

Wabash's \$462M Verdict

By Patrick E. Foppe

The \$462 million verdict against Wabash represents a landmark case in trucking litigation.

A Landmark Case and Its Implications for the Trucking Industry

A \$462 million verdict against Wabash National Corporation in a St. Louis courtroom has sent shockwaves through the trucking and trailer manufacturing industries. The decision, which stemmed from a 2019 underride crash, is one of the largest in recent years against a trailer manufacturer. With \$12 million awarded in compensatory damages and an unprecedented \$450 million in punitive damages, this case raises serious questions about compliance with federal regulations, the use of historical evidence, the potential risks faced by manufacturers going forward, and the impact overall on the trucking industry.

The case involved a crash on Interstate 55 in Missouri, where a Volkswagen, driven by Taron Taylor, collided with the rear of a nearly stopped Wabash trailer. The crash resulted in an underride accident, killing Taylor and his passenger, Nicholas Perkins. According to Wabash, the car was traveling at about 55 mph, but the plaintiffs contended the actual speed was closer to 42 to 47 mph. The focus of the lawsuit was on the trailer's rear impact guard (RIG), which plaintiffs argued failed to prevent the car from sliding under the trailer. Although the guard met federal safety standards at the time of manufacture, the jury found that Wabash liable for not adopting stronger safety measures to prevent underride accidents.

Punitive Damages: Industry Evidence vs. Compliance with Regulations

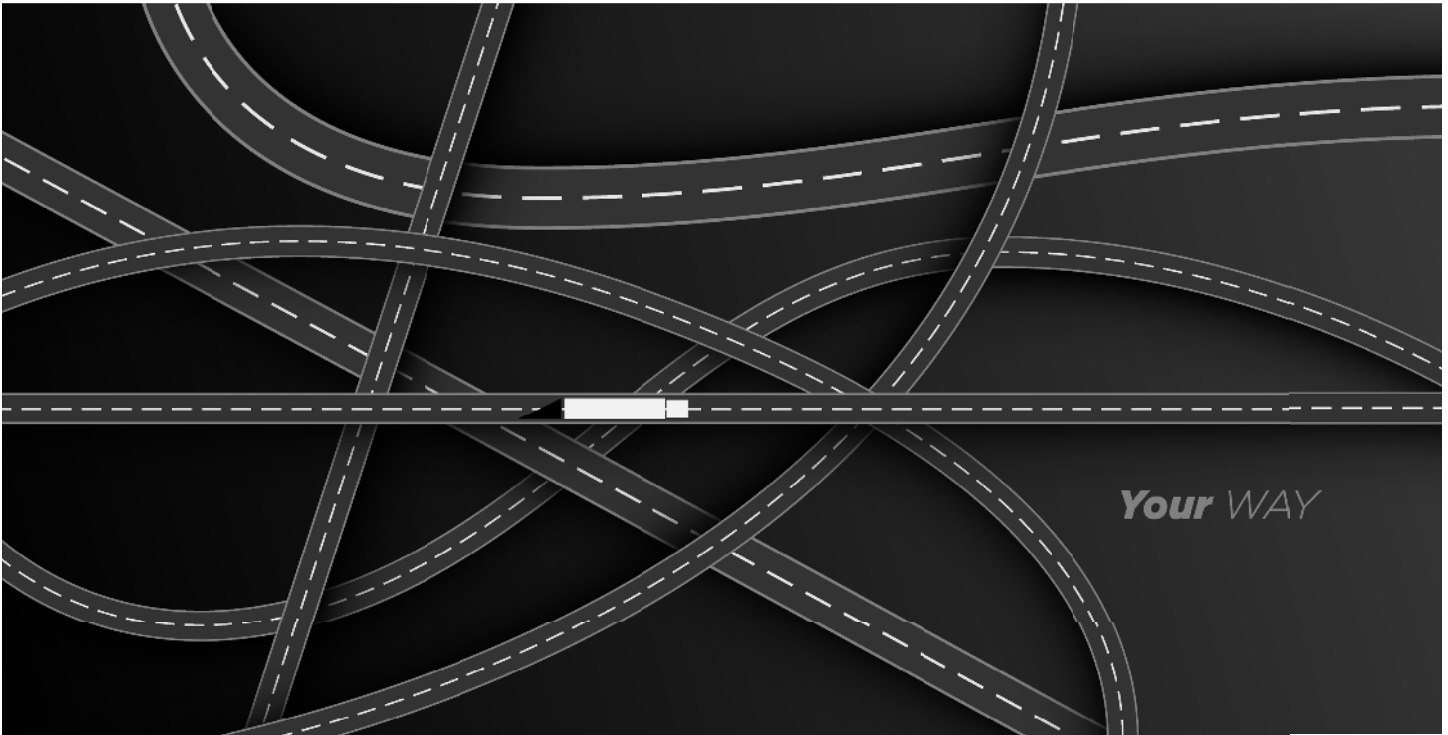
A critical part of the plaintiffs' case involved evidence that Wabash had allegedly known about the risks of underride accidents for years but did not act on this knowledge. According to the plaintiffs, Wabash had the capacity to design stronger rear impact guards, such as those used in Canada, which were twice as strong as the U.S. RIG involved in this case. Plaintiffs argued that Wabash, however, continued to sell trailers with the weaker guard in the U.S. market, choosing not to implement the stronger option, which would have provided more protection at higher speeds.

