

A movie theater brought an action against a manufacturer and a retailer based solely on strict products liability for damages suffered when the theater's \$20,000 movie projector caught on fire. While the fire destroyed the projector, it caused no property damage to its surroundings and no bodily harm because the projectionist put out the fire before it could spread. The movie theater sought economic damages based on the cost of the projector, as well as lost profits for the week the theater was closed until a replacement projector could be obtained.

At trial, the court ruled that because the projector had been destroyed, the theater was entitled to an inference that it was defective, which the defendants were free to rebut. The manufacturer presented evidence clearly showing that the only damage sustained by the theater was the destruction of the projector. The manufacturer and the retailer then filed a joint motion for a directed verdict.

Should the court grant the motion?

- A. No as to both defendants, because the court must infer that the projector was defective.
- B. No as to both defendants, because the theater is entitled to recover economic losses.
- C. Yes as to both defendants, because the theater suffered purely economic losses.
- D. Yes as to the retailer only, because the retailer was not involved in the manufacture of the projector.

### Explanation:

A motion for a directed verdict should be granted if no reasonable jury could find in the nonmovant's favor. For example, a defendant's motion should be granted if there is insufficient evidence to support any element of the plaintiff's claim. A **strict products liability** claim requires proof of the following elements:

The defendant(s) were commercial sellers (eg, manufacturer, retailer—as seen here).

The product was **defective** at the time it left the defendant's control.

The **defect caused the plaintiff physical harm** (ie, bodily harm or property damage).

As a result, claims for **purely economic loss** are **not allowed**. In products liability cases, purely economic loss includes any **harm to the defective product** itself as well as **consequential damages arising therefrom** (eg, lost profits).

Here, the movie theater is only seeking to recover damages based on the cost of the defective projector and lost profits—both of which are purely economic loss. Therefore, the theater has not suffered adequate damages to recover under its strict products liability claim, and the motion for a directed verdict should be granted as to *both* defendants.

**(Choice A)** Although the theater was entitled to an inference that the projector was defective, the theater cannot recover for its purely economic losses. And since the theater failed to allege property damage or personal injury, the court should grant the defendants' motion for a directed verdict.

**(Choice B)** The movie theater may have been entitled to recover economic losses had they stemmed from bodily harm or damage to property *other than* the defective product itself (not seen here).

**(Choice D)** Commercial sellers are subject to strict liability for a defective product even if they were not responsible for the defect in any way. Accordingly, the retailer cannot escape liability on the basis that it was not involved in the manufacture of the projector.

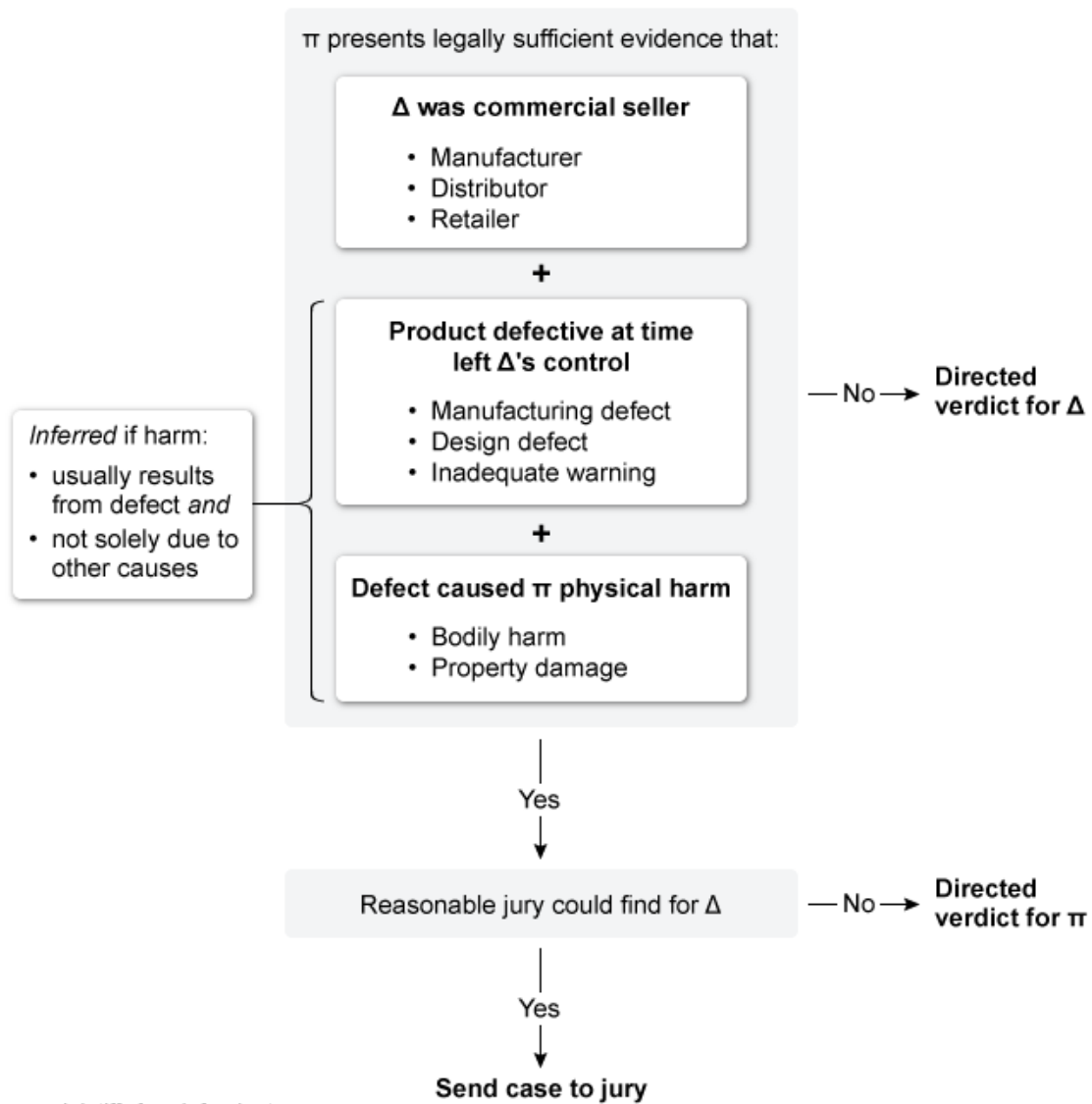
### Educational objective:

Strict products liability claims require proof of physical harm (ie, bodily harm or property damage). Claims for purely economic loss, including harm to the defective product itself and consequential damages arising therefrom, are not allowed.

### References

Restatement (Third) of Torts: Prods. Liab. § 21 (Am. Law Inst. 1998) (economic loss).

## Directed verdict (strict products liability)



$\pi$  = plaintiff;  $\Delta$  = defendant.