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State Chamber Wins at US Supreme Court Montana Supreme Court Overturned in Victory for Justice

In an 8-1 [decision](#) issued on May 30, 2017, the Supreme Court of the United States (SCOTUS) ruled in favor of BNSF Railway Co. (BNSF), along with the Montana Chamber of Commerce, US Chamber of Commerce, National Association of Manufacturers, American Tort Reform Association, and others. The case addressed the issue of jurisdiction.

In this case, SCOTUS upheld its previous decision in [Daimler](#) that a state court may exercise general personal jurisdiction over an out-of-state corporation only when their “affiliations with the State are so ‘continuous and systematic’ as to render them essentially at home in the forum State.” The places where a business is “at home” are the corporation’s place of incorporation and its principal place of business (if different). There are exceptional cases where the defendant’s operations are so substantial that it is “at home” in another state, but the activity of BNSF Railway (BNSF) in Montana did not meet that level as to extend jurisdiction to Montana state courts.

This case specifically involved the Federal Employers’ Liability Act (FELA), which addresses on-the-job injuries for railroad workers. The plaintiffs, one from North Dakota and one from South Dakota, brought a FELA claim against BNSF in a Montana state court. Neither was injured in Montana and BNSF maintains less than 5% of its work force and 6% of its total track mileage in the state. In the initial, but separate, suits, District Court Judge Todd Baugh ruled against one employee, while Judge Michael Moses ruled in favor of the other.

The two suits were consolidated and the Supreme Court of Montana (SCOM) [held](#) that Montana state courts could exercise personal jurisdiction over BNSF because it did business in the state. SCOM also held that *Daimler* did not control over the case because it involved a FELA claim and a railroad defendant. Justice Jim Shea wrote the majority opinion in that case, joined by Justices Beth Baker, Pat Cotter, Mike McGrath, Jim Rice, and Mike Wheat. Only Justice Laurie McKinnon dissented, citing the very precedent that SCOTUS used to eventually reverse her counterparts’ opinion.

In writing for the SCOTUS majority, Justice Ruth Bader Ginsburg stated that FELA does not address personal jurisdiction over railroads, as SCOM suggested. SCOM erred in not applying the *Daimler* holding and the cases should have been dismissed for lack of personal jurisdiction. The opinion relied heavily on the 14th amendment’s Due Process Clause, which does not allow a plaintiff to haul an out-of-state defendant into a state court when the corporation is not “at home” in that state and the injury occurred in another state.

Justice Ruth Bader Ginsburg delivered the favorable opinion of SCOTUS, with concurrence by Justices Samuel Alito, Stephen Breyer, Neil Gorsuch, Elena Kagan, Anthony Kennedy, John Roberts, and Clarence Thomas. Justice Sonia Sotomayor concurred in part and dissented in part.

The Montana Justice Coalition of the Montana Chamber of Commerce thanks the eight in the majority, as well as Justice McKinnon of the Montana Supreme Court and Judge Baugh of the District Court. In addition, we appreciate attorney Dan Hoven who represented us at the Montana Supreme Court.

Montana's legal system needs improvement for Montana to succeed. Montana currently ranks #34 (#1 is best) in the US Chamber's "Legal Environment Index". Envision 2026, our ten-year strategic plan, is working to move us into the Top Ten (and eventually, #1) of the country's best legal environments! Contact Bridger at 888-442-MONT (6668) ext. 102 or Bridger@MontanaChamber.com if you'd like to know more about the Coalition.

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