



# Products liability: Beating the component parts defense

*Recent cases offer insight into more effective discovery to beat this common defense.*



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Near the top of the defense playbook for products liability you will find the component parts defense. If you haven't seen it yet, you will – it comes right after the “state of the art” and misuse defenses. Some recent appellate decisions show how to beat the component parts defense.

## The component parts defense

Generally, a component manufacturer can avoid strict products liability if the manufacturer supplies a non-defective part and plays no role in designing the finished product. (*Lee v. Electric Motor Division* (1985) 169 Cal.App.3d 375, 385-387.) This is the component parts defense.

The policy behind the defense recognizes that component manufacturers cannot be expected to de-

velop expertise on all products that incorporate their components – a screw maker knows about the screws it makes, but cannot be expected to know about the possible risks associated with every air conditioner, computer casing, or toy which incorporates the screws. (*Tellez-Cordova v. Campbell-Hausfeld/Scott Fetzger Co.* (2004) 192 Cal.App.4th 577, 581-582.) In that case, the finished-product manufacturer stands “in a better position to guarantee that the component or raw material is suitable for their particular applications.” (*Id.* [quoting *Springmeyer v. Ford Motor Co.*, 60 Cal.App.4th at 1554].)

But component manufacturers are still subject to traditional products liability principles. (*Gonzalez v. Autoliv* (2nd Dist., 2007) 154 Cal.App.4th 780, 786-787.) For example, the *Autoliv* court rejected the component parts defense where the defendant, Autoliv, supplied Ford Motor Company with allegedly defective parts for an airbag system. The court held that Autoliv failed to



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negate the plaintiff's design defect theory under the risk-benefit test stated in *Barker v. Lull Engineering Co.* (1978) 20 Cal.3d 413, 430-431. (*Autoliv, supra*, 154 Cal.App.4th at 787.)

Under the risk-benefit test, a product is defective in design if it fails to perform as safely as an ordinary consumer would expect when used in an intended or reasonably foreseeable manner (the "consumer expectation test"), or its benefits do not outweigh its inherent risks (the "risk-benefit test"). (*Autoliv, supra*, 154 Cal.App.4th at 786.) The risk-benefit test weighs such factors as the gravity of the danger; the likelihood – or foreseeability – of the danger; the mechanical feasibility of a safer alternative design; the financial cost of an improved design; and any risks posed by the alternative design. (*Ibid.*) Once a plaintiff shows the product's design caused the injury, the burden shifts to the manufacturer to prove the design's benefits outweigh its risks. (*Id.* at 787.)

The court rejected *Autoliv's* argument that the risk-benefit test did not apply to a component-part manufacturer, stating emphatically that "the test considering foreseeable risks of harm and alternative designs is applied to the component part manufacturer when the alleged defect is in the component." (*Id.* at 788-790.) *Autoliv* presented no evidence that the benefits of the airbag part outweighed the risks of injury, so the defendant failed to meet its burden. (*Autoliv, supra*, 154 Cal.App.4th at 787.)

### **O'Neil v. Crane Co.**

(2009) 177 Cal.App.4th 1019

In *O'Neil v. Crane Co.* (2009) 177 Cal.App.4th 1019, 1026, 1030, the court held that two companies who made asbestos-containing parts for a Navy ship's steam propulsion system failed to establish the component parts defense. Defendant Crane Company made most of the valves in the ship's machinery spaces: the boiler rooms, engine rooms, and machine room. All the Crane valves contained asbestos-containing packing, most of the

valves had asbestos-containing insulation, and most of the flange connections required the use of asbestos-lined gaskets.

Defendant Warren Pumps designed and made over 40 pumps used in the ship's machinery spaces. The pumps had asbestos-containing insulation and were designed to be used with asbestos-lined gaskets. At least some pumps were delivered with asbestos-containing packing.

The ship's steam system operated at very high temperatures, which baked the asbestos-containing packing and insulation onto the equipment. During maintenance, the baked-on material had to be removed with a knife, chisel, wire brush or grinder. Removing the material produced a lot of asbestos dust, which floated around the machinery spaces.

Patrick O'Neil worked on the ship from June 1965 to August 1966, and oversaw repairs and maintenance in the ship's machinery spaces while dust floated around him. In 2005, he died of mesothelioma.

