



<b>Client:</b>	Zhongzhi Enterprise Group
<b>Industry:</b>	Aircraft finance
<b>Area of Law:</b>	Appellate litigation
<b>Venue:</b>	Eighth U.S. Circuit Court of Appeals
<b>Result:</b>	Judgment upheld and attorneys' fees awarded

## Hong Kong Client's Win Sets Important U.S. Precedent

A recent U.S. appellate court victory not only showcased Pillsbury's ability to meet the needs of Asian clients in commercial disputes but also set important precedent on diversity jurisdiction.

Our client, Hong Kong limited company Zhongzhi Enterprise Group, obtained a multimillion-dollar judgment in the U.S. District Court for the Western District of Missouri against Jet Midwest Group LLC. The case centered on Jet Midwest's failure to repay an aircraft financing loan. The loan agreement was governed by Hong Kong law.

After the district court denied our motion for attorneys' fees, we appealed to the Eighth Circuit Court of Appeals. There, Jet Midwest challenged the district court's subject matter jurisdiction. The lower court had held that a Hong Kong limited company should be treated as a corporation for diversity purposes, meaning that our client and U.S.-based Jet Midwest came from two different jurisdictions. On appeal, Jet Midwest argued that a Hong Kong limited company is not a corporation but more like a U.S. limited liability company, and that its citizenship therefore could only be determined by investigating where its members are domiciled.

The Eighth Circuit found in favor of our client on the jurisdictional issue, agreeing that a Hong Kong limited company should be treated as a corporation for diversity jurisdiction purposes. This decision sets a precedent, as the Eighth Circuit had not previously addressed the classification of foreign business entities in a diversity analysis. Pillsbury persuaded the Eighth Circuit to follow the Seventh Circuit's test (instead of the approach followed in the Fifth and Ninth Circuits), focusing not on whether the entity technically is called a "corporation" in the foreign country's legal system but instead on whether the entity has the specific attributes of a U.S. corporation, such as a board of directors and legal separateness from investors.

On the issue of attorneys' fees, the Eighth Circuit agreed with our reading of the contract's fee-shifting provision, opening the door to our client's recovery of millions of dollars in fees. This is also the first time the Eighth Circuit has interpreted fee-shifting language in a contract governed by Hong Kong law.