa, considered in light of the Calder effects test, are sufficient to establish specific jurisdiction here.” (23)

FACTUAL BACKGROUND

Summit was a New Jersey corporation with its principal place of business in New Jersey and had no Iowa office, employees, property, bank accounts, or registration to do business in Iowa. It purchased chondroitin sulfate from Iowa corporation Eagle Laboratories under an annual supply contract and represented on its passive website that it operated a manufacturing facility in Sioux Center, Iowa, although Eagle Laboratories actually owned and operated that facility. Sioux Pharm, an Iowa competitor, alleged that Summit sold diluted and mislabeled

chondroitin sulfate in violation of the Lanham Act and Iowa law; Summit also sold one sample of its product to Sioux Pharm in Iowa for testing in connection with the lawsuit.

PROCEDURAL HISTORY

Sioux Pharm sued Iowa defendant Eagle Laboratories and related individuals, later amending its petition to add Summit and Federal Laboratories and asserting unfair-competition, intentional-interference, civil-conspiracy, and Lanham Act claims. Summit moved to dismiss for lack of personal jurisdiction. The Iowa District Court for Sioux County denied Summit's motion based on general jurisdiction arising from Summit's website representation that it had an Iowa manufacturing facility, and Summit obtained permission for an interlocutory appeal. The Supreme Court of Iowa held that general jurisdiction was lacking but affirmed the order on the alternative ground that specific jurisdiction existed.

DISPOSITION

affirmed

REMAND INSTRUCTIONS

The case was remanded to allow Sioux Pharm's claims against Summit to proceed.

CASES CITED

- Goodyear Dunlop Tires Operations, S.A. v. Brown, 564 U.S. ___, 131 S. Ct. 2846, 2851, 2853-54 (2011)
- Daimler AG v. Bauman, 571 U.S. ___, 134 S. Ct. 746, 751, 754 (2014)
- Shams v. Hassan, 829 N.W.2d 848, 853-60 (Iowa 2013)
- Ostrem v. Prideco Secure Loan Fund, LP, 841 N.W.2d 882, 891-903 (Iowa 2014)
- Viasys, Inc. v. EBM-Papst St. Georgen GmbH & Co., KG, 646 F.3d 589, 594 (8th Cir. 2011)
- World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286, 297 (1980)
- Burger King Corp. v. Rudzewicz, Burger King Corp. v. Rudzewicz, 471 U.S. 462, 472, 475 (1985)
- Sondergard v. Miles, Inc., 985 F.2d 1389, 1392 (8th Cir. 1993)
- Addison Insurance Co. v. Knight, Hoppe, Kurnik & Knight, L.L.C., 734 N.W.2d 473, 476, 478 (Iowa 2007)
- Hawkeye Foodservice Distributors, Inc. v. Iowa Educators Corp., 812 N.W.2d 600, 609 (Iowa 2012)
- Insurance Corp. of Ireland, Ltd. v. Compagnie des Bauxites de Guinée, 456 U.S. 694, 703-04 (1982)
- EFCO Corp. v. Norman Highway Constructors, Inc., 606 N.W.2d 297, 299 (Iowa 2000)
- Central Life Insurance Co. v. Aetna Casualty & Surety Co., 466 N.W.2d 257, 261 (Iowa 1991)
- Christy v. Miulli, 692 N.W.2d 694, 702 (Iowa 2005)
- Meier v. Alfa-Laval, Inc., 454 N.W.2d 576, 578-79 (Iowa 1990)
- Antolik v. McMahon, 744 N.W.2d 82, 83 (Iowa 2007)
- Turpin v. Mori Seiki Co., 56 F. Supp. 2d 121, 124, 127-28 (D. Mass. 1999)
- Johnson v. Arden, 614 F.3d 785, 796-98 (8th Cir. 2010)
- Calder v. Jones, 465 U.S. 783, 789-90 (1984)

- Zippo Manufacturing Co. v. Zippo Dot Com, Inc., 952 F. Supp. 1119, 1124 (W.D. Pa. 1997)
- Lakin v. Prudential Securities, Inc., 348 F.3d 704, 712-13 (8th Cir. 2003)
- Bell Paper Box, Inc. v. U.S. Kids, Inc., 22 F.3d 816, 819 (8th Cir. 1994)
- Helicopteros Nacionales de Colombia, S.A. v. Hall, 466 U.S. 408, 409-10, 416, 418 (1984)
- Bankers Trust Co. v. Fidata Trust Co. NY, 452 N.W.2d 411, 415-16 (Iowa 1990)
- Rath Packing Co. v. Intercontinental Meat Traders, Inc., 181 N.W.2d 184, 186-89 (Iowa 1970)
- Ross v. First Savings Bank of Arlington, 675 N.W.2d 812, 816, 819 (Iowa 2004)
- Norton v. Local Loan, 251 N.W.2d 520, 522 (Iowa 1977)
- Chloé v. Queen Bee of Beverly Hills, LLC, 616 F.3d 158, 165-70 (2d Cir. 2010)
- CollegeSource, Inc. v. AcademyOne, Inc., 653 F.3d 1066, 1078-79 (9th Cir. 2011)
- Dakota Industries, Inc. v. Dakota Sportswear, Inc., 946 F.2d 1384, 1388-89 (8th Cir. 1991)
- McGee v. International Life Insurance Co., 355 U.S. 220, 223 (1957)