

Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States v. Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

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DOMINO'S PIZZA, INC., ET AL. *v.* McDONALDCERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR
THE NINTH CIRCUIT

No. 04–593. Argued December 6, 2005—Decided February 22, 2006

Respondent McDonald, a black man, is sole shareholder and president of JWM Investments, Inc. (JWM). He sued petitioners (collectively Domino's) under 42 U. S. C. §1981, alleging, *inter alia*, that JWM and Domino's had entered into several contracts, that Domino's had broken those contracts because of racial animus toward McDonald, and that the breach had harmed McDonald personally by causing him to suffer monetary damages and damages for emotional injuries. The District Court granted Domino's motion to dismiss on the ground that McDonald could bring no §1981 claim against Domino's because McDonald was party to no contract with Domino's. Reversing, the Ninth Circuit acknowledged that an injury suffered only by the corporation would not permit a shareholder to bring a §1981 action, but concluded that when there are injuries distinct from those of the corporation, a nonparty like McDonald may nonetheless sue under §1981.

Held: Consistent with this Court's case law, and as required by the statute's plain text, a plaintiff cannot state a §1981 claim unless he has (or would have) rights under the existing (or proposed) contract that he wishes "to make and enforce." The statute, originally enacted as §1 of the Civil Rights Act of 1866, now protects the equal right of "[a]ll persons" to "make and enforce contracts" without respect to race, §1981(a), and defines "make and enforce contracts" to "includ[e] the making, performance, modification, and termination of contracts, and the enjoyment of all benefits . . . of the contractual relationship," §1981(b). This cannot be read to give McDonald a cause of action because he "made and enforced contracts" for JWM as its agent. The right to "make contracts" protected by the 1866 legislation was not the insignificant right to act as an agent for someone else's contract-

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ing, but was rather the right, denied in some States to blacks, to give and receive *contractual rights* on one's own behalf. The statute's text makes this common meaning doubly clear by speaking of the right to "make *and enforce*" contracts. When the 1866 Act was drafted, a mere agent, who had no beneficial interest in a contract he made for his principal, could not generally sue on that contract. Any §1981 claim, therefore, must initially identify an impaired "contractual relationship," §1981(b), under which the plaintiff has rights. McDonald's complaint identifies a contractual relationship between Domino's and JWM, but it is fundamental corporation and agency law that a corporation's shareholder and contracting officer has no rights and is exposed to no liability under the corporation's contracts. McDonald's proposed new test for §1981 standing—whereby any person may sue if he is an "actual target" of discrimination and loses some benefit that would otherwise have inured to him had a contract not been impaired—ignores the explicit statutory requirement that the plaintiff be the "perso[n]" whose "right . . . to make and enforce contracts," §1981(a), was "impair[ed]," §1981(c), on account of race. *Shaare Tefila Congregation v. Cobb*, 481 U. S. 615, 618; *Runyon, supra*, at 168; and *Goodman v. Lukens Steel Co.*, 482 U. S. 656, 669, distinguished. McDonald's policy argument that many discriminatory acts will go unpunished unless his reading of §1981 prevails goes beyond any expression of congressional intent and would produce satellite litigation of immense scope. Pp. 4–10.

107 Fed. Appx. 18, reversed.

SCALIA, J., delivered the opinion of the Court, in which all other Members joined, except ALITO, J., who took no part in the consideration or decision of the case.