

## Case Brief

Civ Pro Unit B1: diversity jurisdiction

1/17/15

### Identity of Case

Hertz Corp v. Friend, 559 U.S. 77 (2010)

Page 60 of the casebook

### Summary of Facts /Procedural History

Plaintiff friend sues Hertz Corp for violation of labor laws in a California State Court. Hertz attempts to remove to federal jurisdiction under a diversity argument. TC denies, Hertz appeals up to SCOTUS who reverses prior opinions for lack of jurisdiction.

### Statement of the Issue

Where is a corporation a citizen for the purposes of diversity jurisdiction?

### Holding

A corporation is a citizen of the state where its "center of gravity/nucleus of operations" is located, which may or may not be its HQ, or may or may not be where it has most of its business.

### Reasoning

The original rule was the state of incorporation, or the state where it had registered itself as a corporation. This is bad because corporations can do business anywhere not matter where they are incorporated, and they don't have to have their headquarters in the state of incorporation. Forum shopping is bad.

Federal diversity jurisdiction statute was amended to be "a corporation shall be deemed to be a citizen of any state by which it has been incorporated and of the state where it has its principal place of business." The interpretation of this statute varied by circuit. Many courts looked to principal place of business first, state of incorporation second. Could lead to the absurd result of multiple citizenships depending on interpretation, and doesn't really eliminate forum-shopping.

Amended rule: although it can sometimes be difficult to tell, a corporations citizenship will depend on where its nucleus of leadership/operations is located. This allows for flexibility and a truer picture of where the corporation is in the world than "principal place of business" or State of incorporation.

### Evaluation