

## Client Alert.

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# Fasten Your Seatbelt: U.S. Supreme Court Rules Federal Seatbelt Regulation Does Not Preempt State Law Tort Suit

By James Huston, Joanna Simon, and Julie Park

Yesterday the U.S. Supreme Court held in *Williamson v. Mazda Motor of America, Inc.*, 562 U.S. \_\_\_ (2011), that federal regulations do not preempt a claim for design defect based on the failure to provide lap-and-shoulder belts for all rear seats in a passenger vehicle. The opinion, delivered by Justice Breyer, effectively crafted a case-by-case test for determining whether federal regulations offering finite options to manufacturers preempt state law tort claims. The Court strained to distinguish a nearly identical case and significantly raised the standard for a finding of preemption under a federal regulatory scheme. Seven justices joined the majority opinion, with Justice Sotomayor concurring (Justice Kagan took no part).

### BACKGROUND

In 2002, Thanh Williamson was involved in a head-on collision while riding in a Mazda minivan. She was seated in the rear of the vehicle wearing only a lap belt, and died in the accident. Two other rear-seat passengers were wearing lap-and-shoulder belts and survived. Her heirs sued Mazda in California state court, claiming that Mazda should have installed lap-and-shoulder belts on all rear seats, and that she died because her seat was only equipped with a lap belt.

At issue here is the Federal Motor Vehicle Safety Standard 208 (1989 version), which requires auto manufacturers to install seatbelts on the rear seats of passenger vehicles. Although manufacturers must install lap-and-shoulder belts on seats next to a vehicle's doors or frames, on rear inner seats they may choose to install either simple lap belts or lap-and-shoulder belts. Importantly, the regulation contains a saving clause, which states that compliance with a federal standard does not exempt a party from liability under common law. An earlier version of this very standard was the subject of a previous Supreme Court decision that ruled in favor of preemption. *Geier v. American Honda Motor Co.*, 529 U.S. 861 (2000).

In *Geier*, the manufacturer was sued for failing to install airbags, even though the federal standard in effect at the time gave manufacturers a choice of various passive restraint devices. The Court found that the federal regulation offered choices with the goal of promoting the development of new passive restraint devices, and that to force manufacturers to use airbags would dampen innovation. Therefore, the federal regulation preempted a state tort suit that would have obviated that choice by holding a manufacturer liable for failure to install airbags. Similarly, the issue in *Williamson* was whether the manufacturer could be held liable for failure to install a lap-and-shoulder belt even though federal regulations offered a choice of restraint devices. Despite the striking similarity between the facts of *Williamson* and *Geier*, the Supreme Court reached the opposite conclusion in *Williamson*.

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## THE SUPREME COURT'S ANALYSIS

The Court conducted its preemption analysis by exhaustively looking at the “regulation, including its history, the promulgating agency’s contemporaneous explanation of its objective, and the agency’s current views of the regulation’s pre-emptive effect.” Through this lengthy examination, the Court claimed to distinguish *Williamson* from *Geier*.

In *Geier*, the Department of Transportation (“DOT”) had explained that the regulation offering choice was created to encourage manufacturers to develop “other, better” passive restraint systems. The Court found that this was an “important regulatory objective.” In *Williamson*, on the other hand, the DOT’s main rationale for offering a choice between lap belts and lap-and-shoulder belts was due to concerns for cost-effectiveness, despite the agency’s opinion that lap-and-shoulder belts were indeed safer. The Court expressed concern that a holding of preemption in light of the DOT’s cost-effectiveness judgment “would treat all such federal standards as if they were *maximum* standards, eliminating the possibility that the federal agency seeks only to set forth a *minimum* standard potentially supplemented through state tort law.” Such a holding would vitiate the saving clause.

Justice Sotomayor wrote her concurring opinion “only to emphasize the Court’s rejection” of an interpretation of *Geier* that had developed in the past decade. She pointed out that *Geier* does not stand for the proposition that whenever a federal regulation offers a choice of two or more options, a tort suit based on one of those choices is preempted. Instead, in light of the saving clause, preemption is appropriate only where there is a clear link between the “significant regulatory objective” and the need for manufacturer choice.

## SIGNIFICANCE OF THE DECISION

Under *Williamson*, the preemption analysis will turn on whether there is an “important regulatory objective,” which can only be determined by a detailed analysis of legislative and regulatory history. This creates a case-by-case test for preemption and significantly raises the standard in cases where preemption previously seemed obvious. Moreover, compliance with a federal regulation will not necessarily shield a manufacturer from state law tort liability. Rather, in most cases, federal regulations will be viewed as setting only a minimum safety standard that can be supplemented by tort law remedies.

### Contact:

**Erin Bosman**

(858) 720-5178

[ebosman@mofo.com](mailto:ebosman@mofo.com)

**James Huston**

(858) 720-5154

[jhuston@mofo.com](mailto:jhuston@mofo.com)

**Linda Lane**

(858) 720-7989

[llane@mofo.com](mailto:llane@mofo.com)

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