

## COMPANIES CAN BE SUED IN PA. FOR ANY CLAIM IF REGISTERED TO DO BUSINESS IN PA.

In the wake of the United States' Supreme Court's landmark decision in *Daimler AG v. Bauman*, 134 S. Ct. 746 (2014), a question has arisen as to whether registration to do business in a particular state constitutes valid consent to general personal jurisdiction in that state. *Daimler* requires that an entity possess connections with the state that are so continuous and systematic to render it "at home" in the forum if it is to be subjected to general jurisdiction such that mere registration to do business in the state alone would not appear to suffice.

In most states, registering to do business alone is insufficient to subject a company to general jurisdiction. Pennsylvania, however, possesses a unique statute that explicitly provides that an entity consents to general jurisdiction when it registers to do business as a foreign corporation. 42 Pa. C.S.A. § 5301(a)(2)(i).

In a matter of first impression, the Superior Court of Pennsylvania recently held that even post-*Daimler*, companies that register to do business in Pennsylvania consent to general jurisdiction not only from the date of registration onward, but also retroactively. *Webb-Benjamin, LLC v. Int'l Rug Grp., LLC*, \_\_ A.3d \_\_, 2018 PA Super 187, 2018 WL 3153602 (June 28, 2018). As a result, any company that registers to do business in Pennsylvania can be sued in Pennsylvania related to any claim, even if the claim arose before the registration date and has no connection to Pennsylvania.

### I. The *Webb-Benjamin* Decision

In *Webb-Benjamin*, a Pennsylvania Company ("WB") contracted to assist a Connecticut company ("IRG") in the administration of a sales event in Canada. At the time of contracting, IRG was not registered to do business in Pennsylvania. Thereafter, IRG registered to do business in Pennsylvania. When IRG failed to pay WB the commissions from the Canadian event WB sued IRG in Pennsylvania. As such, IRG sought dismissal of the suit arguing Pennsylvania courts did not possess personal jurisdiction. The trial court agreed and dismissed the suit.

WB appealed to the Superior Court arguing that general jurisdiction exists because IRG registered to do business in Pennsylvania. IRG argued that Section 5301(a)(2)(i) is unconstitutional under *Daimler*, which requires that an entity must have connections with the state that are so continuous and systematic to render it "at home" in the forum. IRG further argued that even if Section 5301(a)(2)(i) is constitutional under *Daimler*, it did not "consent" to jurisdiction until it registered to do business in Pennsylvania, which was after these claims arose. The Superior Court rejected IRG's arguments and held "Daimler does not eliminate consent as a method of obtaining personal jurisdiction" and that registration under Section 5301(a)(2)(i) confers consent to general jurisdiction over claims arising from events occurring before registration.

### II. Practical Considerations in the Wake of *Webb-Benjamin*

Unless and until the Pennsylvania legislature, the Supreme Court of Pennsylvania or the U.S. Supreme Court intervene, all companies registered to do business in Pennsylvania have "consented" to general jurisdiction for all claims, including those which accrued before registration. This is particularly significant for any company facing mass tort, product liability and/or other repetitive litigation claims that are frequently brought in jurisdictions where the company is not headquartered.

Foreign companies registered to do business in Pennsylvania can still fight to transfer matters that are otherwise unconnected to Pennsylvania to other more appropriate venues in other jurisdictions despite the fact they have "consented" to general jurisdiction. 42 Pa.C.S.A. § 5322(e) authorizes trial courts in Pennsylvania to dismiss cases if there is a more appropriate forum available in another state.

The attorneys in Litchfield Cavo LLP's Pennsylvania offices have succeeded in guiding litigation commenced in Pennsylvania to more appropriate forums outside of the Commonwealth using this mechanism. Litchfield Cavo's Pennsylvania licensed attorneys can also assist companies in determining whether their business practices require them to register as foreign corporations in Pennsylvania.