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## Jurisdiction - In Personam Jurisdiction over Foreign Corporations Dealing Indirectly with the State: Application of the Minimum Contracts Theory When Interpreting a Long-Arm Statute - Cozzens v. Piper Aircraft Corp.

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## CASE NOTES

**JURISDICTION—In Personam Jurisdiction over Foreign Corporations Dealing Indirectly with the State: Application of the Minimum Contacts Theory When Interpreting a Long-Arm Statute. *Cozzens v. Piper Aircraft Corp.*, 514 P.2d 1375 (Wyo. 1973).**

### I. INTRODUCTION

The Wyoming Supreme Court, in *Ford Motor Company v. Arguello*,<sup>1</sup> adopted a liberal jurisdictional standard that would be the basis for future determinations of whether *in personam* jurisdiction could properly be asserted over a foreign corporation. The foundation for this standard was the doctrine of "minimum contacts" set forth by the Supreme Court in *International Shoe v. Washington*.<sup>2</sup>

In a recent Wyoming decision, *Cozzens v. Piper Aircraft*,<sup>3</sup> the court deviated from the broad standard previously announced in *Arguello* and instead employed a quantitative approach whereby the amount of actual in-state activity was the criteria for interpreting jurisdictional propriety under the Wyoming Long-Arm Statute.<sup>4</sup> The court's reasoning for this more restrictive criterion for *in personam* jurisdiction was that the defendants had only indirect business transactions with Wyoming. This fact, the court felt, warranted

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1. *Ford Motor Company v. Arguello*, 382 P.2d 886 (Wyo. 1963).
2. *International Shoe v. Washington*, 326 U.S. 310 (1945).
3. *Cozzens v. Piper Aircraft Corp.*, 514 P.2d 1375 (Wyo. 1973).
4. WYO. STAT. § 5-4.2 (Supp. 1973).

(a) In addition to all other bases of jurisdiction otherwise authorized or provided by law, any court of this state may exercise personal jurisdiction over a person, who acts directly or by an agent, as to a claim for relief arising from the person's

(i) transacting any business in this state;

(ii) contracting to supply services or things in this state;

(iii) causing tortious injury by an act or omission in this state;

(iv) causing tortious injury in this state by an act or omission outside this state if he regularly does or solicits business, or engages in any other persistent course of conduct in this state or derives substantial revenue from goods consumed or services used in this state;

(v) having an interest in, using, or possessing real property in this state; or

(vi) contracting to insure any person, property, or risk located within this state at the time of contracting.

(b) When jurisdiction over a person as based solely upon this section, only a claim for relief arising from acts enumerated in this section may be asserted against him.

a narrower application of the "minimum contacts" guidelines.

The fact that a foreign corporation has dealt only indirectly with a forum should not warrant a narrower application of the minimum contacts doctrine when resolving the legitimacy of asserting jurisdiction under a long-arm statute. Interpretations of a long-arm statute should implement the minimum contact concept to its full extent to insure that the intended purpose of the statute is justly and constitutionally fulfilled.

This article will examine this thesis by focusing on four main areas of subject matter. The first will discuss the jurisdictional standard used in *Cozzens* and analyze the reasoning of the court for its application of a narrower standard. Next, the case of *International Shoe v. Washington* will be used to set forth the doctrine of "minimum contacts" and the broad concepts relating to the constitutional exercise of *in personam* jurisdiction. The third area will scrutinize *in personam* jurisdiction in Wyoming as it existed under the *Arguello* standard. Finally, *Cozzens* will be re-examined to determine whether the outcome would have been different had the jurisdictional principles of *Arguello* and *International Shoe* been fully utilized. This re-examination will consist of a discussion of the "doing any business" provision of the Wyoming Long-Arm Statute in relation to the "minimum contacts" doctrine and will scrutinize the commercial realities of present day corporate business.

