

Subject Matter Jurisdiction Assessment Exercise

A woman was born and raised in the largest city (“the city”) of State A. She attended college for six years in a small town (“the town”) in neighboring State C, where she lived full-time, returning to her parents’ home in State A on breaks.

After she obtained her degree three years ago, the woman purchased a 300-acre farm and a farmhouse in neighboring State B, 50 miles from the city. She moved many of her personal belongings to the State B farmhouse, titled and registered her car in State B, and obtained a State B driver’s license. She now spends seven months of the year in State B, working her farm and living in the farmhouse. She pays income taxes in State B, but not in State A, and lists State B as her residence on her federal income tax returns.

However, the woman has not completely cut her ties with State A. She still lives in the city for five months each year in a condominium that she owns. She still refers to the city as “home” and maintains an active social life there. When she is living on the farm, she receives frequent weekend visits from her city friends and occasionally spends the weekend in the city at her condominium. She is a member of a health club and a mosque in the city and obtains all her medical and dental care there. She is also registered to vote and votes in State A.

A food product distributor sells food items to grocery stores throughout a five-state region that includes States A and B. The distributor is a State C corporation. Its corporate headquarters are in State B, where its top corporate officers, including its chief executive officer (CEO), have their offices and staff. To make high-level decisions on company policy and operational management, the distributor’s board of directors meet monthly in an office suite that the distributor owns in State C. The distributor’s food processing, warehousing, and distribution facilities are all located in State A, which is also the state that produces the great majority (75%) of the distributor’s revenue from operations.

Three years ago, the woman and the distributor entered into a 10-year written contract providing that the woman would sell all the produce grown on her farm each year to the distributor. The contract was negotiated and signed by the parties at the distributor’s office suite in State C.

The woman and the distributor performed the contract for two years, earning her \$8,000 per year. Recently, the distributor decided that the woman’s prices were too high. At a meeting at its corporate headquarters, the distributor’s CEO asked the woman to drop her prices. When she refused, the CEO asserted that the woman was involved in a price-fixing scheme in violation of federal antitrust law, and on the basis of that law, the distributor was terminating the contract.

The woman has filed suit in the United States District Court for the District of State A, invoking the court’s diversity jurisdiction over her action against the distributor for anticipatory breach of contract. In her filed complaint, the woman specifically denies that she was involved in any price-fixing scheme in violation of federal antitrust law, and she seeks \$500,000 in damages.

Two weeks after filing this suit, the woman accepted an offer from a company in State C for a job within her area of degree specialization. She sold her State B farm and her State A condo, purchased a house in State C, moved all of her belongings and bank accounts to State C, and severed all formal ties with State A and State B.

The distributor has now moved to dismiss the woman’s action for lack of subject matter jurisdiction.

Should the court grant the motion to dismiss for lack of subject-matter jurisdiction? Explain.