

Personal Jurisdiction in the United States over Foreign Manufacturers of Goods

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Illinois trial court did not err when it concluded, based on written discovery and affidavits, that defendant, Taiwanese manufacturer of clipless pedals for bicycles, lacked sufficient contacts for Illinois to exercise personal jurisdiction over it.

Generally, for a court of law to obtain jurisdiction over a foreign corporation in the United States, due process requires a three-prong analysis consisting of whether (1) the nonresident had “minimum contacts” with the forum state such that there was “fair warning” that the nonresident may be haled into court there; (2) the action arose out of or is related to the defendant's contacts with the forum state; and (3) it is reasonable to require the nonresident to litigate in the forum state.

In *Dickie v. Cannondale Corp.*, a plaintiff sued a Taiwanese bicycle pedal manufacturer, Wellgo, in Illinois state court arising from injuries he claimed to have sustained in an accident when the pedal failed to disengage.

Wellgo manufactured the pedals in Taiwan and sold them to a distributor in Taiwan, Cash Crest Co., which then sold them to Cannondale. The plaintiff argued that Wellgo placed the pedals into the “stream of commerce” and that as a result of the regular and anticipated flow of commerce, Wellgo had to have known that its pedals would reach consumers in the United States. According to the Plaintiff, Wellgo therefore had the necessary “minimum contacts” with Illinois, such that it had “fair warning” that it could be sued in Illinois.

The Illinois courts rejected the plaintiff's theory. The court held that Wellgo had no specific knowledge that its product was distributed in Illinois. Simply placing the pedals into the stream of commerce was insufficient because Wellgo had no knowledge of or control over the pedals once they were sold to Cash Crest Co. Moreover, Wellgo never sold its pedals to American distributors, was not licensed to do business in the United States, did not maintain any offices or agents in the United States, and did not solicit business in the United States.

Personal jurisdiction is usually not difficult to establish in American courts, but where, as here, a foreign corporation does no business in the United States, and has no specific knowledge that its products reach the United States, personal jurisdiction cannot be established.