

1 S.164

2 Introduced by Senator Hartwell

3 Referred to Committee on

4 Date:

5 Subject: Court procedure; products liability

6 Statement of purpose of bill as introduced: This bill proposes to limit the
7 liability of a seller in a products liability action. A seller would not be liable
8 unless the seller manufactured, designed, or installed the product, or unless the
9 seller modified or expressly warranted the product in a manner not authorized
10 by the manufacturer.

11 An act relating to limiting seller liability in products liability actions

12 It is hereby enacted by the General Assembly of the State of Vermont:

13 Sec. 1. FINDINGS

14 The General Assembly finds that:

15 (1) it is unfair for a seller to be held responsible under the doctrine of
16 products liability for damages that the seller did not cause;

17 (2) as a result of products liability, a seller is often brought into
18 litigation despite the fact that the seller's conduct had nothing to do with the
19 accident or transaction giving rise to the lawsuit, and may therefore face

1 increased and unjust costs due to the possibility or result of unfair and
2 disproportionate damage awards;

3 (3) due to high liability costs and unwarranted litigation costs, sellers
4 face higher costs in purchasing insurance through interstate insurance
5 markets; and

6 (4) liability reform for sellers will promote the free flow of goods and
7 services, lessen burdens on interstate commerce, and decrease litigiousness.

8 Sec. 2. 12 V.S.A. § 1162 is added to read:

9 § 1162. LIMITATION ON LIABILITY OF PRODUCT SELLERS

10 (a)(1) A seller of a product shall not be liable for personal injury, monetary
11 loss, or damage to property arising out of an accident or transaction involving
12 the product unless the seller:

13 (A) manufactures the product;

14 (B) participates in the design of the product;

15 (C) participates in the installation of the product; or

16 (D) alters, modifies, or expressly warrants the product in a manner
17 not authorized by the manufacturer.

18 (2) If a seller engages in one of the activities identified in subdivision
19 (1)(A), (B), (C), or (D) of this subsection, the seller's liability shall be limited
20 to the personal injury, monetary loss, or damage to property directly caused by
21 the activity.

1 (b) As used in this section:

2 (1) “Manufacturer” means a person who is lawfully engaged in the
3 business of manufacturing a product during the person’s ordinary course of
4 trade or business.

5 (2) “Seller” means a person who is lawfully engaged in the business of
6 marketing, distributing, advertising, or selling a product during the person’s
7 ordinary course of trade or business.

8 Sec. 3. EFFECTIVE DATE

9 This act shall take effect on passage.