

To: Associate
From: Chris Pagano
Re: Pitt case

NOTE: Our law firm is located in San Francisco, California in the U.S. Ninth Circuit Court. You should find the law you need in Asahi, 480 U.S. 102 (1987); Ruston, 9 F.3d 415 (5th Circ. 1993); and Cybersell, 130 F.3d 414 (1997), plus the Constitution.

In June 2005, our client, Sam Pitt bought a Deng Laptop Computer using the Internet website, www.Deng.com. He ordered all of the peripherals from Deng at the same time, including a wireless mouse, the power cord, the DSL connector, several software packages, such as Windows Professional, and a wireless card he could use when he was traveling. He bought a one year warranty on the computer and all its parts. He used his VISA card to pay for everything. The computer worked well for several months. In January 2006, Sam went on five day business trip, leaving his computer plugged in at home. When he returned, he found that his house had burned to the ground. The cause was a faulty power cord connecting the laptop with the house electricity. The power cord overheated and caused an electrical short circuit. That caused an electrical fire inside the walls of his house. Before the fire was noticed by neighbors, the house was nearly destroyed. The fire department could not save it. Sam has lost everything.

Deng Computer is an international computer manufacturing and distribution firm located in Shanghai, China. It is the largest manufacturer of computers in China. Since 1990, it has been selling computers to stores all over the world, including chains in the US and California such as Computerland, Office Max, Costco, and many others. Since 1995, it has maintained a website where people all over the world can buy computers just the same way Mr. Pitt bought his. Each year, Deng sells one million laptops of the design that Mr. Pitt bought. About 20% of these sales are made directly over the Internet, with direct delivery to the customer anywhere in the world via FEDEX. Another 40% are sold in stores throughout in the US, with about half of these stores in California. The remaining 40% are sold in Europe, South America, Africa, and Asia. Deng has no offices or agents in California.

The faulty power cord was manufactured by the Taiping Manufacturing Company of Malaysia. Taiping is a local Malaysian company that provides small electric appliances for Malaysia. After the tsunami in 2004, it saw a chance to expand its business because so many companies had been destroyed. Deng generally buys all of its power cords from a company in Indonesia, but because of the tsunami, Deng could not get the usual power cords in 2005. Deng bought power cords from several new suppliers, including Taiping. This was the first international sale Taiping had ever made. Since Deng had a tight schedule to deliver computers all over the world, Deng did not test the power cords. However, in March 2006, Deng issued a recall on the Taiping power cords as a result of several fires caused by those cords in California, other US states, and other nations. Deng offered to replace the cords for free. Upon inspection of the Taiping cords, Deng discovered that the power cords were wired incorrectly and would overheat after 24 hours about 50% of the time.

PREPARE A MEMORANDUM OF LAW ON THE FOLLOWING ISSUES:

- Will a California court exercise jurisdiction over Deng Computers?
- Will a California court exercise jurisdiction over Taiping Manufacturing Company?