## II. COZZENS V. PIPER AIRCRAFT

In the *Cozzens* case, a Wyoming resident purchased a Piper airplane from Ox Bow Ranch, Inc., a Montana corporation. Both the sale and delivery of the aircraft were made in Montana. On October 17, 1969, while the purchaser and his wife were enroute from Wyoming to Albuquerque, New Mexico, the aircraft crashed near Greeley, Colorado, killing both occupants. Wrongful death actions were commenced in Wyoming on behalf of both decedents against six foreign

corporations, including the aircraft manufacturer, the seller, and the makers of the plane's component parts.

The plaintiffs attempted to obtain jurisdiction over the defendant corporations by using the Wyoming Business Corporation Act<sup>5</sup> and the Wyoming Long-Arm Statute<sup>6</sup> to establish that corporate activities among the various defendants were sufficient enough to constitute "transacting any business" in the state under these statutes, thereby making the corporations amenable to Wyoming jurisdiction. The individual corporate activities that allegedly gave *in personam* jurisdiction over the defendants were as follows:

1. Piper Aircraft Corporation, a corporation engaged in the manufacture of aircraft in Pennsylvania and Florida and the manufacturer of the plane which crashed, distributed its product in the Rocky Mountain region through three independent corporations located in Denver, Billings, and Salt Lake City. The Denver distributor had a dealer in Cheyenne, Wyoming; the Billings distributor serviced the Sheridan and Powell areas; and the Salt Lake City distributor had a dealer in Rock Springs, Wyoming. Piper advertised its product nationally and approximately two hundred Wyoming residents owned and used Piper aircraft. However, no direct sales or deliveries were made in Wyoming; the amount of sales attributable to Wyoming business could not be ascertained; and no direct business was done with Wyoming residents.
2. Avco, a Delaware corporation and the manufacturer of engines used in Piper airplanes, had shipped engine parts into the state to one Wyoming firm in 1966 and 1967. The value of these transactions was \$263,763.00.
3. The Bendix Corporation,<sup>7</sup> a modern conglomerate incorporated in Indiana, had contacts with the state

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5. WYO. STAT. § 17-36.104 (1957).

6. WYO. STAT. § 5-4.2 (Supp. 1973).

7. The court did not state what products Bendix and Rajay manufactured.

which consisted of salesmen who visited Wyoming customers and a distributor located in Casper.

4. Rajay, a Texas corporation, had fifteen transactions with Wyoming residents between 1969 and 1971 totaling \$6,057.27, solicited Wyoming business through direct mail brochures and magazine advertisements for the past five years, and employed salesmen who had made personal calls in the state on five different occasions.
5. The Hartzel Corporation, an Ohio corporation and manufacturer of airplane propellers, delivered its product mainly to one Wyoming customer. Between 1966 and 1970, eighteen shipments totaling \$33,850.04 had been made to Wyoming.
6. Ox Bow Ranch, the Montana seller, had for the past five years shipped aircraft parts to fourteen customers within the state.

In analyzing whether the above corporate activities made the defendants amenable to Wyoming jurisdiction, the court recognized that even though the situs of the accident was Colorado, this was not decisive to the jurisdictional determination.<sup>8</sup> However, the location of the accident was an important factor since it set the framework for the jurisdictional standard that would be applied.

Because the crash occurred in Colorado, the court felt that the Wyoming activities of the foreign corporations "must be substantial to satisfy the requirements of minimum contacts."<sup>9</sup> The decision did not directly state what would satisfy the "substantial activity" test, but it appears that where jurisdiction is asserted on the concept of transacting business, the requirement is met if the non-resident is "intentionally and purposefully engaging in business activities so

8. *Supra* note 3, at 1378. See also *Singer v. Walker*, 21 App. Div.2d 285, 250 N.Y.S.2d 216 (1964); Harte, Kelleher, Davis, and Ostmann, *Jurisdiction Over Nonresident Corporations Based On A Single Act: A New Sole For International Shoe*, 47 GEORGETOWN L. J. 342, 351 (1958); Lewkowski and Mendicino, *The "Long Arm" Statute: Wyoming Expands Jurisdiction of the State Courts Over Non-Residents*, 4 LAND & WATER L. REV. 235, 244 (1969).

