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Case Bulletin: Civil Litigation

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The United States Supreme Court holds that excessive punitive damages award which punishes a defendant for harm done to nonparties violates the Due Process Clause of the United States Constitution.

Philip Morris USA v. Williams, Personal Representative of Estate of Williams, Deceased
U.S. Supreme Court No. 05-1256
Opinion Dated February 20, 2007

The Supreme Court of the United States recently addressed whether the United States' Constitution's Due Process Clause permits a jury to base that award in part upon its desire to punish the defendant for harming persons who are not before the court (e.g., victims whom the parties do not represent). The underlying Oregon lawsuit arose out of the death of Jesse Williams, a heavy cigarette smoker. His estate brought an action for negligence and deceit against Philip Morris, the manufacturer of Marlboro, the brand that Williams favored. A jury found that Williams' death was caused by smoking; that Williams smoked in significant part because he thought it was safe to do so; and that Philip Morris knowingly and falsely led him to believe that this was so. Upon finding that Philip Morris was negligent and had engaged in deceit, the jury awarded \$821,000 in damages and \$79.5 million in punitive damages.

The Supreme Court held that a punitive damages award based in part on a jury's desire to punish a defendant for harming nonparties is a violation of the Due Process Clause of the United States Constitution, as it amounts to a taking of property from a defendant without due process. The Court further held that while a punitive damages award may be properly imposed to further a State's legitimate interests in punishing unlawful conduct and deterring its repetition, a State must insist upon proper standards to harness the jury's discretionary authority on both procedures for awarding punitive damages as well as their amounts, to curtail their gross excessiveness.

The Court went on to explain that a punitive damages award so large that it is intended to punish a defendant for injury inflicted on those not a party to the litigation is unconstitutional primarily because under such circumstances the defendant has no opportunity to defend itself against such charges. The Court was also concerned that such punitive damages would add arbitrariness, uncertainty, and lack of notice to the litigation process, magnifying the fundamental due process concerns. In support of its holding, the Court reasoned that evidence of actual harm to nonparties can help to show that the conduct that harmed the plaintiff was particularly reprehensible as it also posed a substantial risk to the general public. However, for a jury to go further and assess punitive damages against the defendant for harms to those nonparties was unfair and did not give the defendant adequate notice of its liability in the subject lawsuit before the jury.