

The owner of a rare antique tapestry worth more than \$1 million is a citizen of State A. The owner contacted a restorer, a citizen of State B, to restore the tapestry for \$100,000. The owner and the restorer met in State A and negotiated a contract, but the final documents, prepared by the parties' respective attorneys, were drafted and signed in State B. The contract has a forum-selection clause that specifies that any litigation arising out of or relating to the contract must be commenced in State B.

The restorer repaired the tapestry in State B and then informed the owner that the restoration was complete. The owner picked up the tapestry and paid the restorer \$100,000. Subsequently, the owner discovered that the restorer had done hardly any work on the tapestry.

Despite the forum-selection clause in the contract, the owner filed suit against the restorer in a state court in State A, claiming breach of contract. The owner's suit sought rescission of the contract and a return of the full contract price—\$100,000.

The laws of State A and State B are different on two relevant points. First, State A courts do not enforce forum-selection clauses that would oust the jurisdiction of State A courts, regarding such clauses as against public policy; State B courts always enforce forum-selection clauses. Second, State A would allow contract rescission on these facts; State B would not allow rescission but would allow recovery of damages.

Under the conflict-of-laws rules of both State A and State B, a state court would apply its own law to resolve both the forum-selection clause issue and the rescission issue.

After the owner filed suit in State A court, the restorer removed the case to the United States District Court for the District of State A and then moved for a change of venue to the United States District Court for the District of State B, citing the contractual forum-selection clause in support of the motion. (There is only one United States District Court in each state.) The owner moved for remand on the ground that the federal court did not have removal jurisdiction over the action. Alternatively, the owner argued against the motion to transfer on the basis that the forum-selection clause was invalid under State A law.

1. Does the federal court in State A have removal jurisdiction over the case? Explain.
2. Should the change-of-venue motion, seeking transfer of the case to the federal court in State B, be granted? Explain.
3. Would a change of venue affect the law to be applied in resolving the rescission issue? Explain.