9. *Cozzens v. Piper Aircraft Corp.*, *supra* note 3, at 1378.

that it enjoys the 'benefits and protection of the laws of that state.'<sup>10</sup>

The court held that the activities of the defendants did not meet the requirements of minimum contacts because they were "casual, isolated or sporadic."<sup>11</sup> In reaching this conclusion, a quantitative approach was used to examine the amount of in-state corporate activity. The court scrutinized the number of sales and deliveries made within the state, the amount of contact with the forum evidenced by the presence of agents, the solicitation of business done in Wyoming, and the amount of corporate profit attributed to Wyoming business.<sup>12</sup>

In similar fashion, the activities of the defendants were held not to be within the purview of the "transacting any business" provision of the Wyoming Long-Arm Statute. The rationale for this interpretation was that the cause of action had to arise from activities actually conducted within the state for the provision to be applicable. Since neither the manufacture or design of the aircraft nor the assemblage of component parts took place in Wyoming, there were no direct business activities within Wyoming that would render the defendants amenable to jurisdiction under the Wyoming Long-Arm Statute.<sup>13</sup>

Based on this type of jurisdictional interpretation it will be difficult for Wyoming litigants to redress injuries caused by defective products when the injury fortuitously occurs outside the state and the manufacturer has dealt only indirectly with Wyoming by using independent distributors or middlemen. A local forum will be provided for the injured resident only if the defective product causing the injury was manufactured or assembled in Wyoming, or there were "substantial" corporate activities within the state.

Such jurisdictional criteria can have harmful repercussions in a state such as Wyoming where there is little manufacturing of consumer products and there are many

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10. *Id.* at 1378.

11. *Id.* at 1378.

12. *Id.* at 1376-77.

13. *Id.* at 1379-80.

corporations dealing with residents on an indirect basis. Not only is there a danger that an injured Wyoming resident will have to seek his remedy in some distant forum at great expense, but there is a potentiality that Wyoming will be prevented from protecting its residents from corporations that deal only indirectly with the state. The due process clause was never intended to prohibit this type of state protection, especially when a state's residents are submitted to a risk of injury.<sup>14</sup> Indeed, the doctrine of minimum contacts announced in *International Shoe* was meant to cope with this very problem.

### III. "MINIMUM CONTACTS":

#### *International Shoe v. Washington*

The theory of minimum contacts as a basis for *in personam* jurisdiction was first set forth in *International Shoe v. Washington*.<sup>15</sup> In that case, the Washington Supreme Court attempted to assert *in personam* jurisdiction over a foreign corporation solely by considering the amount of in-state activity. The Supreme Court held that the requirements of due process could be satisfied, thereby making *in personam* jurisdiction by the state permissible, if the defendant had "certain minimum contacts with it such that the maintenance of the suit does not offend 'traditional notions of fair play and substantial justice.'"<sup>16</sup>

Based on this jurisdictional standard, more than just the actual activities conducted by a foreign corporation within the forum could be considered when determining whether the assertion of *in personam* jurisdiction was proper. The court explicitly stated that the determination of whether certain corporate activities fell within the bounds of permissible jurisdiction should not be founded on a "mechanical or quantitative"<sup>17</sup> test. The *International Shoe* criterion, therefore, replaced the mechanical or quantitative jurisdic-

14. *Travelers Health Association v. Virginia*, 339 U.S. 643, 648-49 (1950); *Gray v. American Radiator and Standard Sanitary Corporation*, 22 Ill.2d 432, 176 N.E.2d 761, 765 (1961).

15. *International Shoe v. Washington*, *supra* note 2.

16. *Id.* at 316.

