



My Office Is in Ohio. Can I Get Sued in Washington, D.C.?

A litigant is well-served looking at substance and procedural issues at the same time, such as whether there is a defense based on lack of jurisdiction.

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After receiving the unpleasant news that you have been sued, you contact your insurance carrier and, ultimately, retain a lawyer. The lawyer gathers the facts, analyzes the claims and marshals defenses. These defenses come in two general flavors: substantive (such as, “I did not commit

malpractice”) and procedural (such as, “The lawsuit is too late; I worked on this project 20 years ago.”).

One of the most important procedural defenses is lack of jurisdiction. By asserting this defense, you are saying that the court lacks the power to decide your case. This defense is particularly powerful because it gets raised very early on in the lawsuit and may result in the case being dismissed — before you must spend a great deal of time and expense mired in litigation.

For a textbook example of how to assert this defense
and

successfully dismiss the lawsuit, we need look no further than the recent case of
B3DC Navy Yard, LLC v. Epoch Design Group, Inc.

, No. 19-2939 (JEB), 2020 WL 888574 (D.D.C. Feb. 24, 2020). As a bonus, the party who raised the defense is — you guessed it — an engineer!

B3DC, owner of several Barre3 fitness studios in the Washington, D.C., area, decided to add a new Navy Yard studio. It hired Epoch Design as project architect. Epoch, in turn, engaged Catalyst Engineering as its mechanical engineering subconsultant. In that role, Catalyst was responsible for designing the HVAC system for the project. After numerous construction problems and delays, the studio opened in late 2019.

During the following year, an HVAC water pipe burst and flooded the studio with six inches of water. B3DC claimed that the pipe burst due to the improper design and installation of the HVAC system.

B3DC Navy Yard, LLC
, 2020 WL 888574, at *1.

After assessing its claims and damages, B3DC sued in federal district court in Washington, D.C. It sued Epoch, as well as Alltherm, the HVAC installer of the system. Epoch filed a Third-Party Complaint against Catalyst, alleging that Catalyst must indemnify Epoch for the improper HVAC design. Instead of filing an Answer to the Third-Party Complaint, Catalyst filed a Motion to Dismiss due to lack of personal jurisdiction.

In other words, Catalyst was claiming that it was not subject to being sued in the federal district court in Washington. In answer to the question posed in this column’s title, the federal district court said, “No.”

General Jurisdiction

At the start of its analysis, the court looked at where each party was from — or, in legal terms, its domicile. B3DC is a Washington, D.C., limited liability company; Epoch is a Missouri corporation; and Catalyst is an Ohio limited liability company. B3DC directed Epoch to hire Catalyst as the mechanical engineering subconsultant.

B3DC Navy Yard, LLC
, 2020 WL 888574, at *1.

Next, the court turned to whether it had personal jurisdiction to hear a dispute involving Catalyst, an Ohio LLC. There are two types of personal jurisdiction — general jurisdiction and specific jurisdiction. The court analyzed each type in detail.

General jurisdiction looks at a party’s conduct overall, not with respect to the action that is the subject of the lawsuit. An assertion of general jurisdiction must comport with the due process clause of the U.S. Constitution. Simply stated, a court (or forum) has general jurisdiction over a party if the court is in the “home state” of the party.

As the U.S. Supreme Court held, the party must “maintain[] sufficiently systematic and continuous contacts with the forum state, regardless of whether those contacts gave rise to the claim in the particular suit.”

Helicopteros Nacionales de Colombia, S.A., v. Hall

, 466 U.S. 408, 414–15 (1984). This is often referred to as a “minimum contacts” analysis.

The home state or domicile of a corporate party is its place of incorporation or principal place of business. Thus, it is technically possible for a corporation to be subject to general jurisdiction in two states if it is incorporated in a different state than its principal place of business.

Here, Catalyst is incorporated and maintains its principal place of business in Ohio. Accordingly, the court found that Catalyst is not “fairly regarded as at home” in Washington, D.C., and that general jurisdiction does not lie there.

B3DC Navy Yard, LLC

, 2020 WL 888574, at *2.

Specific Jurisdiction

Specific jurisdiction is a different analysis. To show specific jurisdiction, a plaintiff must meet the requirements of the due process clause of the U.S. Constitution (i.e., have the requisite “minimum contacts” with the forum state) and the applicable statutory requirements. For specific jurisdiction, the court looks to the specific conduct (i.e., Catalyst’s actions) at issue in the case.

Here, Epoch noted that D.C. statutes allow the court to exercise jurisdiction over a party where there is a “claim for relief arising from the person’s ... contracting to supply services in the District of Columbia.”

B3DC Navy Yard, LLC

, 2020 WL 888574, at *2. Epoch argued that Washington courts have personal jurisdiction over foreign entities that perform services within Washington.

The federal district court disagreed, finding that Catalyst did not perform services within the district. Epoch was the only entity that had a contract with Catalyst. B3DC did not have a contract with Catalyst. After Epoch received Catalyst’s designs from Ohio, Epoch forwarded them to Alltherm so that Alltherm could perform the installation.

For the federal district court to have specific jurisdiction over Catalyst, “the contract giving rise to this dispute must have obligated Catalyst to supply a service in this city. That is not what happened here, however. The Epoch-Catalyst contract provided that the designs for the HVAC system would

be sent to Epoch, not B3DC, and it specifically disavowed any contact with the job site here.”

B3DC Navy Yard, LLC

, 2020 WL 888574, at *3.

Finding that Catalyst’s conduct at issue here did not meet the D.C. statutory requirements, the federal district court held that it lacked specific jurisdiction over Catalyst (without even having to address the due process issue of minimum contacts).

In sum, the court held that it did not have personal jurisdiction over Catalyst. It did not have general jurisdiction over Catalyst, an Ohio LLC. It also did not have specific jurisdiction over Catalyst because Catalyst’s conduct at issue here does not satisfy the D.C. statutory requirements. As a result, the federal district court lacked power to hear this dispute involving Catalyst and dismissed the claims against it.

A party’s knee-jerk reaction (or defense) to a lawsuit is often substantive — “I didn’t do it,” “The other party did it,” or “The problem was caused by something else.” Instead of looking at only the substance first, a litigant is well-served looking at procedural issues at the same time. Defenses such as the statute of limitations, statute of repose and statute of frauds all readily come to mind. Lawyers look at all of these (if applicable), but they also look to see if there is a defense based on lack of jurisdiction.

Buzzwords such as “minimum contacts,” “forum state” and “jurisdiction consistent with due process” are all studied in a first-year law school class on civil procedure. These concepts help ensure that it is fair for a litigant to be hauled into a specific court to defend a lawsuit. Since parties are typically able to move to dismiss for lack of jurisdiction very early on in a lawsuit, it pays to conduct a jurisdictional analysis promptly after being sued.

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