

Appellate Reports

Ramos v. Brenntag Specialties, Inc. *narrows the availability of the component parts doctrine in products-liability cases*

By Jeffrey Ehrlich

Ramos v. Brenntag Specialties, Inc. (2016)

__ Cal.4th __ (Cal. Supreme)

Who needs to know about this case? Lawyers litigating product-liability cases

Why it's important: Narrows the availability of the component parts doctrine, finding that the defense does not apply when the product supplied has not been incorporated into a different finished or end product, but has instead caused injury when used in the manner intended by the supplier. Disapproves *Maxton v. Western States Metals* (2012) 203 Cal.App.4th 81 (*Maxton*).

Synopsis: Plaintiff Ramos worked as mold maker and machine operator for Supreme Castings, which manufactured metal parts through a foundry and fabrication process. His complaint alleged that Ramos worked "with and around" metals, plaster, and minerals supplied to Supreme Castings by various suppliers, which were named as defendants. One group of defendants (the metal suppliers) supplied metal products that were melted in furnaces to form metal castings. Another group of defendants (mold material suppliers) supplied plaster, sand, and stone products used for making molds for the casting process. Ramos alleged that he developed interstitial pulmonary fibrosis as the result of his exposure to, among other factors, fumes from the molten metal and dust from the plaster, sand, limestone, and marble.

Relying on *Maxton*, the trial court sustained the defendants' demurrer without leave to amend, finding that Ramos's claims were barred by the component parts doctrine. The Court of Appeal reversed, disagreeing with *Maxton*. The Supreme Court affirmed.

The component parts doctrine applies (1) when a supplier provides a component or raw material that is not itself defective (by virtue of a manufacturing, design, or warning defect), (2) the component or raw material is changed or transformed when incorporated through the manufacturing process into a different finished or end product, and (3) an end user of the finished product is allegedly injured by a defect in the finished product. Under these circumstances, the component parts doctrine provides protection to the supplier of the component or raw material, subjecting that entity to liability for harm caused by a product into which the component has been integrated only if the supplier (1) substantially participates in the integration of the component into the design of the product; and (2) the integration of the component causes the product to be defective; and (3) the defect in the product causes the harm.

The rationale for the component parts doctrine, as articulated in the Restatement Third of Torts, section 5, is that, "it would be unjust and inefficient to impose liability solely on the ground that the manufacturer of the integrated product utilizes the component in a manner that renders the integrated product defective. Imposing liability would require the component seller to scrutinize another's product which the component seller has no role in developing. This would require the component seller to develop sufficient sophistication to review the decisions of the business entity that is already charged with responsibility for the integrated product."

The component parts doctrine is not applicable in the circumstances alleged by Ramos. Here, Ramos's injury was not caused by a finished product into which the materials supplied by defendants had been transformed and integrated, and thus the explanation and considerations set forth in comment a to section 5 of the Restatement Third of Torts are not applicable. Instead, the injury was allegedly caused directly by the materials themselves when used in a manner intended by the suppliers.

Scott v. Yoho (2016)

__ Cal.App.4th __ (2d Dist., Div. 5)

Who needs to know about this case? Lawyers who handle medical-malpractice cases; lawyers litigating the enforceability of state laws regulating arbitration clauses.

Why it's important: Holds that the Federal Arbitration Act preempts the 30-day rescission right for arbitration clauses in healthcare-provider contracts mandated by Code Civ. Proc., § 1295, subd. (c), where the doctor can make the (minimal) showing that the contract involves interstate commerce.

Synopsis: Decedent, Kenisha Parker, died after undergoing liposuction performed by Dr. Robert Yoho. Her family

Copyright © 2016 by the author.
For reprint permission, contact the publisher: **www.plaintiffmagazine.com**



sued Yoho for wrongful death. Yoho moved to compel arbitration. The trial court refused to enforce the arbitration agreement, finding that it lacked a 30-day rescission provision required by section 1295, subd. (c) of Code of Civil Procedure. Reversed.

First, the court held that the Federal Arbitration Act applied because the contract between the decedent and Dr. Yoho involved interstate commerce, even though the procedure was performed in California. Dr. Yoho made a showing that 20 percent of the medical supplies he used were shipped from out of state; he communicated with out-of-state patients by phone, mail and email; his practice contracts with various out-of-state companies, including insurers, and suppliers. This was sufficient to create a nexus with interstate commerce sufficient to trigger application of the Federal Arbitration Act.

