

SUPREME COURT OF ARIZONA

State Farm Insurance Companies v. Premier Manufactured Systems, Inc., 217 Ariz. 222

172 P.3d 410 (2007) · No. CV-06-0338-PR · Decided December 3, 2007

SUMMARY

The Arizona Supreme Court held that Arizona’s statutory abolition of joint and several liability applies to strict products liability actions. Under A.R.S. § 12-2506, liability among participants in a defective product’s distribution chain is generally several only, with fault apportioned among tortfeasors. The court rejected constitutional challenges under Article 18, Section 6 of the Arizona Constitution and affirmed the superior court and court of appeals.

CASE DETAILS

COURT	Supreme Court of Arizona
WRITING FOR THE COURT	Andrew D. Hurwitz, Justice; Ruth V. McGregor, Chief Justice; Rebecca White Berch, Vice Chief Justice; Michael D. Ryan, Justice; W. Scott Bales, Justice
JURISDICTION	Arizona
DECIDED	December 3, 2007
DOCKET	CV-06-0338-PR
DISPOSITION	affirmed
PROCEDURAL POSTURE	State Farm, as subrogee of its insured, appealed the denial of its motion for partial summary judgment and challenged a stipulated judgment holding Premier liable only for its allocated percentage of fault. The Arizona Supreme Court granted review of whether Arizona's abolition of joint and several liability applies to strict products liability actions.
STANDARD OF REVIEW	De novo review of statutory interpretation and constitutional questions.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	State Farm Insurance Companies v. Premier Manufactured Systems, Inc.

TOPICS

products liability

strict liability

comparative fault

statutory interpretation

constitutional law

PRACTICE AREAS

products liability

strict liability

comparative fault

statutory interpretation

constitutional law

insurance subrogation

QUESTIONS PRESENTED

1. Whether A.R.S. § 12-2506 abolishes joint and several liability among participants in the chain of distribution in strict products liability actions.
2. Whether the agency or servant exception in A.R.S. § 12-2506(D)(2) applies merely because Premier purchased and incorporated Worldwide's component product.
3. Whether applying several-only liability and comparative fault to strict products liability actions conflicts with Article 18, Section 6 of the Arizona Constitution.
4. Whether A.R.S. §§ 12-2509 and 12-684 preserve joint and several liability in strict products liability actions.

HOLDINGS

1. A.R.S. § 12-2506 abolishes joint and several liability in strict products liability actions except for the specific statutory exceptions in § 12-2506(D). Liability among participants in the chain of distribution is several only, and fault must be apportioned among the tortfeasors.
2. The mere purchase of a defective component from a supplier does not establish a conventional principal-agent or master-servant relationship and does not trigger the joint-liability exception in § 12-2506(D)(2).
3. Applying several-only liability and comparative fault to strict products liability actions does not violate Article 18, Section 6's anti-abrogation clause or its prohibition on statutory limitations of damages.

KEY QUOTATIONS

"We conclude that the legislative abolition of joint and several liability in 1987 extends to strict products liability actions. In such cases, liability is several only and fault must be apportioned among tortfeasors." (§1)

"For the reasons above, we conclude that the legislature abolished joint and several liability for participants in a defective product's chain of distribution with its amendment in 1987 of A.R.S. § 12-2506 and that this statute does not offend Article 18, Section 6 of the Arizona Constitution." (§40)

FACTUAL BACKGROUND

A leak in a homeowner's water filtration system damaged the home and personal property, and State Farm paid the homeowner \$19,270.86. The system contained plastic canisters manufactured by Worldwide Water Distributing, Ltd. and incorporated into a system assembled and sold by Premier Manufactured Systems, Inc.

State Farm sued both entities in strict products liability; Worldwide defaulted, and the parties stipulated that a defect in one of the canisters caused the leak, with Worldwide 75% at fault and Premier 25% at fault. Because Worldwide was insolvent or unavailable for collection, State Farm could recover only Premier's 25% allocation under a several-only liability regime.

PROCEDURAL HISTORY

State Farm sued Premier and Worldwide Water Distributing, Ltd., alleging that both were strictly liable for distributing a defective water filtration system. Worldwide defaulted. The superior court denied State Farm's motion for partial summary judgment seeking joint and several liability, and the parties entered a stipulated judgment allocating 75% fault to Worldwide and 25% to Premier. The court of appeals affirmed, and the Arizona Supreme Court affirmed the superior court and court of appeals.

DISPOSITION

affirmed

CASES CITED

- Holtz v. Holder, 101 Ariz. 247, 418 P.2d 584 (1966)
- Holmes v. Hoemako Hosp., 117 Ariz. 403, 573 P.2d 477 (1978)
- Gehres v. City of Phoenix, 156 Ariz. 484, 753 P.2d 174 (App. 1987)
- Dietz v. Gen. Elec. Co., 169 Ariz. 505, 821 P.2d 166 (1991)
- Wiggs v. City of Phoenix, 198 Ariz. 367, 10 P.3d 625 (2000)
- Jimenez v. Sears, Roebuck & Co., 183 Ariz. 399, 904 P.2d 861 (1995)
- O.S. Stapley Co. v. Miller, 103 Ariz. 556, 447 P.2d 248 (1968)
- Bridgestone/Firestone N. Am. Tire, L.L.C. v. A.P.S. Rent-A-Car & Leasing, Inc., 207 Ariz. 502, 88 P.3d 572 (App. 2004)
- State Farm Ins. Cos. v. Premier Manufactured Sys., Inc., 213 Ariz. 419, 142 P.3d 1232 (App. 2006)
- Owens v. Truckstops of Am., 915 S.W.2d 420 (Tenn. 1996)
- Wimberly v. Derby Cycle Corp., 65 Cal. Rptr. 2d 532 (Ct. App. 1997)
- McIntyre v. Balentine, 833 S.W.2d 52 (Tenn. 1992)
- Hazine v. Montgomery Elevator Co., 176 Ariz. 340, 861 P.2d 625 (1993)
- Duncan v. Scottsdale Med. Imaging, Ltd., 205 Ariz. 306, 70 P.3d 435 (2003)
- Boswell v. Phoenix Newspapers, Inc., 152 Ariz. 9, 730 P.2d 186 (1986)
- Barrio v. San Manuel Div. Hosp., 143 Ariz. 101, 692 P.2d 280 (1984)
- Torres v. Goodyear Tire & Rubber Co., 163 Ariz. 88, 786 P.2d 939 (1990)
- Daly v. Gen. Motors Corp., 575 P.2d 1162 (Cal. 1978)
- Hutcherson v. City of Phoenix, 192 Ariz. 51, 961 P.2d 449 (1998)

Retrieved from lawtools.ai · <https://lawtools.ai/cases/state/arizona-supreme-court-of-arizona/2007/state-farm-insurance-companies-v-premier-manufactured-8pf2t6qo>