

Product Liability

Alex P. Blair

Goldberg Segalla LLP, Chicago

Seventh Circuit Affirms Indiana District Court's Dismissal of Foreign Corporation for Lack of Personal Jurisdiction Where Plaintiff's Injuries Did Not Relate to Defendant's In-Forum Contacts

On July 9, 2025, the United States Court of Appeals for the Seventh Circuit affirmed the United States District Court for the Southern District of Indiana, Terre Haute Division's dismissal of a foreign battery manufacturer for lack of personal jurisdiction under Federal Rule of Civil Procedure 12(b)(2) in a case alleging that the Plaintiff was injured when one of the manufacturer-defendant's batteries exploded. *B.D. v. Samsung SDI Co.*, No. 24-2444, 2025 U.S. App. LEXIS 16899.

In *B.D.*, Plaintiff's stepfather purchased an individual battery manufactured by Samsung SDI Co. ("Samsung") at an e-cigarette store in an unauthorized transaction. *B.D.*, 2025 LEXIS 16899, at *2. Samsung is foreign corporation organized under the laws of South Korea, where it also maintains its headquarters and principal place of business. *Id.* at *3. Although Samsung conducts business internationally, it does not have a physical presence in Indiana and no Samsung employees or agents work in Indiana. *Id.* The battery in question was a cylinder-shaped lithium-ion battery, which appears as a typical AA battery except that it holds more power and is rechargeable. *Id.* Crucial to the Seventh Circuit's analysis, the court found that Samsung conducted its business to prevent ordinary customers like B.D.'s stepfather from purchasing individual batteries. *Id.* at *2. For example, Samsung marketed the batteries to "corporate middlemen," who incorporated the individual batteries into packs which contained a circuit board designed to prevent explosion. *Id.* at *3. The corporate middlemen then sold battery packs direct to consumers while others incorporated the packs into various consumer products available across the state of Indiana. *B.D.*, 2025 LEXIS 16899, at *4.

Samsung required customers purchasing individual batteries directly from the manufacturer to formally apply, disclose how they planned to utilize them, and acknowledge that the batteries should not be used outside of a pack. *Id.* at *4-5. Samsung specifically refused to sell the batteries to customers whose application disclosed ties to the e-cigarette industry, however B.D.'s stepfather was nonetheless able to purchase an individual battery from an e-cigarette store in Indiana. *Id.* at *5. The individual battery exploded inside the pocket of B.D., a minor child, and he suffered severe burns. *Id.*

B.D.'s stepfather filed a products liability lawsuit against Samsung in Indiana state court, which Samsung removed to federal court on diversity grounds and then moved to dismiss for lack of personal jurisdiction under Fed. R. Civ. P. 12(b)(2). After an initial denial, appeal, remand, and additional discovery on the issue of personal jurisdiction, the district court ultimately granted Samsung's motion to dismiss and B.D. appealed. *Id.* at *5-6. B.D.

The Seventh Circuit's Three-Prong Specific Jurisdiction Test

Courts may find that personal jurisdiction exists over a defendant under a theory of either general jurisdiction or specific jurisdiction. *Id.* at *9. If a defendant is subject to general jurisdiction in a forum they may be sued for any claim, whether or not its activities in the forum relate to the lawsuit. *B.D.*, 2025 LEXIS 16899, at *9. In order to find a corporate defendant subject to general jurisdiction, the corporate defendant must be “essentially at home” in the jurisdiction. *Goodyear Dunlop Tires Operations, S.A. v. Brown*, 564 U.S. 915, 919 (2011) (internal quotation omitted). Generally, this means that a corporate defendant will be subject to general jurisdiction in its state of incorporation or the state where its corporate headquarters are located. *Id.* at 924. The parties in *B.D.* agreed that Samsung was not subject to general jurisdiction in Indiana; the sole dispute was whether or not Samsung was subject to specific jurisdiction.

In the Seventh Circuit, courts apply a three-prong test to determine whether specific jurisdiction exists. *Lexington Ins. Co. v. Hotai Ins. Co.*, 938 F.3d 874, 878 (7th Cir. 2019). First, the defendant must “purposefully avail” itself of the privilege of conducting activities within the forum state. *Hanson v. Denckla*, 357 U.S. 235, 253 (1958). Second, the lawsuit must “arise out of or relate to” a defendant’s contacts in the forum state. *Bristol-Myers Squibb Co. v. Superior Ct.*, 582 U.S. 255, 262 (2017). Third, a finding of specific personal jurisdiction must comport with notions of fairness. *B.D.*, 2025 LEXIS 16899, at *9.