Second, the U.S. Supreme Court's decisions construing the Federal Arbitration Act make clear that "States may regulate contracts, including arbitration clauses, under general contract law principles and they may invalidate an arbitration clause 'upon such grounds as exist at law or in equity for the revocation of *any* contract.' 9 U.S.C. § 2. What States may not do is decide that a contract is fair enough to enforce all its basic terms (price, service, credit), but not fair enough to enforce its arbitration clause. The [Federal Arbitration] Act makes any such state policy unlawful, for that kind of policy would place arbitration clauses on an unequal 'footing,' directly contrary to the [Federal Arbitration] Act's language and Congress' intent."
In *Doctor's Associates, Inc. v. Casarotto* (1996) 517 U.S. 681, 686-687, the high court made it clear that, "A state-law principle that takes its meaning precisely from the fact that a contract to arbitrate is at issue does not comport with [the Federal Arbitration Act]."

The 30-day rescission period in section 1295, subd. (c) does not apply to California contracts generally. California's general rescission statutes, Civil Code sections 1689 through 1695.17, provide no automatic 30-day right to rescind a contract after performance by the other side. Here, the rescission right only exists in the context of the provision of arbitration of medical care disputes. "Because the 30-day rescission period applies only in the context of *arbitration* of medical care disputes, it is preempted by the Federal Arbitration Act."

Short(er) takes:

Kaiser Health Plan, single-enterprise theory; vicarious liability. *Gopal v. Kaiser Foundation Health Plan* (2016) __ Cal.App.4th __ (2d Dist., Div. 1.)

Ms. Gopal, who was not a Kaiser insured, was admitted to a Kaiser Hospital emergency room, and then transferred to a different hospital, where she died. Her family sued Kaiser Foundation Health Plan, Kaiser Hospitals, and the Southern California Permanente Medical Group, alleging that the defendants treated her differently than they would have if she had been a Kaiser member, and that this different treatment caused her death. Plaintiffs argued that all three Kaiser entities were engaged in a single enterprise, and hence could each be held liable.

The Court of Appeal rejected this view. Joint-enterprise liability generally requires that two conditions be met: (1) a unity of interest and ownership so that separate corporate personalities are merged; and (2) an inequitable result if the acts in question are treated as those of a single corporation. The court held that the second prong was not satisfied here. There was no inequity in requiring the plaintiffs to pursue their claims against the hospital and medical group, as opposed to the health plan. The fact that the claims against the hospital and medical group would be subject to MICRA was not an inequity; it is the result of a deliberate legislative determination.

Premises liability; existence of duty of care: *Vasilenko v. Grace Family Church* (2016) __ Cal.App.4th __ (3d Dist.) Grace Family Church (GFC) operated, configured, and staffed an overflow parking lot, which was across a busy street from the church. There was no traffic signal or crosswalk to assist pedestrians walking from the lot to the church. Vasilenko was struck by a car while crossing the street, and sued GFC. The trial court granted GFC's motion for summary judgment, finding that GFC owed Vasilenko no duty of care because it did not own, possess, or control the street where he was injured. Reversed.

The appellate court found that GFC exposed its invitees to an unreasonable risk of harm by maintaining its overflow lot across the street. As a result, it owed them a duty of care to take steps to protect against the risk. As the court explained, "This is not simply a case where a business merely provided instructions about where to park; rather, this is a case where an entity maintained and operated a parking lot in a location that required its invitees to cross a busy thoroughfare *and* directed its invitees to that lot when its main lot was full."


Ehrlich

Jeffrey I. Ehrlich is the principal of the Ehrlich Law Firm, *with offices in Encino and Claremont, California. He is a cum laude graduate of the Harvard Law School, a certified appellate specialist by the California Board of Legal Specialization, and a member of the CAALA Board of Governors. He is the editor-in-chief of* Advocate *magazine and a two-time recipient of the CAALA Appellate Attorney of the Year award.*

Copyright © 2016 by the author.
For reprint permission, contact the publisher: **www.plaintiffmagazine.com**