Administrative Office of the Courts

FOR IMMEDIATE RELEASE
Nov. 15, 2021

Contact: Barry Massey, public information officer
bmassey@nmcourts.gov
505-827-4805
505-470-3436

State Supreme Court limits jurisdiction for lawsuits in New Mexico against out-of-state corporations

SANTA FE – The state Supreme Court today narrowed the circumstances when corporations based in other states can be sued in New Mexico.

In a unanimous opinion, the Court rejected a legal theory that authorized New Mexico courts to decide all claims against out-of-state corporations that registered to conduct business in New Mexico and appointed a registered agent in the state to receive notices of lawsuits against it.

In interpreting the state's business registration law, the Court concluded that the Business Corporation Act (BCA) "does not compel a foreign corporation to consent to general personal jurisdiction."

If subject to that all-purpose jurisdiction, an out-of-state business could be sued in New Mexico regardless of whether the actions underlying the legal claims occurred in New Mexico or elsewhere.

In a precedent-setting opinion written by Justice C. Shannon Bacon, the Court overruled the "consent by registration" jurisdictional framework that has been in place in New Mexico for decades.

"Foremost to our decision, we conclude that the plain language of the BCA does not require a foreign corporation to consent to jurisdiction," the Court wrote. "At no point does the BCA state that a foreign corporation consents to general personal jurisdiction by registering and appointing a registered agent under the Act. We will not graft a requirement of this consent onto the language of the statute, as we conclude that the Legislature has not clearly expressed an intent to require foreign corporations to so consent."

The Court's decision came in a consolidated appeal in four cases in which automobile and tire manufacturers were sued in the First Judicial District Court in Santa Fe for damages because of

accidents that killed and injured people. Three of the accidents occurred in New Mexico, and some of the victims were New Mexico residents while others were non-residents. The fourth accident involved a New Mexican killed while driving in Texas.

The defendant manufacturers were the Ford Motor Company, Cooper Tire and Rubber Company, Goodyear Tire and Rubber Company and Bridgestone Americas Tire Operations, LLC.

The Supreme Court ordered all of the cases back to the Court of Appeals for it to decide whether New Mexico courts have "specific personal jurisdiction" over the manufacturers, which would require a connection between a corporation's activities in New Mexico and the claims in a lawsuit.

The "consent by registration" theory of general personal jurisdiction dates to a 1917 decision by the U.S. Supreme Court, but the law on personal jurisdiction has evolved since then through a series of opinions by the nation's highest court.

In deciding the appeals involving the four wrongful death and personal injury cases, the New Mexico Supreme Court based its jurisdictional conclusions not on constitutional grounds but on an interpretation of the state's business registration statute. The justices overruled a nearly 30-year-old Court of Appeals decision that had construed the registration law to require corporations to consent to general personal jurisdiction.

###

To read the decision in *Chavez v. Bridgestone Americas Tire Operations, LLC*, No. S-1-SC-37489, please visit the New Mexico Compilation Commission's website using the following link:

https://nmonesource.com/nmos/nmsc/en/item/515838/index.do