17. *Id.* at 319.

tional approach that focused only on the amount of actual in-state activity with a qualitative approach.

Under the qualitative approach, "whether due process is satisfied must depend rather upon the quality and nature of the activity in relation to the fair and orderly administration of the laws which it was the purpose of the due process clause to insure."<sup>18</sup> The foundation of the qualitative approach is centered on the quality and nature of a corporate activity in relation to the forum and injured party. The assertion of jurisdiction is proper if the corporate contact has such a relationship with the state that it is "reasonable, in the context of our federal system of government, to require the corporation to defend the particular suit which is brought there."<sup>19</sup> Therefore, the minimum contacts theory not only views the actual physical contacts a corporation has within a state, but authorizes the examination of all other corporate ties and relations with a forum, whether they be direct or indirect.

The liberal jurisdictional standard of *International Shoe* has resulted in a trend to expand the state court's *in personam* jurisdiction over foreign corporations.<sup>20</sup> This trend has been characterized by a movement away from corporate favoritism by permitting the plaintiff to demand that the defendant come to him.<sup>21</sup> Likewise, the trend has been to require a lesser degree of forum state activity to sustain jurisdiction than was previously needed under the quantitative approach.<sup>22</sup>

#### IV. APPLICATION OF THE "MINIMUM CONTACTS" DOCTRINE IN WYOMING

In *Ford Motor Company v. Arguello*,<sup>23</sup> the Wyoming Supreme Court recognized and applied the minimum contacts theory as a means to obtain *in personam* jurisdiction

18. *Id.* at 319. The court adopted a qualitative standard rather than quantitative one.

19. *Id.* at 317.

20. *McGee v. International Life Insurance Co.*, 355 U.S. 220, 222 (1957).

21. Von Mehren and Trautman, *Jurisdiction to Adjudicate: A Suggested Analysis*, 79 HARV. L. REV. 1121, 1128 (1966).

22. Note, *Recent Interpretations of "Doing Business" Statutes*, 44 IOWA L. REV. 345, 348-49 (1959).

23. *Ford Motor Company v. Arguello*, *supra* note 1.



over a foreign corporation. That case involved a Wyoming purchaser of a Ford automobile suing the corporation for injuries sustained in a Wyoming accident allegedly caused by a defect in the automobile. Ford moved to quash service of process which had been made on an agent who was present within the state. Ford claimed that since it was a foreign corporation which owned no property within the state, had no forum agent or business office, and transacted no business within the state, service had been improperly made. Because Ford had entered into a dealership arrangement in this state for the promotion and sale of its products and by such an arrangement, Ford obtained substantial financial benefits, the court stated it would not "be blinded to actualities"<sup>24</sup> of Ford's activities and held that the assertion of jurisdiction was proper.

Justice Gray, writing for the court and extensively quoting from *International Shoe*, set forth the standard that would be utilized in the determination of whether a foreign corporation's forum contacts were sufficient to render it amenable to Wyoming jurisdiction. The court acknowledged the fact that *International Shoe* swept away old jurisdictional concepts, and recognized that with the advent of the minimum contacts rule "a new era dawned for permissive reach of 'in personam' jurisdiction by the courts of the states."<sup>25</sup>

The court stated that a qualitative evaluation of corporate activities was the preferable approach to jurisdictional determinations. Under this approach, it was felt that *International Shoe* gave "little guide as to how the interplay"<sup>26</sup> of various ties and relations of a corporation with the state should be "utilized in reaching a sound result."<sup>27</sup> However, the court did set forth the general rule that

so long as the activities of a foreign corporation are sufficiently qualitative in nature and extent reasonably to show "minimum contacts" with the state and state law on the subject is justly construed and applied to reach those activities for jurisdictional

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24. *Id.* at 895.

25. *Id.* at 894.

26. *Id.* at 894.

