

SUPREME COURT OF THE UNITED STATES

Burger King Corp. v. Rudzewicz

Burger King Corp. v. Rudzewicz, 471 U.S. 462 (1985) · No. No. 83-2097

SUMMARY

****Burger King Corp. v. Rudzewicz, 471 U.S. 462 (1985)**** – Personal jurisdiction; due process; minimum contacts; long-arm statute; franchise agreement; purposeful availment. The Supreme Court held that a Florida court could constitutionally exercise specific personal jurisdiction over a Michigan franchisee who deliberately entered a long-term franchise relationship with a Florida corporation, where the contract required payments and notices to Miami, the parties had ongoing direct communications with Miami headquarters, and the franchisee received fair notice of potential suit in Florida from contract terms and course of dealing. The Court rejected a mechanical contract-as-contact test, requiring evaluation of prior negotiations, contemplated future consequences, contract terms, and actual dealings to determine purposeful availment. Choice-of-law provisions, while not alone sufficient, may reinforce a defendant's deliberate affiliation with the forum state. The decision reversed the Eleventh Circuit's finding that jurisdiction would offend due process.

CASE DETAILS

COURT	Supreme Court of the United States
WRITING FOR THE COURT	Brennan; Burger; Marshall; Blackmun; Rehnquist; O'Connor
JURISDICTION	Federal
DOCKET	No. 83-2097
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from the United States Court of Appeals for the Eleventh Circuit
STANDARD OF REVIEW	De novo
PRECEDENTIAL VALUE	Published
PARTIES	Burger King Corporation v. John Rudzewicz

TOPICS

- personal jurisdiction
- civil procedure
- due process
- contracts
- appellate jurisdiction

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the exercise of personal jurisdiction over a Michigan franchisee in Florida, pursuant to Florida's long-arm statute, violated the Due Process Clause of the Fourteenth Amendment.

HOLDINGS

1. The exercise of jurisdiction did not violate due process because Rudzewicz purposefully established minimum contacts with Florida by entering into a franchise agreement that created a substantial and continuing relationship with Burger King's Miami headquarters, and he received fair notice that he might be subject to suit in Florida.

KEY QUOTATIONS

“Thus '[t]he forum State does not exceed its powers under the Due Process Clause if it asserts personal jurisdiction over a corporation that delivers its products into the stream of commerce with the expectation that they will be purchased by consumers in the forum State' and those products subsequently injure forum consumers.” (471 U.S. at 474-475)

“Notwithstanding these considerations, the constitutional touchstone remains whether the defendant purposefully established 'minimum contacts' in the forum State.” (471 U.S. at 475)

“If the question is whether an individual's contract with an out-of-state party alone can automatically establish sufficient minimum contacts in the other party's home forum, we believe the answer clearly is that it cannot.” (471 U.S. at 478-479)

“It is these factors—prior negotiations and contemplated future consequences, along with the terms of the contract and the parties' actual course of dealing—that must be evaluated in determining whether the defendant purposefully established minimum contacts within the forum.” (471 U.S. at 479)

“The 'quality and nature' of an interstate transaction may sometimes be so 'random,' 'fortuitous,' or 'attenuated' that it cannot fairly be said that the potential defendant 'should reasonably anticipate being haled into court' in another jurisdiction.” (471 U.S. at 486)

FACTUAL BACKGROUND

Burger King Corporation, a Florida corporation with principal offices in Miami, franchises restaurants nationwide. John Rudzewicz, a Michigan resident, along with a partner, entered into a 20-year franchise agreement to operate a Burger King restaurant in Drayton Plains, Michigan. The contract required monthly payments and notices to be sent to Miami, provided that the relationship was governed by Florida law, and established the franchise relationship in Miami. After the restaurant's patronage declined, Rudzewicz fell behind in payments. Despite negotiations with Burger King's Miami headquarters and the Michigan district office, the parties could not resolve the dispute. Burger King terminated the franchise, but Rudzewicz continued to operate the restaurant. Burger King then sued in the Southern District of Florida for breach of contract and trademark infringement.

PROCEDURAL HISTORY

The United States District Court for the Southern District of Florida exercised personal jurisdiction over appellee Rudzewicz under Florida's long-arm statute and entered judgment for Burger King. The Court of Appeals for the Eleventh Circuit reversed, holding that jurisdiction violated due process. The Supreme Court reversed and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remanded for further proceedings consistent with this opinion.

CASES CITED

- International Shoe Co. v. State of Washington, International Shoe Co. v. Washington, 326 U.S. 310 (1945)
- Hanson, Executrix, et al. v. Denckla et al., Hanson v. Denckla, 357 U.S. 235 (1958)
- World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286 (1980)
- Keeton v. Hustler Magazine, Inc., 465 U.S. 770 (1984)
- Calder v. Jones, 465 U.S. 783 (1984)
- McGee v. International Life Insurance Co., 355 U.S. 220 (1957)
- Travelers Health Assn. v. Virginia, 339 U.S. 643 (1950)
- Kulko v. California Superior Court, 436 U.S. 84 (1978)
- Shaffer v. Heitner, 433 U.S. 186 (1977)
- Helicopteros Nacionales de Colombia, S.A. v. Hall, 466 U.S. 408 (1984)
- The Bremen v. Zapata Off-Shore Co., 407 U.S. 1 (1972)
- National Equipment Rental, Ltd. v. Szukhent, 375 U.S. 311 (1964)
- Fuentes v. Shevin, 407 U.S. 67 (1972)
- United States v. United States Gypsum Co., 333 U.S. 364 (1948)
- Anderson v. Bessemer City, 470 U.S. 564 (1985)
- Hoopeston Canning Co. v. Cullen, 318 U.S. 313 (1943)
- Perkins v. Benguet Consolidated Mining Co., 342 U.S. 437 (1952)
- Allstate Insurance Co. v. Hague, 449 U.S. 302 (1981)
- Gulf Oil Corp. v. Gilbert, 330 U.S. 501 (1947)
- Insurance Corp. of Ireland v. Compagnie des Bauxites de Guinee, 456 U.S. 694 (1982)
- Lakeside Bridge & Steel Co. v. Mountain State Construction Co., 445 U.S. 907 (1980)
- Gonzalez v. Automatic Employees Credit Union, 419 U.S. 90 (1974)
- Public Service Comm'n v. Batesville Telephone Co., 284 U.S. 6 (1931)
- Fornaris v. Ridge Tool Co., 400 U.S. 41 (1970)

- United States v. Rumely, 345 U.S. 41 (1953)
- Burger King Corp. v. MacShara, 724 F.2d 1505 (1984)
- Scordilis v. Drobnicki, 443 So.2d 411 (Fla. App. 1984)
- Lakewood Pipe of Texas, Inc. v. Rubaii, 379 So.2d 475 (Fla. App. 1979)
- Osborn v. University Society, Inc., 378 So.2d 873 (Fla. App. 1979)

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