

Corporate & Financial Weekly Digest

Posted at 11:27 AM on June 10, 2011 by [Steven Shiffman](#)

Delaware Has Jurisdiction over Corporation Based on Claims Arising out of Performance of Predecessor's Contracts

Co-authored by [Brian Schmidt](#)

The Superior Court of Delaware recently denied a motion to dismiss for lack of personal jurisdiction, holding that, following a merger, the defendant corporation continued to transact business within Delaware and, in connection with that business, caused injury within the state. As a result, the court determined that the assertion of personal jurisdiction over the foreign defendant was proper.

Defendant Micco World, Inc. is a Georgia corporation and the surviving entity of a merger with Constellation Group, Inc., a Delaware corporation. Plaintiff Universal Capital Management, Inc. entered into two contracts with Constellation whereby it acquired warrants for common stock in Constellation in exchange for providing the company with business management assistance and introductions to potential investors. The investors introduced by Universal invested approximately \$600,000 in Constellation. Universal alleged that this funding was misappropriated by the officers of Micco, who were also named as defendants, and that in order to hide their wrongdoing, the defendants provided delayed and inaccurate accountings to Universal.

Universal brought suit against Micco and its officers, alleging numerous tort and contract claims, including claims for fraud and for defamation based on statements made to Micco's investors, including the investors that Universal had found. Defendants moved to dismiss based on lack of personal jurisdiction. Under Delaware's long arm statute, personal jurisdiction may attach to entities transacting business within the state where the plaintiff's injuries arise out of that transaction of business. Although the contracts at issue were entered into by Constellation, Micco's predecessor entity, the court found that Micco continued to transact business pursuant to the contracts after the merger. The court determined that the continued adherence to the terms of Constellation's contracts enabled Micco to derive "substantial revenue from services or things consumed or used" in Delaware. Because Micco allegedly caused injuries to Universal in Delaware in connection with the contracts, the court held that the assertion of personal jurisdiction over Micco was proper. (*Universal Capital Management, Inc. v. Micco World, Inc.*, C.A. No. 10C-07-039 RRC (Del. Super. June 2, 2011))