27. *Id.* at 894.

purposes under "traditional notions of fair play and substantial justice," all demands of due process are satisfied.<sup>28</sup>

This rule was then applied in the interpretation of the "transacting business" provision of the Wyoming Business Corporation Act. The stated purpose of the statute was held to be "the furnishing of a local forum to residents of this state who had a grievance"<sup>29</sup> against a foreign corporation. Based on this purpose, the court felt the legislative intent had been to purposely prescribe

a broad standard in order that the statute might receive a reasonable interpretation in keeping with advancements in the law relating thereto and developments in the field of commercial enterprise.<sup>30</sup>

*Ford Motor Company v. Arguello* was decided before the passage of the Wyoming Long-Arm Statute. Prompted by *International Shoe* as a basis for expanding jurisdiction, the legislature enacted the Wyoming Long-Arm Statute<sup>31</sup> and included a "transacting any business" provision similar to that appearing in the Wyoming Business Corporation Act. Because the doctrine of minimum contacts set forth in *International Shoe* is the "progenitor of the Long-Arm Statutes,"<sup>32</sup> there is no reason in logic why that same broad jurisdictional standard announced in *Arguello* should not be applied when interpreting the "transacting any business" provision of the Wyoming Long-Arm Statute.

#### V. *Cozzens v. Piper Aircraft Corporation* RE-EXAMINED

Based on the above principles, *Cozzens v. Piper Aircraft Corp.* will be re-evaluated to ascertain whether the outcome would have been different had a liberal jurisdictional standard been utilized. This will be accomplished by first examining the manner in which the minimum contacts doctrine should be employed when interpreting a long-arm statute. Then, because *Cozzens* sought to base jurisdiction on the con-

28. *Id.* at 895.

29. *Id.* at 896; see *Badger Dome Oil Co. v. Hallam*, 99 F.2d 293 (8th Cir. 1938).

30. *Id.* at 896.

31. WYO. STAT. § 5-4.2 (Supp. 1973).

32. *Cozzens v. Piper Aircraft Corp.*, *supra* note 3, at 1378.

cept of "transacting any business," a qualitative analysis of corporate business procedures will be discussed in light of modern commercial actualities. Finally, these principles will be applied to the fact situation of *Cozzens* to determine whether the corporate activities satisfied the minimum contacts criteria thereby making the defendants amenable to Wyoming jurisdiction.

#### A. A Qualitative Interpretation of the Long-Arm Statute

The main issue the court had to decide in *Cozzens* was whether the six foreign corporations were "transacting any business" within the state that would make them amenable to jurisdiction under the long-arm statute. Exactly what constitutes "transacting any business" is uncertain and various meanings have been attributed to the phrase.<sup>33</sup> *Cozzens* analyzed the doing business provision of the long-arm statute by looking at the amount of in-state corporate activities, including the continuity of business contacts, the number of customers served, and the number of forum sales and deliveries. However, this type of process, whereby an attempt is made to describe certain activities that will fall within the jurisdictional bounds of a long-arm statute provision, becomes analogous to the quantitative approach which supposedly was eliminated by *International Shoe*.

Because *International Shoe* was the progenitor of long-arm statutes, the concept of minimum contacts should be employed when interpreting the statute's provision. If the provision to be construed is based on "transacting any business," then it would be proper for a court to examine the quality and nature of business contacts, ties, and relations of a corporation with the state. In this examination, it should make no difference whether a contact is direct or indirect. The important factor is that the court scrutinize the entire scope

33. *Longines-Wittnauer Watch Co. v. Barnes and Reinecke Inc.*, 15 N.Y.2d 443, 261 N.Y.S.2d 8, 26 (1965) (shipping substantial quantities of goods into the state as a result of solicitation); *Tauza v. Susquehanna Coal*, 220 N.Y. 259, 115 N.E. 915 (1917) (continuous and substantial solicitation); *Cosper v. Smith and Wesson Arms Co.*, 346 P.2d 409 (Cal. 1959) (agents performing services and making wide scale sales within the state); *Lone Star Motor Import, Inc. v. Citroen Cars Corporation*, 288 F.2d 69 (5th Cir. 1961) (entering into a contract to be performed within the state).

of corporate activities to ascertain if the activities have a relationship to the state that makes it reasonable to assert *in personam* jurisdiction.