End-Product Stream of Commerce vs. Derivative-Product Stream of Commerce

The court in *B.D.* examined the first prong of the Seventh Circuit’s test for specific personal jurisdiction by noting that a corporate defendant generally avails itself of a foreign state when it “deliberately reached out beyond its home” by “exploiting a market” within the state, *Id.* at *11, citing *Ford Motor Co. v. Mont. Eight Judicial Dist. Court*, 592 U.S. 351, 359 (2021). A defendant can be found to have “purposefully avail(ed) itself” of a forum when it “delivers its products into the stream of commerce” with the expectation that consumers will purchase the products within the forum state. *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297-298 (1980). This is generally known as the stream-of-commerce theory. *B.D.*, 2025 LEXIS 16899, at *11. However, courts in the Seventh Circuit examine two different variants of the streams-of-commerce theory: end-product stream of commerce and derivative-product stream of commerce. *Id.* at *15.

Samsung delivered its products to “corporate middlemen” with the expectation that the end-products made by those middlemen would be available to consumers across the United States, including Indiana. As such, Samsung purposefully availed itself of Indiana under an end-product stream of commerce, *Id.* at *17. But because Samsung took steps to actively prevent its batteries from being sold individually to consumers, as opposed to incorporated into battery packs, it did not avail itself of Indiana under a derivative-product stream of commerce. *Id.* at *17-18. In *B.D.*’s case, unilateral actions of unknown third parties made an individual Samsung lithium-ion battery for sale at the e-cigarette store where Plaintiff’s stepfather purchased it. *Id.* at 18-19. Unilateral acts by a third party do not constitute a defendant’s purposeful availment of a forum state. *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 475 (1985).

Having found that Samsung purposefully availed itself of Indiana under an end-product stream of commerce, the *B.D.* court found that the second prong of the specific jurisdiction test was not satisfied because the lawsuit did not relate to Samsung’s purposeful contacts with Indiana. *B.D.*, 2025 LEXIS 16899, at *31-32. The battery that injured *B.D.* was a derivative product, in that it was not encased in a pack with a critical protective circuit board as Samsung expected it to be sold but rather sold individually through the acts of an unknown third party. As such, *B.D.*’s lawsuit did not relate to



Samsung’s “deliberate forum contacts.” *Id.* at *23. The Court stated: “There is a disconnect between Samsung SDI’s purposeful in-state contacts, through an end-product stream of commerce, and B.D.’s lawsuit, which stems from a consumer purchase of an individual battery.” *Id.* at *23-24. Further, Samsung was not on notice that it could be held liable in Indiana due to injuries from individual batteries, and indeed it structured its business activities to try and prevent the sale of individual batteries in just the same manner as the battery that caused B.D.’s injuries. *Id.* at *24-25.

Because the lawsuit did not arise out of Samsung’s purposeful availment with Indiana, the court did not consider the third prong of the specific personal jurisdiction test: whether the assertion of specific personal jurisdiction comported with fair play and substantial justice. *Id.* at *32, citing *Burger King*, 471 U.S. at 476.

Although Samsung ultimately prevailed on its motion to dismiss for lack of personal jurisdiction, the record shows that the Plaintiff in *B.D.* was entitled to considerable discovery on the issue before the motion was finally granted and ultimately affirmed, including corporate representative deposition testimony and production of documents related its sales methodology and business practices. *B.D.* stands for the proposition that a successful personal jurisdiction defense in the courts of the Seventh Circuit must be well-supported by evidence.

About the Author

Alex P. Blair is a partner in *Goldberg Segalla LLP*’s Chicago office. He focuses his litigation practice in the fields of products liability, toxic torts, and professional liability. He has represented clients in state and federal courts in Illinois and has extensive experience defending cases involving product defect and toxic tort exposures.

About the IDC

The Illinois Defense Counsel (IDC) is the premier association of attorneys in Illinois who devote a substantial portion their practice to the representation of business, corporate, insurance, professional and other individual defendants in civil litigation. For more information on the IDC, visit us on the web at www.IDC.law or contact us at PO Box 588, Rochester, IL 62563-0588, 217-498-2649, 800-232-0169, admin@IDC.law.