

RJ Reynolds vows to fight \$23.6B in damages

July 20 2014, by Jennifer Kay



In this Feb. 6, 2008 photo, a smokestack of an old R.J. Reynolds Tobacco plant frames the Reynolds American building in Winston-Salem, N.C., A Florida jury has slammed R.J. Reynolds Tobacco Co. with \$23.6 billion in punitive damages in a lawsuit filed by Cynthia Robinson, the widow of a longtime smoker who died of lung cancer in 1996. The damages the jury awarded to Robinson on Friday, July 18, 2014, after a four-week trial come in addition to \$16.8 million in compensatory damages. (AP Photo/Chuck Burton)

(AP)—The No. 2 U.S. cigarette maker is vowing to fight a jury verdict

of \$23.6 billion in punitive damages in a lawsuit filed by the widow of a longtime smoker who died of lung cancer.

R.J. Reynolds Tobacco Co. executive J. Jeffery Raborn has called the damages awarded by a jury in Pensacola, Florida "grossly excessive and impermissible under state and constitutional law."

"This verdict goes far beyond the realm of reasonableness and fairness, and is completely inconsistent with the evidence presented," Raborn, a company vice president and assistant general counsel, said in a statement. "We plan to file post-trial motions with the trial court promptly, and are confident that the court will follow the law and not allow this runaway verdict to stand."

One of the widow's attorneys said the verdict Friday night sends a powerful message to tobacco companies.

"The jury wanted to send a statement that tobacco cannot continue to lie to the American people and the American government about the addictiveness of and the deadly chemicals in their cigarettes," said Christopher Chestnut, one of the attorneys representing Cynthia Robinson.

The case is one of thousands filed in Florida after the state Supreme Court in 2006 threw out a \$145 billion class action verdict. That ruling also said smokers and their families need only prove addiction and that smoking caused their illnesses or deaths.

Last year, Florida's highest court re-approved that decision, which made it easier for sick smokers or their survivors to pursue lawsuits against tobacco companies without having to prove to the court again that Big Tobacco knowingly sold dangerous products and hid the hazards of cigarette smoking.

The damages awarded to Robinson after a four-week trial came in addition to \$16.8 million in compensatory damages awarded Thursday.

Robinson individually sued Reynolds in 2008 on behalf of her late husband, Michael Johnson Sr., who died in 1996. Her attorneys said the punitive damages are the largest of any individual case stemming from the original class action lawsuit.

The verdict came the same week that Winston-Salem, North Carolina-based Reynolds American Inc., which owns R.J. Reynolds Tobacco Company, announced it was purchasing Lorillard Tobacco Co., the country's No. 3 cigarette maker, in a \$25 billion deal. That would create a tobacco company second only in the U.S. to Marlboro maker Altria Group Inc., which owns Philip Morris USA Inc. and is based in Richmond, Virginia.

The deal is expected to close in the first half of 2015 and likely will face regulatory scrutiny.

Anti-smoking advocates hailed the verdict as a reminder of what they called the tobacco industry's history of marketing to children and hiding the truth about their products.

"Wall Street analysts like to say the industry's liability risk is manageable. What this verdict shows is the tobacco industry's risk is far greater than Wall Street analysts would lead investors to believe," said Vince Willmore, spokesman for the Campaign for Tobacco-Free Kids.

In June, the U.S. Supreme Court turned away cigarette manufacturers' appeals of more than \$70 million in court judgments to Florida smokers. Reynolds, Philip Morris USA Inc. and Lorillard Tobacco Co. had wanted the court to review cases in which smokers won large damage awards without having to prove that the companies sold a defective and

dangerous product or hid the risks of smoking.

The Supreme Court refused to hear another of the companies' appeals last year, asking the court to consider overturning a \$2.5 million Tampa jury verdict in the death of a smoker.

Other Florida juries have hit tobacco companies with tens of millions of dollars in punitive damages in lawsuits stemming from the original class action lawsuit.

In August, a Fort Lauderdale jury awarded \$37.5 million, including \$22.5 million in punitive damages against Reynolds, to the family of a smoker who died at age 38 of lung cancer in 1995.

Attorneys for Reynolds said they would appeal, arguing that the woman knew the dangers of smoking because cigarettes had warning labels when she started. The attorney for the woman's family said teenagers like her were targeted by tobacco companies.

Some large jury verdicts awarding tens of millions of dollars in damages to relatives of smokers have been upheld by appeals courts.

In September, the 3rd District Court of Appeals affirmed \$25 million in punitive damages and \$10 million in compensatory damages against Lorillard for Dorothy Alexander, whose husband died in 1996 of lung cancer. Lorillard, based in Greensboro, North Carolina, unsuccessfully argued the damages were excessive and raised a number of other claims.

The 1st District Court of Appeals upheld in June 2013 a \$20 million punitive damage award to another smoker's widow, more than a year after reversing a \$40.8 million award in the same case against Reynolds. After the appeals court rejected the first award as excessive the award amount was recalculated. The tobacco company still objected.

Messages left with Atria and Lorillard spokesmen were not immediately returned.

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