

HOW WELL DOES OUR SYSTEM WORK?

Lawsuit abuse?

ILLUSTRATION I:
LIEBECK V.
MCDONALD'S
RESTAURANTS

Facts:

Stella Liebeck, seventy-nine years old and a passenger in her nephew's car, bought a cup of coffee at the drive-through window of a McDonald's in Albuquerque, New Mexico. As she placed the cup between her legs to remove the lid to add cream and sugar, she spilled the coffee, burning herself.

Liebeck sued McDonald's, alleging that the coffee was too hot, and a jury awarded her \$160,000 to compensate her for her injuries and another \$2.7 million to punish McDonald's.

Option 1: McDonald's deserved this! This is a fair result.

Option 2: Are you serious? This result is not fair.

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Defendant's lawyer: "This is a blatant example of 'lawsuit abuse.' Everyone knows that coffee is hot, and if you spill it, you can burn yourself. But no one is willing to accept the consequences of an everyday accident. Instead, judges and juries have run amok in allowing plaintiffs to pass their misfortune on to someone with a deep pocket."

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Plaintiff's lawyer: "This is evidence of how well our legal system works. McDonald's has received over 700 complaints about the temperature of the coffee it served and had settled many of these complaints. The company served its coffee at a temperature that its managers admitted was too hot to drink right away and hot enough to cause burns. Stella was in the hospital for a week with third-degree burns requiring skin grafts. She initially was willing to settle the case for just the cost of her medical expenses, but McDonald's refused."

New Facts: \$2.7 million dollars is the amount of money that McDonald's makes from only two days of coffee sales. Additionally, during cross-examination, Stella admitted that she was *not careful* when she attempted to add cream and sugar to her coffee.

Option 1: Because Stella was partially responsible for her injuries, the jury should reduce her award accordingly. The jury reduces her award to \$675,000 (1/2 the amount of money that McDonald's makes selling coffee for one day). Further, the trial judge should have the discretion to reduce the punitive damage award to \$480,000 (i.e., 3 times the amount of compensatory damages). Stella's damages = \$160,000 in compensatory damages and \$480,000 in punitive damages, for a total award of \$640,000.

Option 2: Because Stella was partially responsible for her injuries, the jury should reduce her award accordingly. Stella's damages = \$160,000 in compensatory damages and \$675,000 in punitive damages, for a total award of \$835,000.

Option 3: Leave the award of damages as is. Stella's damages = \$160,000 in compensatory damages and \$2.7 million in punitive damages, for a total award of \$2,860,000.