An interpretation of a long-arm statute, therefore, should be nothing more than an exercise based on minimum contacts concepts. Because most long-arm statutes contain provisions descriptive of some form of contact that will make a defendant amenable to jurisdiction, the interpretation can easily revert to the quantitative approach of describing specific corporate acts that fall within the scope of the provisions. Due to this tendency to look only for activities that are described in a long-arm statute, some states have done away with these provisions altogether. Instead, the statute reads that jurisdiction can be asserted any time it is constitutional to do so.<sup>34</sup> This type of statute lends itself to a broader range of analysis and a more thorough examination of the nature and quality of corporate activities with the forum.

Turning to *Cozzens*, the type of jurisdictional standard used should have been no different even though there were only indirect corporate contacts with the state. The quality and nature of the business activities of the defendants should have been considered in light of all attendant circumstances of the case, especially the commercial actualities of modern corporate business practices. This would have presented a clearer picture of whether or not due process requirements had been satisfied under the minimum contacts doctrine.

### B. Commercial Realities Viewed Qualitatively

When jurisdiction is sought to be asserted on the concept of "doing business," the business activities of a corporation should be viewed qualitatively to ascertain if they have such a tie, connection, or relation to the state that makes assertion of *in personam* jurisdiction proper.<sup>35</sup> Based on this approach, it should not be determinative whether the business activity is direct or indirect, for in either situation a

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34. CAL. CIV. PRO. § 410.10 (West, 1973). "A court of this state may exercise jurisdiction on any basis not inconsistent with the Constitution of this state or of the United States."

35. *Supra* note 2.

corporation might have sufficient qualitative contacts with the state to satisfy the rule set forth in *Arguello*. Because the application of a long-arm statute should relate to commercial advancements of a modern economy,<sup>36</sup> commercial actualities should be considered qualitatively when determining whether corporate activities have satisfied the minimum contacts requirements.

The first factor that should be considered is the actuality that nationwide distributive patterns have been increasingly utilized by manufacturers. Technological changes in manufacturing and modern transportation means and facilities have increased the country's flow of commodities.<sup>37</sup> This in turn has resulted in an increase of nationalized commerce by corporations.<sup>38</sup> These corporations purposefully inject their products into the stream of interstate commerce to achieve maximum economic gain. The commercial goal of the manufacturer is to have his products consumed, and it is relatively immaterial to him where this takes place.<sup>39</sup> The inevitable result of this type of distributive pattern is the increased likelihood that a consumer injured by a defective product will reside far from the place of manufacture.

When a corporation uses a nationwide distributive system, another consideration is whether it is foreseeable that the product would be used or consumed in the forum state. A manufacturer who cannot foresee the use of his product in the state may become a victim of claims in a forum where he neither anticipated his product being used nor expected to derive any economic benefit. However, when a corporation distributes its product in such a manner that it knows, or should reasonably know, that the product will reach a state, there is no reason why the corporation should escape forum responsibility for injuries caused by the defective product merely because there are no direct contacts with the state.<sup>40</sup>

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36. *Ford Motor Co. v. Arguello*, *supra* note 1, at 896.

37. *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501 (1947)

38. *McGee v. International Life Insurance Co.*, *supra* note 20, at 223.

39. Cummins, *In Personam Jurisdiction Over Nonresident Manufacturers in Product Liability Actions*, 63 MICH. L. REV. 1028, 1031 (1965).

40. *Buckeye Boiler Co. v. Superior Court*, 71 Cal.2d 893, 80 Cal. Rptr. 113, 458 P.2d 57, 64 (1969).