In an action based partly on strict products liability, the trial court granted nonsuit for Crane and Warren Pumps based on the component parts defense. (*O'Neil, supra*, 177 Cal.App.4th at 1026.) But the Court of Appeal reversed, holding that the pumps and valves were not component parts. (*Id.* at 1030.)

The court discussed component parts cases, recognizing a distinction between "multi-use" or "building block" products and products designed for a specific use. (*O'Neil, supra*, 177 Cal.App.4th at 1026-1028.) The court found that the component parts defense protected a supplier who sold a multi-use product with the understanding that a buyer would subject the product to processes to make the finished product suitable for its intended use. (See *Id.* at 1027-1028.) The process change was a superseding cause of injury. (*Ibid.*)

In contrast, Crane and Warren Pumps made separate products with specific purposes and uses. (*O'Neil, supra*, 177 Cal.App.4th at 1031.) The pumps

and valves were not altered but were used as intended. (*Ibid.*) Crane and Warren Pumps knew exactly how their products would be used and that their maintenance would produce dangerous asbestos dust. (*Ibid.*) And Crane and Warren Pumps played a role in developing the products with the Navy. (*Ibid.*)

The court rejected the argument that the valves and pumps were merely "building block" material for a finished product – the steam system – over which the defendants had no control. (*Id.* at 1031-1032.) Defining the finished product as the steam system was too broad a definition and rendered the analysis "unworkable." (*Id.* at 1032.) Under such an analysis, the plaintiff would need to prove that the defendants played a role in designing the entire steam system – or the ship itself – which stretched the defense too far. (*Ibid.*)

### **Beating the defense**

Under the component parts cases, the defense only applies where: (a) the part meets the consumer-expectation test; (b) the part does not have a manufacturing defect which causes injury; (c) the part does not have a design defect under the risk-benefit test; and (d) the part manufacturer did not play a role in designing the finished product or integrating the component into the finished product. Evidence which defeats any of these elements defeats the defense.

To defeat the component parts defense, show that the component *itself* is defective. Remember that the risk-benefit test for design defect weighs foreseeability of harm, so present evidence that the component manufacturer knew or should have known that the component would cause harm when integrated or used as intended.

If the component itself is not inherently flawed and was supplied in bulk, building-block or raw-material form, show that the supplier played a role in designing the defective finished product. Demonstrate that the harm was foresee-



able, and the component supplier was in as good a position (or better) to warn about the risk of harm as the finished-product manufacturer. This will defeat the component parts defense, because the policy reasons behind the defense will not apply.

A finished-product manufacturer's process change does not constitute a superseding cause, when a component manufacturer played a role in the process. The bulk-supplier or "raw materials" claim is really just shorthand for lack of causation: "the buyer's process change was a superseding cause of injury." This argument fails where the bulk-supplier played a role in designing the finished product. Causation exists, and the component-manufacturer defense does not apply, when the manufacturer substantially participates in the defective design of the finished product. (*Autoliv, supra*, 154 Cal.App.4th at 788-789, citing Rest. 3d Torts, §5, com. a., p. 131.)

To find the evidence you need, explore these areas in discovery:

- Who designed the part;

- What design changes were made to the part and who made them;
- What was part designed to be used with;
- Who tested the part and what were the results;
- What were the inherent dangers of the part; and
- What role did the component manufacturer play in designing the finished product.

There are other areas to explore, but your investigation should begin here.

### Conclusion

Products liability law applies to component manufacturers and finished-product manufacturers alike. (*Autoliv, supra*, 154 Cal.App.4th at 787, 789.) This follows the policy stated by the California Supreme Court that "[f]or purposes of strict products liability, there are 'no meaningful distinctions' between, on the one hand, component manufacturers and suppliers and, on the other hand, manufacturers and distributors of complete products...." (*Jimenez v. Superior Court of*

*San Diego* (2002) 29 Cal.4th 473, 479-480.) Both component manufacturers and manufacturers of the final products are "'an integral part of the overall producing and marketing enterprise,' may in a particular case 'be the only member of that enterprise reasonably available to the injured plaintiff,' and may be in the best position to ensure product safety." (*Id.* at 479 [citing *Vandermark v. Ford Motor Co.* (1964) 61 Cal.2d 256, 262].)

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