

Federal Court Sets High Bar for Pleading Products Liability Cases in New Jersey

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Products liability is an area of law that both sides of the aisle vigorously litigate. Like in most litigation, products liability claims provide subrogation attorneys with an important means of prosecuting cases against manufacturers, sellers, and other entities in the stream of commerce. Of course, these claims also come with numerous "buyer beware" requirements.

New Jersey allows products liability claims and the United States District Court for the District of New Jersey (District Court) clarified how such claims should be plead in *Cambridge Mut. Fire Ins. Co. a/s/o David Krug vs. Stihl, Inc.*, No. 22-05893, 2024 U.S. Dist. LEXIS 178804 (D. N.J.). After becoming subrogated to the rights of its insured, Cambridge Mutual Fire Insurance Company (Cambridge) filed suit against Stihl, Inc. (Stihl) in the Superior Court of New Jersey, Morris County, Law Division. Stihl then removed the case to federal court. Once in federal court, Stihl filed a motion to dismiss the action. The District Court granted the motion, doing so in part with prejudice and in part without prejudice.

The case arises from a fire that occurred on March 23, 2022, at the home of David Krug (Mr. Krug). Mr. Krug owned a Stihl-brand chainsaw. He had the chainsaw on a wooden table in a detached garage on the day of the fire. He also had the battery for the chainsaw charging in the garage. Mr. Kurg claims to have seen fire coming from the area where the chainsaw battery was charging.

Cambridge alleged that the Stihl battery was defective, raising both design and manufacturing defect claims under the New Jersey Product Liability Act, N.J.S.A. 2A:58C-1 to 11, et. seq. (PLA), and a claim pursuant to the indeterminate product defect test. Upon review of Stihl's motion to dismiss, the District Court reviewed the standard for properly pleading products liability claims. It found that Cambridge failed to properly plead its manufacturing and design defect claims under the PLA. The District Court found that Cambridge's PLA claim was "barebones" and dismissed this claim without prejudice. Stating that New Jersey has not recognized a standalone claim for the indeterminate product defect test, the District Court also dismissed this claim, but with prejudice.

Like many jurisdictions, in New Jersey plaintiffs have the benefit of strict liability when they plead a products liability claim. These claims are based on one of three theories: defective manufacture, defective design, and defective warnings. To support these claims, the plaintiff must prove that the product was defective at the time it left the defendant's control, and it caused injury to a reasonably foreseeable user.

Alleging both manufacture and design theories under the PLA, Cambridge failed to plead its claims with sufficient specificity to survive the motion to dismiss. Citing conclusory allegations, the court found that Cambridge's design defect claim failed to plead either an alternative design or that the product's risk outweighed its harms. Similarly, it found that the allegations related to a manufacturing defect claim were insufficient to prove a specific defect in the product.

This holding is important in that it sets the bar for what plaintiffs must allege at the pleading stage. The court seems to be sending the message that if plaintiffs want the benefit of a products liability claim, they must plead with more specificity than in a general negligence claim. The hard-lined approach taken by the District Court probably highlights why the defendant removed the case to federal court in the first place.

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With respect to Cambridge's claim based on the indeterminate product defect test, the District Court clarified that while plaintiffs are free to use this test for proving their products liability cases, it is only a means for supporting a manufacturing defect claim. It cannot be pled as its own claim. The test, however, is an important tool at the plaintiffs' disposal since it allows a products liability claim even when there is no proof of a specific defect. Under the test, plaintiffs can prove that the harm was of a kind that ordinarily occurs as the result of a product defect, if they can also prove that the harm caused was not the result of causes other than the defect.

While the District Court dismissed Cambridge's indeterminate product defect claim, the holding may be just as important in that it recognizes the test as valid. Because of the nature of fire, products are often so severely destroyed that experts are unable to determine a specific defect because of the unavailable evidence. This alternative means of proving a defect is critical in such cases, and any court reiterating its availability is a positive result for subrogation practitioners.

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