

STATE OF MICHIGAN
IN THE CIRCUIT COURT FOR THE COUNTY OF OAKLAND

SYNERGY COMPUTER SOLUTIONS,
INC,

Plaintiff,

v

Case No. 14-141025-CK
Hon. Wendy Potts

SATYA VEERAMACHANENI,

Defendant.

OPINION AND ORDER RE: DEFENDANT'S MOTION FOR SUMMARY
DISPOSITION FOR LACK OF PERSONAL JURISDICTION

At a session of Court
Held in Pontiac, Michigan

On

SEP 22 2014

In April 2012, Defendant Satya Veeramachaneni signed an agreement to work as a contract employee for Plaintiff Synergy Computer Solutions, Inc. Defendant claims that he has never been to Michigan, he negotiated the agreement by email, and he signed it in Wisconsin where he lives. The agreement contains a noncompetition clause that barred Defendant from working for or providing services for Plaintiff's clients without its written permission for twelve months after his agreement terminated. Plaintiff claims that after Defendant signed the agreement, he began working at Abbott Laboratories in Chicago and worked there until Plaintiff's contract with Abbott ended on March 31, 2014. Plaintiff further claims that Defendant began working for Abbott in April 2014. Plaintiff filed this action in May 2014 claiming that Defendant breached his agreement and seeking injunctive relief.

As his first response to the complaint, Defendant moves for summary disposition under MCR 2.116(C)(1) contesting the Court's jurisdiction over him. Plaintiff has the burden of establishing a prima facie showing of jurisdiction. *Jeffrey v Rapid American Corp*, 448 Mich 178, 184; 529 NW2d 644 (1995). The Court examines the pleadings, affidavits, and other documentation submitted by the parties in the light most favorable to the nonmoving party, and all factual disputes are resolved in the nonmovant's favor. MCR 2.116(G)(5); *Jeffrey, supra*. Allegations in the complaint are assumed to be true unless controverted by the evidence. *Yoost v Caspari*, 295 Mich App 209, 221; 813 NW2d 783, 790 (2012). Whether a court has personal jurisdiction over a party is a question of law. *Oberlies v Searchmont Resort, Inc*, 246 Mich App 424, 426; 633 NW2d 408 (2001).

It is undisputed that the Court does not have general jurisdiction over Defendant because he was not served in Michigan, does not live in Michigan, and did not consent to jurisdiction here. MCL 600.701. At issue is whether the Court can exercise limited personal jurisdiction, which exists if (1) Defendant's conduct falls within a provision of Michigan's long-arm statute and (2) the exercise of jurisdiction comports with due process. *Oberlies, supra* at 428.

Long-arm jurisdiction exists if Defendant transacted "any business within the state." MCL 600.705(1). Although Defendant contends that his actions do not fall within the long-arm statute, our courts interpret the statute broadly such that the "slightest transaction" of business is sufficient to bring a party within Michigan's long-arm jurisdiction. *Oberlies, supra* at 430. By entering into an employment contract with a company based in Michigan, Defendant transacted business in the state and his conduct falls under the jurisdiction of the long-arm statute.

The next question is whether Defendant has sufficient minimum contacts with Michigan such that exercising jurisdiction comports with due process. *Oberlies, supra* at 432-433. To make this determination, the Court applies a three-part test:

- (1) Defendant must have purposefully availed himself of the privilege of conducting activities in Michigan.
- (2) The cause of action must arise from Defendant's activities in the state.
- (3) Defendant's activities must be substantially connected with Michigan. [See *Jeffrey, supra* at 186.]

Purposeful availment exists if Defendant engaged in "a deliberate undertaking to do or cause an act or thing to be done in Michigan." *Jeffrey, supra* at 187-188. Defendant is correct that entering into a contract with a Michigan company or making a few telephone calls to Michigan would not constitute purposeful availment. *Kerry Steel, Inc v Paragon Industries*, 106 Fd 147, 151 (CA 6, 1997). However, Defendant did far more than that. He was an employee of a Michigan company for nearly two years. Although Defendant worked in Illinois, Plaintiff alleges and presents evidence that Defendant submitted time sheets to Plaintiff's Michigan offices, communicated with Plaintiff's Michigan staff, and received paychecks from Plaintiff's Michigan offices and drawn on a Michigan bank. Because Plaintiff has made a prima facie showing that Defendant engaged in deliberate undertakings or action in Michigan, the purposeful availment test is satisfied.

As for whether Plaintiff's claims arise from Defendants' activities in Michigan, Plaintiff must show that the claims "arise from the circumstances creating the jurisdictional relationship between the defendant and the foreign state." *Oberlies, supra* at 435. There must be a causal link between Defendant's activities directed at Michigan and Plaintiff's alleged injuries. *Id* at 437. Defendant contends that the claims arise from an agreement that Defendant signed in Wisconsin and from work he performed in Illinois. However, Defendant's agreement was with a Michigan-

based company and the agreement was negotiated in part in this state. Defendant's work at Abbott Laboratories occurred in Illinois, but his contractual relationship with Plaintiff was based on communication with Plaintiff's Michigan staff and payment from Plaintiff's Michigan bank. Because it is sufficient that Plaintiff's claims "arise from" Defendants' activities in Michigan, *Jeffrey, supra* at 184, and Plaintiff's claims are causally connected to Defendants' activities in Michigan, Plaintiff has made a prima facie showing on the second part of the test.

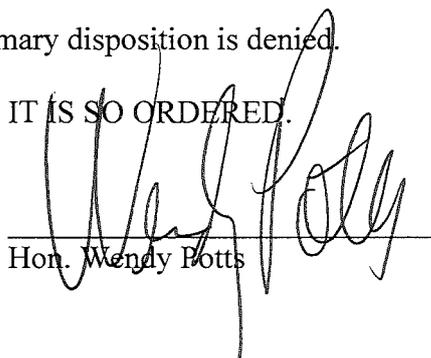
Regarding the final part of the test – whether Defendant has substantial connections to Michigan such that jurisdiction is reasonable – Plaintiff made a prima facie showing on this factor also. Defendant entered into a long-term contractual employment relationship with a Michigan-based company. The fact that Plaintiff would sue Defendant in Michigan for allegedly breaching their agreement should come as no surprise to him. Although Defendant has no personal connection to Michigan, he was well aware that Plaintiff based its operations here. Although defending himself in a Michigan court may cause Defendant some inconvenience, that burden could be lessened through use of technology such as video conferencing or requiring Plaintiff's counsel to travel to Illinois or Wisconsin for depositions. Further, Defendant has capable local counsel to defend his position. Thus, the reasonableness test is satisfied.

For all of these reasons, the Court concludes that it can exercise limited personal jurisdiction over Defendant and his motion for summary disposition is denied.

IT IS SO ORDERED.

Dated:

SEP 22 2014



Hon. Wendy Potts