

CPLR 301: Subsidiary Deemed Agent for Service of Process

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ican airspace or airport. The sum of the defendant's New York activities consisted of the work of seven employees in a New York office who accepted reservations from travel agencies for Finnair flights in Europe, a New York bank account for salaries and expenses and occasional advertising and publicity. The Court of Appeals reversed the appellate division's holding that the defendant was not doing business in New York³⁶ and held that the test for "doing business" is a "simple pragmatic one" which is satisfied when the sum of the defendant's activities in this state is evaluated.³⁷ In so holding, the Court repeatedly alluded to the fact that a permanent New York office was the base of the defendant's activities. This was deemed necessary to satisfy the requirement that there be continuity of action from a permanent locale.³⁸ In the light of modern corporate activities, the liberal trend of the courts in the "doing business" area appears to be quite satisfactory.

CPLR 301: Subsidiary deemed agent for service of process.

In *Taca Int'l Airlines v. Rolls-Royce of England, Ltd.*,³⁹ the defendant-parent corporation owned all the stock of Rolls-Royce of Canada, Ltd., which in turn owned the stock of Rolls-Royce, Inc., a Delaware corporation authorized to do business in New York. The Delaware subsidiary sold only the products of the parent, and its officers were from either the Canadian or the English corporations. There were several common directors, the policies of the Delaware corporation were formulated by the executives of all three companies and the net income of the Delaware corporation appeared on the balance sheet of the defendant. The Court held that the parent was doing business through the subsidiary and hence the latter was not an independent entity but rather a mere department of the parent. Though it be true that as a matter of form the subsidiary appears to be an independent concern, if, in reality, it is merely the agent of the parent, form "is merely a veil which the court may cast aside to bring to light the true picture."⁴⁰ Such was the case in *Taca* and, under these circumstances, service upon the subsidiary will bind the parent.

³⁶ *Bryant v. Finnish Nat'l Airline*, 22 App. Div. 2d 16, 253 N.Y.S.2d 215 (1st Dep't 1964).

³⁷ *Bryant v. Finnish Nat'l Airline*, 15 N.Y.2d 426, 432, 208 N.E.2d 439, 441-42, 260 N.Y.S.2d 625, 628-29 (1965).

³⁸ *Sterling Novelty Corp. v. Frank & Hirsch Distrib. Co.*, 299 N.Y. 208, 210, 86 N.E.2d 564, 565 (1948).

³⁹ 15 N.Y.2d 97, 204 N.E.2d 329, 256 N.Y.S.2d 129 (1965).

⁴⁰ *Goodman v. Pan Am. World Airways*, 1 Misc. 2d 959, 962, 148 N.Y.S.2d 353, 357 (Sup. Ct.), *aff'd*, 2 App. Div. 2d 707, 153 N.Y.S.2d 600 (2d Dep't 1956).