



# California Corporate & Securities Law

## California's Million Dollar Contract Statute

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Here's a common "Governing Law" provision:

*This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, excluding the laws pertaining to conflicts or choice of laws, of the State of California, applicable to agreements made and to be performed wholly within the State of California. In the event a judicial or other proceeding is necessary to resolve any dispute hereunder, the sole forum for resolving disputes arising under or relating to this Agreement shall be the Superior Courts for the County of \_\_\_\_\_, California, or the federal district court for the \_\_\_\_\_ district of California and all related appellate courts and the parties hereby consent to the jurisdiction of those courts, and that venue shall be in \_\_\_\_\_ County, California.*

This provision addresses at least four different legal concepts that are often confused with each other. More importantly, the legal principles applicable to these concepts are different.

The first sentence is a choice-of-law provision. Last month, I addressed two provisions in the California Civil Code relating to choice of law in this [post](#).

The second sentence is a choice-of-jurisdiction (aka choice-of-forum) provision. This type of clause refers to the place of jurisdiction – for example, California, Delaware or Nevada. Interestingly, California has enacted a statute that specifically validates California choice-of-forum provisions in contracts involving at least \$1 million that also include a California choice-of-law and an agreement by the foreign corporation or nonresident person to submit to the courts of California. California Code of Civil Procedure § 410.40.

The second sentence also includes a consent to the personal jurisdiction of the courts as well as a choice-of-venue clause. In the third installment of this series, I'll discuss the validity of choice-of-venue clauses under California law.

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