



Clean Energy Jobs^{and} Oil Company Accountability Act

Addressing Exxon v. Baker

Background

In March 1989, the Exxon-Valdez ran aground spilling 11 million gallons of crude oil into Prince William Sound. The oil spill has had enormous impacts on Prince William Sound's rich fishing grounds and in response to those damages a class action lawsuit was filed by some of the region's fishermen, Native Alaskans, businesses, and local governments.

In 1994, a jury awarded \$5 billion in punitive damages to the claimants in addition to the amount they were awarded for the compensatory damages. Exxon subsequently appealed the decision to the U.S. Court of Appeals for the Ninth Circuit. The Ninth Circuit ordered the original judge to reduce the punitive damages and in December 2002, the judge announced that he had reduced the damages to \$4 billion.

Exxon responded by appealing again which sent the case back to the Ninth Circuit where it reduced the punitive damages award to \$2.5 billion in light of recent U.S. Supreme Court rulings that placed limitations on punitive damages. Exxon responded by appealing again.

In June 2008 the Supreme Court ruled 5 to 3 to further reduce the total amount of punitive damages to \$500 million. The Supreme Court decision to reduce damages was based largely on a determination that as a matter of maritime common law punitive damages should be limited to an amount equal to compensatory damages.

Need

The majority opinion written by Justices Stevens and Ginsburg state that Congress would be better equipped than the Courts to provide guidance on appropriate punitive damages under maritime law. Without action, the parties responsible for future oil spills could continue to be protected by maritime common law, and as a result, these parties may not be fully deterred from preventing similar oil spills in the future.

Legislation

The Oil Spill and Clean Energy Action Now Act would respond to the Supreme Court's call to give guidance on punitive damages in maritime law by:

- Providing that in a civil action for damages arising out of a maritime tort, punitive damages may be assessed without regard to the amount of compensatory damages awarded in the action.