

Corporate & Financial Weekly Digest

March 16, 2012 by [Steven Shiffman](#)

Missouri Court Holds That Economic Loss Doctrine Bars Plaintiff's Tort Claims

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A Missouri district court recently ruled that a negligent misrepresentation claim was barred by the economic loss doctrine in a case involving a merchant-to-merchant sale of allegedly defective products.

The plaintiff, Bruce Martin Construction, Inc. (Martin), a dealer and installer of grain bin unloading systems sued the defendant CTB, Inc. (CTB), a farm equipment manager and marketer, for breach of express warranty and negligent misrepresentation. Martin alleged that it had to replace malfunctioning CTB systems at significant expense and that CTB's systems have exposed Martin's customers to risks of danger and increased labor costs due to the systems' failure to perform as warranted.

CTB argued that the negligent misrepresentation claim should be dismissed under Missouri's economic loss doctrine, which precludes tort claims arising solely from the sale of defective products where there is no personal injury or property damage. The court determined that application of the economic loss doctrine was appropriate in this case, rejecting Martin's argument that its negligent misrepresentation claim should be allowed because it was covered by the public duty exception to the doctrine. The court was not convinced, however, and found that there was no allegation that the failure to disclose in this case violated any duty other than those arising out of the parties' contract. In particular, the court held that the public duty exception was not applicable because the alleged harm to the public only came into play if the end users chose to disregard the machine's operating instructions.

Bruce Martin Construction, Inc. v. CTB, Inc., 2012 WL 718624 (E.D. Mo. March 6, 2012).