It follows from the above considerations that a corporation using this type of marketing should not be able to disclaim the responsibility of defending actions in the injured consumer's state by using the excuse that it is not doing business in a state when, in commercial reality, the goal of its nationalized distribution is to accomplish that very purpose.<sup>41</sup> Therefore, if a corporation puts a defective product capable of causing injury into the stream of interstate commerce, and through the foreseeable consumption and use of the product the consumer is injured, there is no reason in logic why the consumer should be denied a local forum.<sup>42</sup>

Whether a business is obtaining the benefits and protection of a state's laws is a third aspect that should be viewed under the *International Shoe* qualitative test. In actuality, the purchase, consumption, or use of a product by state residents generates gross income for the manufacturer. When gross income is generated, economic activity has occurred within the state.<sup>43</sup> When a corporation has engaged in economic activity within the state, it has derived the benefits and protection of state law.<sup>44</sup>

A foreign corporation can therefore be said to avail itself of the benefits and protection of a state's laws when the residents of the state, through the use of the corporate product, generate income which inures to the benefit of the corporation. When this occurs, the burden of defending a forum suit should be viewed as part of the expense of conducting business.<sup>45</sup> The amount of financial gain derived from forum business should not be decisive for, even if the gain does not warrant the cost of defending such a suit, this can be off-set by the larger volume of business the corporation does on a national scale.<sup>46</sup>

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41. *Id.*

42. R. WEINTRAUB, COMMENTARY ON THE CONFLICTS OF LAW 119 (1971); *Longines-Wittnauer Watch Co. v. Barnes and Reinecke, Inc.*, *supra* note 33, at 29. *But see O'Brien v. Comstock Foods, Inc.*, 123 Vt. 461, 194 A.2d 568 (1963).

43. *Supra* note 40; *supra* note 22, at 360.

44. *Supra* note 40.

45. H. GOODRICH AND E. SCOLES, CONFLICT OF LAWS § 76 at 136 (1964).

46. *McGee v. International Life Insurance Co.*, *supra* note 20, at 223; Note, *Jurisdiction Over Foreign Corporations—An Analysis of Due Process*, 104 U. PA. L. REV. 381, 389 (1955)

The final aspect of modern business practices that should be considered is the scope of the indirect economic relationship a corporation has with a state. A foreign corporation may be using a state as a conduit for economic benefit even though it has no direct business dealings with it.<sup>47</sup> This is accomplished through the use of middlemen and independent distributors. Because of the increased number of these specialized transactions between the manufacturer and independent distributors, many corporations rarely deal directly with the consumer.<sup>48</sup> Consequently, these indirect business dealings via the distributor have become a very important source of revenue for the corporate business. For this reason, a foreign corporation should not be permitted to use its indirect economic ties to insulate itself from a state's jurisdictional power.<sup>49</sup> Instead, this type of activity should serve as a basis for economic responsibility when a consumer in the forum is injured by a defective product.<sup>50</sup>

The commercial actualities discussed above apply equally well to the manufacturer of component parts who knows or should reasonably know that the assembled product will reach a particular forum. A foreign corporation dealing only in the manufacture of parts that will be incorporated into a finished product should be amenable to jurisdiction when its defective part caused injury to the consumer. The assertion of jurisdiction should not be considered violative of due process even though the corporation's marketing has stopped at a place outside the state where the component parts are to be assembled.<sup>51</sup> The rationale for this position is that in actuality, the further shipment of the finished product to a foreseeable place of use or consumption is only a continuation of the component part's commercial movement.<sup>52</sup>

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47. H. GOODRICH AND E. SCOLES, *CONFLICT OF LAWS* § 73 at 130 (1964).

48. *Gray v. American Radiator and Standard Sanitary Corporation*, *supra* note 14, at 766.

49. Note, *Jurisdiction Over Foreign Corporations—An Analysis of Due Process*, *supra* note 46, at 399.

50. *Supra* note 47.

