

An 18-year-old sued the manufacturer of the e-cigarettes he had vaped for the previous two years in an appropriate federal district court for \$1 million. The teenager claimed that the e-cigarettes caused him to develop a serious lung disease. The teenager also alleged that the manufacturer knew the risks posed by e-cigarettes but failed to disclose these risks to its users.

After a trial, the jury returned a verdict in favor of the teenager for \$1 million in compensatory damages and \$20 million in punitive damages. The judge entered a final judgment in accordance with the jury's verdict the same day.

Three weeks later, the manufacturer filed a motion for remittitur to reduce the amount of punitive damages, arguing that the damages award was excessive and violated the due process clause of the Fourteenth Amendment. The district court denied the motion, and the manufacturer appealed that ruling on due process grounds.

Is the federal appellate court likely to affirm the district court's denial of the motion for remittitur?

- A. No, because the judge abused his discretion.
- B. No, because the punitive damages awarded were excessive.
- C. Yes, because the judge had no authority to alter the jury's award of damages.
- D. Yes, because the motion for remittitur was untimely filed.

Explanation:

Altering jury's award of damages

(FRCP 59(e))

Type of alteration	Definition	Applicability
Remittitur	Defendant's request to <i>reduce</i> jury award of <i>excessive</i> damages	Plaintiff must be offered choice between: <ul style="list-style-type: none">• reduced damages <i>or</i>• new trial on damages
Additur	Plaintiff's request to <i>increase</i> jury award of <i>inadequate</i> damages	Never allowed in federal court

FRCP = Federal Rule of Civil Procedure.

A losing party may file a **motion for remittitur** within **28 days** of the entry of a final judgment to request that the trial judge **reduce** an allegedly **excessive jury award of damages (Choice C)**. Here, the manufacturer timely filed its motion for remittitur of the jury's punitive damages award three weeks (21 days) after the trial judge entered a final judgment **(Choice D)**. Although this motion was denied, the manufacturer can appeal that ruling.

A ruling on a motion for remittitur is typically discretionary and reviewed by an appellate court for abuse of discretion. But when that ruling is **challenged on constitutional grounds**—eg, due process—it presents an issue of law that is **reviewed de novo (Choice A)**. A review of the constitutionality of a punitive damages award requires an examination of three factors:

- The degree of reprehensibility of the defendant's misconduct
- The size of the award in comparison to the statutory penalties for comparable misconduct
- The **ratio of punitive damages to compensatory damages** (this factor receives great weight)

Although the Supreme Court has never identified a precise unconstitutional ratio, it stated in *State Farm Mut. Ins. Co. v. Campbell* that the ratio generally **cannot exceed 9 to 1**. Here, the jury awarded the teenager \$20 million in punitive damages compared to \$1 million in compensatory damages—a 20-to-1 ratio. Therefore, the appellate court will likely conclude that the punitive damages were unconstitutionally excessive and reverse the district court's denial of the motion for remittitur.

Educational objective:

Appellate courts apply the de novo standard of review to conclusions of law—eg, that punitive damages were not unconstitutionally excessive. Punitive damages are almost always unconstitutional when the ratio of punitive to compensatory damages is greater than 9 to 1.

References

- Fed. R. Civ. P. 59(e) (motion to amend judgment).
- *Cooper Indus., Inc. v. Leatherman Tool Grp., Inc.*, 532 U.S. 424, 435 (2001) (requiring de novo review of punitive damages awards).
- *State Farm Mut. Ins. Co. v. Campbell*, 538 U.S. 408, 425 (2003) (holding that punitive damages are likely unconstitutional if they exceed a 9-to-1 ratio).

Copyright © UWorld. All rights reserved.