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High Court could reduce punitive damages for Exxon Valdez disaster

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High Court could reduce punitive damages for Exxon Valdez disaster

by Brain Mooar, NBC News
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WASHINGTON, D.C. -- Nearly 19 years after the Exxon Valdez oil spill the fight over responsibility and punishment made its way to the U.S. Supreme Court Wednesday.

The Court focused on whether the oil giant was reckless for employing a known alcoholic and whether it should be forced to pay billions of dollars in punitive damages.

Exxon Mobil asked the Supreme Court to overturn a \$2.5 billion punitive award for the infamous oil spill, saying it's already paid a dear price for a drunken captain who broke the rules.

But the thousands of Alaska Natives and fishermen whose lives and livelihoods were changed overnight say they deserve to be compensated for their loss.

"What \$2.5 billion is going to do, help deter the next oil spill and the one after that and that one after that," environmentalist Ricki Ott said. "It's also going to help bring a little bit of closure to our lives."

"Each of them stands to receive only \$75,000," said attorney for Alaskans, Jeffrey Fisher. "That's a modest amount for having your livelihood taken away from you."

Fisher, Stanford University Law professor, argued on behalf of the plaintiffs that Exxon knew for three years that Captain Joseph Hazelwood was an alcoholic and did nothing.

Fisher acknowledged Exxon had rules prohibiting drinking while driving a ship but said they existed only on paper.

Exxon attorney Walter Dellinger argued Hazlewood had no right to break company policy and that he was not acting in a management role when he ran his ship aground, spilling 11 million gallons of crude.

Chief Justice John Roberts asked where management begins, saying a captain seems a lot closer to a "cargo ship CEO" than a cabin boy. But Justice Antonin Scalia questioned whether a captain sets policy.

Exxon also argued that huge punitive damages have never been allowed under maritime law. The company says it's already paid nearly \$3.5 billion for the clean up -- and hundreds of millions of dollars in compensatory damages to the victims.

Dellinger said the biggest punitive award on record in a maritime case was just \$500,000 and urged the court to use two cases dating back to the 1800s as guidance.

"What Exxon's asking for, isn't to carve out shipmasters under maritime law," Fisher said. "It's asking to protect Fortune 500 companies that happen to own ships."

Exxon's attorneys didn't comment after the hearing. But the company did release a statement:

"ExxonMobil this week made its case in the United States Supreme Court on the question of whether punitive damages are applicable in the Exxon Valdez oil spill case.



Environmentalist Ricki Ott (NBC News)



Nearly 19 years after the Exxon Valdez oil spill the fight over responsibility and punishment made its way to the U.S. Supreme Court Wednesday. (NBC News)



Attorney for Alaskans, Jeffrey Fisher (NBC News)



Exxon attorney Walter Dellinger (Courtesy Art Lien)



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The company says it's already paid nearly \$3.5 billion for the clean up -- and hundreds of millions of dollars in compensatory damages to the victims. (NBC News)

"As the company has said many times, the Valdez oil spill was a tragic accident, and one which the company deeply regrets.

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"The punitive damages case before the Supreme Court is not about compensating people for actual damages. All such claims have been resolved. Rather, the case is about whether further punishment is warranted in a situation where the company voluntarily compensated most plaintiffs within a year of the spill, and has spent over \$3.5 billion, including compensatory

payments, cleanup payments, settlements and fines. The company believes no punitive damages are warranted in this case.

"It is our view that, by hearing this case, the Supreme Court has an important opportunity to provide guidance to the lower courts in relation to the application of punitive damages.

"The company will now await the court's decision on this matter, which is expected by the middle of this year."

A lawyer who once represented the fishermen in this case says it's been a long, tough slog through the legal system.

"It should never take any case 18 years to make it to the Supreme Court," Brian O'Neill said. "During that time, about one-fifth of our clients have died and they'll never see justice."

From Alaska to the nation's highest court, a long fight is finally headed toward closure. But even after waiting 19 years, the people of Alaska must wait a little longer, since a decision is not expected until sometime this summer.

Alaska News

Residents worry Supreme Court won't deliver justice

Wednesday's Supreme Court hearing is causing a lot of anxiety for Alaskans, like some residents of Cordova, who are part of the lawsuit against Exxon Mobil.



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