51. *Feathers v. McLucas*, 15 N.Y.2d 443, 209 N.E.2d 68 (1965).

52. *Gray v. American Radiator and Standard Sanitary Corporation*, *supra* note 14.

### C. Application of the Qualitative Standard

Had the qualitative standard been applied to its full extent in *Cozzens v. Piper Aircraft*, it is possible that jurisdiction could have been constitutionally asserted under the Wyoming Long-Arm Statute. The ties, contacts and relations of the corporate activities with Wyoming were of such a quality and nature that it would be reasonable to have required the defendants to defend the *Cozzens* suit in Wyoming.

Piper Aircraft Corporation's activities, although it had no direct business dealings with Wyoming, were qualitatively within the bounds of the long-arm statute. Piper was making use of a nationwide distributive system of marketing. It purposefully injected its product into the commerce of the Rocky Mountain area through the use of middlemen and independent distributors. Due to the location of these middlemen, it was foreseeable that Wyoming residents would purchase Piper's product for use in Wyoming. Since these Wyoming sales generated gross income for Piper, there was economic activity within the state whereby Piper, in commercial actuality, was receiving the benefits and protection of Wyoming law.

Likewise, the component part manufacturers purposefully injected their goods into commerce by shipping parts to a place where they would be incorporated into Piper's product. The shipment of the assembled aircraft to the Rocky Mountain region was nothing more than the continuation of the commercial movement of the component parts. It should have been anticipated by these manufacturers that their product would be used in Wyoming since Piper's distributive system was such that the finished product would foreseeably be purchased by Wyoming residents. Therefore, these defendants were using the state as a conduit for economic benefit.

Based on this type of qualitative approach, minimum contacts of the six corporate defendants could have been established on the concept of "transacting any business" under the long-arm statute. Jurisdiction, therefore, could have been asserted and a local forum provided for the ag-



grieved resident, thereby fulfilling the intended purpose of the long-arm statute. More importantly, the right to a local forum could have been established by the use of broad jurisdictional criteria that have been held not violative of the due process clause.

## VI. CONCLUSION

It is submitted that the jurisdictional standard applied by the Wyoming Supreme Court in *Cozzens* is much narrower than that previously established in *Arguello* where the court announced its acceptance of the *International Shoe* doctrine and set forth the guidelines that would govern jurisdiction over foreign corporations. Although the basic principles of *International Shoe* and subsequent cases were reiterated by *Cozzens*, the expanded and pervasive procedures that have been held not to violate due process were not utilized in the court's jurisdictional analysis. Instead, an approach which approximated the quantitative test was used to hold that Wyoming could not obtain jurisdiction under the long-arm statute over the six defendant corporations.

The type of jurisdictional analysis used in *Cozzens* is antiquated when actualities of modern corporate business are considered. Numerous corporations are dealing with Wyoming residents through independent distributors and middlemen. To say that because a corporation is dealing only indirectly with the state and therefore the Wyoming Long-Arm Statute will not be a basis for jurisdiction when a resident is fortuitously injured outside the state not only disregards present day commercial realities, but also severely limits the *International Shoe* doctrine.

Based on the standard set forth in *Cozzens*, the qualitative approach for showing that a foreign corporation has minimum contacts with Wyoming, thereby making it amenable to jurisdiction under the long-arm statute, will not suffice in providing a resident with a local forum. Instead, a quantitative approach, emphasizing factors such as the number of direct dealings, the amount of in-state sales and services, the continuity of business transactions, and the extent of

solicitation and promotion conducted in the state by a foreign corporation, must be utilized. Not only must this procedure be used to show a foreign corporation has contacts within the state, but it must show that the contacts are substantial. Therefore, one desiring jurisdiction based on the long-arm statute must look to the actual forum activities conducted by the foreign corporation and cannot rely on the realities and actualities of modern commerce as a basis for jurisdiction, even though such an approach is not violative of due process under the *International Shoe* doctrine.

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