FOR IMMEDIATE RELEASE
December 9, 2004

WLF ASKS CALIFORNIA HIGH COURT
TO CURB PUNITIVE AWARDS
(Johnson v. Ford Motor Co.)

The Washington Legal Foundation (WLF) filed a brief today in the Supreme Court of California opposing a $10 million punitive damages award in a consumer fraud case where the economic damages amounted to less than $18,000.

The lawsuit was filed under California’s Song-Beverly Consumer Warranty Act, which requires various disclosures to car buyers and requires various remedies for consumers who experience persistent trouble with a newly-purchased car. The dealer in the case was found to have significantly misrepresented the repair record of a used Ford Taurus. The purchasers of the car brought suit and settled with the dealer, but went to trial against Ford Motor Co. At trial, the jury awarded compensatory damages of $17,811.60 as well as the $10 million punitive award.

On appeal, the Court of Appeal of California, Fifth Appellate District, found that the trial court had failed to assess the punitive award properly under the guidelines established by the U.S. Supreme Court to protect the due process rights of defendants. The U.S. Supreme Court has repeatedly held that the Due Process Clause prohibits the imposition of a grossly excessive or arbitrary punishment on a civil litigant, since civil proceedings do not give defendants the protections guaranteed in criminal cases. The Court of Appeals reduced the punitive award to three times the compensatory damages award, or $53,435. The plaintiffs sought review in the state’s High Court.

WLF’s brief argues that the trial court’s punitive damages award violated the Due Process Clause of the Fourteenth Amendment. WLF argues that the punitive damage award in this case disregarded those rulings in that it was not reasonably proportional to the maximum civil penalty set by the California legislature (namely, twice the actual damages) and in that it was based partly on the defendant’s overall wealth.

Susan Liebeler of Malibu, California represented WLF as local counsel in the case on a pro bono basis.
WLF is a public interest law and policy center with supporters nationwide. It has frequently litigated in opposition to excessive punitive damages awards. It has appeared as amicus curiae in all major punitive damages cases before the U.S. Supreme Court in recent years, and has also filed briefs in California and other State courts addressing the constitutionality of punitive damages awards. WLF filed a brief in a companion case to Johnson v. Ford Motor Co., the punitive damages case Simon v. San Paolo Bank U.S. Holding Co. In addition, WLF has sought to educate policymakers about punitive damages issues through numerous policy papers published by its Legal Studies Division.

***

WLF’s brief is posted on its web site, http://www.wlf.org. For further information, contact WLF Senior Vice President for Legal Affairs David Price, (202) 588-0302.