

## Hoffmann-La Roche Faces Lariam Suit in State Court

By Julie Steinberg

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- *Anti-malaria drug caused nightmares, paranoia, suit alleges*
- *Drugmaker is California citizen for jurisdiction purposes*

Hoffmann-LaRoche Inc. must face a California serviceman's suit over alleged side effects of an anti-malaria drug in a California state court.

Andrew Sheets and his wife, Kristie, alleged Andrew suffers nightmares, paranoia, and vision problems caused by Lariam, which was prescribed upon his Naval deployment to Afghanistan in 2003.

Companies generally prefer to litigate in federal courts, which are perceived as more business-friendly. Plaintiffs typically believe state courts will better protect their rights.

The U.S. District Court for the Northern District of California said it lacked jurisdiction over the suit because there is no diversity of citizenship.

Hoffmann-La Roche is a California citizen for purposes of jurisdiction, the court said. It rejected the company's contention that it is a New Jersey citizen because its "nerve center," or base of operations, is in New Jersey.

The plaintiffs' evidence shows that Hoffmann-La Roche's operational, administrative, and executive functions shifted from New Jersey to California once Roche Holding acquired Genentech, a San Francisco company, in 2009, the court said.

A 2009 Roche press release described Hoffmann-La Roche's intent to transplant its manufacturing, commercial, and executive functions to California, the court said. Filings with the New Jersey Treasury Department and California Secretary of State name New Jersey as Hoffmann La-Roche's principal place of business, but filing a form is not enough to establish a corporation's base of operations for jurisdiction purposes, the court said.

The couple's suit will head back to Sonoma County Superior Court.

Panish Shea & Boyle LLP represents the plaintiffs. Shook Hardy & Bacon LLP and Murchison and Cumming LLP represent the defendants.

The case is *Sheets v. F. Hoffmann-La Roche Ltd.*, 2018 BL 454476, N.D. Cal., No 18-04565, 12/7/18

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