



Issue brief

Protection for Innocent Sellers

Why is protection for innocent sellers of products needed?

Ever-changing technologies, the growth of free trade, and the development of increased industry in developing countries around the world have resulted in an explosion of new products available to American consumers. Anyone who has paid attention to the news over the past year has noticed the increase in product defect claims by consumers. Many of these disputes end up in litigation, not only against the manufacturer, but also against the seller or distributor of the product.

Too often, companies are sued for simply selling an allegedly defective product that was manufactured by another party. Legal fees and insurance premiums to protect sellers from liability and potentially crippling verdicts are staggering. These costs have a significant, negative impact on a company's bottom line and on its ability to hire and keep workers. The high cost of litigation quite often makes it cheaper for insurance companies to settle with plaintiffs than to go to trial, despite the seller's innocence of any wrongdoing.

How does the current law work?

Current law imposes liability without wrongdoing on sellers, and exposes them to all of the harm allegedly suffered by a plaintiff, even though other defendants may have played the critical role in causing the damages. The "mistake" may have been in the manufacture or design of the product, or in a customer's improper use of the product, however the seller is often faced with some or all of the liability. No amount of care can free a seller from disproportionate product liability, and plaintiffs' lawyers know this—they routinely sue anyone in the chain of distribution of a product, often forcing settlements out of otherwise innocent merchants.

What is the solution?

The solution is what is referred to as "innocent seller" legislation. The goal of innocent seller legislation is to shift responsibility to those actually responsible for causing the injury. If a product seller had no role in designing or manufacturing the product, and did not alter the product, he/she would not be liable merely because the product passed through the company's hands.

GOVERNMENT AFFAIRS DEPARTMENT

GENE BARR

President and CEO

Phone: 717 720-5469

Email: gbarr@pachamber.org

SAM DENISCO

Vice President,

Government Affairs

Phone: 717 720-5580

Email: sdenisco@pachamber.org

ALEX HALPER

Manager, Government Affairs

Phone: 717 720-5471

Email: ahalper@pachamber.org

ALISHA WELLS

Manager, Government Affairs

Phone: 717 720-5431

Email: awells@pachamber.org