Plaintiffs presented decades of industry documents showing Wabash's involvement in the Truck Trailer Manufacturers Association (TTMA) and their role in industry-wide efforts to maintain minimal federal standards for RIGs. Although no conspiracy claim was submitted to the jury, industry evidence was presented to show that Wabash had opportunities to enhance safety but prioritized cost savings over stronger protections.

Despite Wabash's compliance with federal safety regulations, the trial judge reasoned that punitive damages were submittable to the jury because compliance with industry standards and federal regulations is only one factor to consider when determining the appropriateness of punitive damages under Missouri law. According to the trial judge, it does not automatically preclude punitive damages



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if the jury finds that the defendant acted with reckless disregard or conscious indifference to the safety of others. Wabash's adherence to federal standards evidently did not outweigh the plaintiffs' assertion that Wabash had knowingly chosen not to implement stronger, safer RIG designs despite allegedly being aware of the risks.

In complex litigation, the exclusion of key evidence can have a profound effect on the outcome of a case.

This rationale played a key role in the jury's decision to award \$450 million in punitive damages, reflecting their belief that Wabash had consciously prioritized cost-saving measures over safety improvements.

Wabash's Response and Likely Appeal

In response to the staggering verdict, Wabash filed an official statement with the U.S. Securities and Exchange Commis-

sion (SEC), where it disclosed the details of the jury's decision and signaled its intent to challenge the ruling. Wabash expressed its disappointment with the outcome, noting that that it "is not supported by the evidence or the law." Wabash indicated that it plans to pursue all available legal options, including post-trial motions and a potential appeal.

In a post-trial motion filed in September 2024, Wabash contended that the \$450 million punitive damages award was grossly excessive and violated the Due Process Clause of the Fourteenth Amendment and the Missouri Constitution. Wabash argued that the punitive damages award, which was 37.5 times the \$12 million compensatory damages, far exceeded the single-digit ratio between compensatory and punitive damages that the U.S. Supreme Court and Missouri courts have suggested as a due process safeguard. Wabash asserted that the jury's punitive award was clearly out of proportion and urged the court to reduce the punitive damages to a constitutionally acceptable level.

Of note, the Missouri's new punitive damages law, enacted through Senate Bill 591 and effective as of August 28, 2020, was not applied in this case because the lawsuit was filed before the law went into effect.

Under Senate Bill 591, punitive damages in Missouri are subject to stricter standards and punitive damages in wrongful death actions are arguably capped at either \$500,000 or five times the net amount of the judgment awarded to the plaintiff, whichever is greater. The law also requires plaintiffs to present "clear and convincing evidence" that the defendant intentionally harmed them without just cause or acted with deliberate and flagrant disregard for the safety of others.

Furthermore, Wabash argued in its post-trial motion that the plaintiffs had failed to establish a submissible case for punitive damages. The company emphasized that the trailer complied with all relevant regulations for underride guards. Wabash's legal team stressed that the company's actions were in line with industry norms and that it had not acted with malice or reckless disregard.

Exclusion of Blood Alcohol and Seatbelt Evidence

In complex litigation, the exclusion of key evidence can have a profound effect on the outcome of a case. In this instance, the court's decision to exclude evidence regarding the driver's blood alcohol content and the use of seatbelts became a central issue



that Wabash is also expected to raise in post-trial motions and appeals.

Wabash argued that this evidence was critical to understanding the true cause of the accident and should have been submitted to the jury. According to Wabash's defense, Taylor's blood alcohol content was 0.081, slightly over the legal limit, which they argued could have impaired his judgment and reaction time, contributing to the accident. Additionally, neither Taylor nor Perkins was wearing a seatbelt, which Wabash contended would have significantly increased the likelihood of their deaths in the crash. The fact that neither the driver nor his passenger was wearing a seatbelt was also kept from the jury, even though plaintiffs argued both would have survived a 55-mile-per-hour collision had the vehicle not broken through the trailer's rear impact guard. Wabash sought to introduce this evidence to demonstrate that factors unrelated to the performance of the trailer's rear guard were at play.

However, the court ruled to exclude this evidence, finding that it was not directly relevant to the issue of whether Wabash's

rear guard was adequately designed. The exclusion of these factors, Wabash will likely argue, had a substantial impact on the jury's ability to fairly assess liability and the appropriateness of punitive damages.

Legal Implications for the Trucking Industry

This case serves as a warning for trailer manufacturers and the trucking industry. First, the fact that punitive damages were awarded despite compliance with federal safety standards indicates a shift in how courts and juries evaluate corporate liability. Companies can no longer rely solely on regulatory compliance; historical evidence of industry behavior, if unfavorable, could sway juries toward significant punitive damages.

Second, the exclusion of key evidence, such as blood alcohol content and seatbelt usage, raises concerns for defense attorneys. If courts continue to limit the evidence juries can consider, manufacturers could find themselves increasingly vulnerable in complex litigation.

Finally, this case may lead to more trailer manufacturers being sued in underdrive

cases, especially where trucking companies involved in accidents have only minimum insurance limits. Adding manufacturers as defendants in these already complex cases will likely increase litigation costs and make early settlements more difficult. As plaintiffs look to maximize recovery by involving all potential parties, defense attorneys must be prepared to navigate these increasingly multifaceted claims.

Conclusion

The \$462 million verdict against Wabash represents a landmark case in trucking litigation. While Wabash will likely file post-trial motions and appeal, the broader implications of the case remain significant. This verdict serves as a reminder that compliance with federal safety standards may not be enough to shield companies from punitive damages claims, especially when historical evidence of industry behavior is introduced. Defense attorneys must adapt to this evolving legal landscape and prepare for more nuanced and complex defenses when facing similar claims.



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