

Court overturns Oregon tobacco award

by Bend_Weekly_News_Sources

US Supreme Court overturns case against Philip Morris USA that awarded \$79.5 million in punitive damages to deceased smoker's wife

The U.S. Supreme Court today reversed and vacated a \$79.5 million punitive damage award returned by a 1999 Oregon jury in a case known as Williams-Branch. The case will now return to the Oregon courts for proceedings consistent with Philip Morris USA's due process rights.

In a 5 to 4 decision authored by Justice Stephen Breyer, the Court held that it is unconstitutional for a jury to award punitive damages to punish for harm to individuals who are not before the Court "as it was invited to do so in the Williams trial" - and that such an award would amount to a taking of property without due process.

"We believe that this decision will provide Philip Morris USA with an opportunity to fully and fairly defend itself in this and other cases," said William S. Ohlemeyer, Philip Morris USA vice president and associate general counsel.

"There are clearly constitutional limits to the imposition of punitive damages, and today's decision makes clear that state courts must properly instruct juries on those limits to ensure that they are punishing only for harm caused to the plaintiff, and not to strangers," said Ohlemeyer.

The Williams-Branch case was the first individual smoking and health case tried in Oregon. The plaintiff, the wife of a deceased smoker, sued Philip Morris USA for fraud and negligence. In 1999, the jury returned a verdict against Philip Morris USA on the fraud claim and awarded the plaintiff \$821,000 in compensatory damages and \$79.5 million in punitive damages, which the trial court later reduced to \$32 million. The appellate court later reinstated the \$79.5 million punitive damages award. Following its landmark State Farm decision in 2003, the U.S. Supreme Court vacated the punitive damages award in Williams-Branch and remanded the case with instructions that the Oregon courts should reconsider the appeal. In response, the intermediate Court of Appeal, and then the Oregon Supreme Court, once again reinstated the original \$79.5 million jury award, leading to this second appeal to the U.S. Supreme Court.

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