#113

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

IN RE: ASBESTOS PRODUCTS LIABILITY LITIGATION (No. VI) :

FILED MAY 2 1996

This Document Relates To:

ALL ACTIONS :

CIVIL ACTION NO. 2 MDL 875
(Maritime Actions)

Weiner, J.

May 1, 1996

MEMORANDUM OPINION AND ORDER

In response to a discovery request of defense counsel, and after several telephone conferences, this Court, on July 18, 1995, entered Pretrial Order No. 6 (MARDOC) directing Plaintiffs' counsel to produce materials in 262 Mardoc cases. Despite being granted several extensions of time to comply with the directives of the July 18, 1995 order, plaintiffs' counsel failed to do so. As a result, defendants moved to dismiss plaintiffs' cases. Following the entry of Show Cause Orders, the Court held a hearing on February 28, 1996 and heard argument and statements of all counsel. The parties have further supplemented their positions with additional written statements. The Court, having considered all of the material presented, will grant the motion of the defendants as modified by the attached order.

A TRUE COPY CERTIFIED TO FROM THE RECORD
DATED: 5/2/96
ATTEST:
DEPUTY CLERK, UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

Background of Action

On July 29, 1991, the Judicial Panel On Multidistrict Litigation entered an order establishing MDL 875 and consolidating before this Court 26,639 civil asbestos personal-injury lawsuits, pending in 87 federal districts. At that time 4,022 of the actions transferred were in the Northern District of Ohio. The Panel Order provided for the transfer of overlooked cases and newly filed cases as "tag-along actions"[1]. The size of MDL 875 has now grown from 26,639 to 58,478, or an increase of 119.5%. During this same period, the number of cases in MDL 875 from the Northern District of Ohio has risen from 4,022 to 23,154, or an increase of 475.7%. At the same time, this Court has supervised the termination of 4,223 cases in the Northern District of Ohio jurisdiction, primarily traditional, land-based cases. The remaining 18,209 cases are predominantly Mardoc actions. The Panel statistics disclose that this Court has now disposed of more than 20,000 cases[2]. With only 37,000 cases remaining, approximately 50% are the Mardoc actions.

This Court has, in the conduct of its proceedings, taken

---

1. Rule 12, Rules of Judicial Panel On Multidistrict Litigation.

2. Although the Panel statistics show 20,560, this Court is aware of substantially more cases that are settled among the parties without the completion of terminating paperwork. Excluding Mardoc actions, this Court believes that the number of remaining cases is between 10,000 and 15,000.

very seriously all of the objectives of the Panel[3] while engaging in its pretrial activities. Where the parties and their counsel have been cooperative and reasonable, the Court has been able to effectuate settlements. A major obstacle occurs, however, when either side displays a lack of trust or credibility, or becomes entrenched and confrontational, such as when the parties refuse to cooperate in the disclosure of basic information which informs all parties of the nature of the claims.

Facts

In the Mardoc cases, there is routinely filed with each action an IDF (Initial Data Form) as required by the standing asbestos orders for the Northern District of Ohio. The information contained on this form is not authenticated, and, except for naming ships that the plaintiff may have sailed on, it provides no real medical or exposure history for the plaintiff. Until recently the parties have been at a standoff; Plaintiffs seek settlements and defendants have demanded proof of an asbestos-related medical condition and exposure to their product.[4] The defendants complain

---

3. Judicial Panel On Multidistrict Litigation, Docket No. 875, Order dated July 29, 1991, pages 9-12.

4. This has always been the starting position of the parties; however, in the land cases, the Plaintiffs have learned to supply defendants with medical records, test results, and at least one expert report, together with an affidavit of exposure. In most instances the affidavit of exposure suffices because the worksite of the plaintiff has been subject to thorough discovery and the credibility gap has been narrowed. The defendants then treat the action in the form of a claim and make an offer based upon the historical averages achieved between the plaintiff's attorney and the defendant for the location.

that Plaintiffs have not provided them with the materials they need to make a settlement offer or proceed to trial. Both sides seek assistance of the Court. After several conferences with the parties, the Court entered, on July 18, 1995, Pretrial Order No. 6 (MARDOC), requiring Plaintiffs' counsel to provide to defense counsel the necessary materials[5] in 262 randomly selected cases in order that they could be evaluated for medical and exposure criteria and for settlement. At this Court's scheduled conference on August 18, 1995, Plaintiffs' counsel advised the Court that he could complete the disclosure of the required information in 30 days. The Court ordered that this discovery be produced by plaintiffs to the defendants no later than September 21, 1995. Plaintiffs failed to produce the discovery by the discovery deadline, and after several more telephone conferences, defense counsel moved to dismiss the 261[6] cases. This Court issued Show

---

5. The order specifically sets forth the materials to be provided: "copies of all medical records and reports, expert reports, x-ray records and reports, pathology reports, pulmonary function test results and reports, autopsy results and death certificates as applicable, work history and work records, social security records, answers to interrogatories, and evidence of specific exposure to each named defendant in each plaintiff's case.

6. After the process began, it was discovered that one of the 262 numbers was in error and the parties proceeded with the remaining 261.

Cause orders on November 15, 1995, and a subsequent Notice of Hearing on February 1, 1996.

More than 7 months have passed since the Court issued its order of July 18, 1995, and by all rational standards plaintiffs' counsel has had adequate time and opportunity to comply with discovery in these matters. In fact, Plaintiffs have advised the Court that they have produced all of the discovery materials required. At the hearing on February 28, 1996, defendants produced two legal record boxes (approximately 12"H x 14"W x 24"L) which they identified as the total discovery received. Included in the boxes was 261 file folders, many with IDF forms, and many with recent letters from a "B" reader radiologist. It has been this Court's experience that one medical case could easily fill two legal record boxes. The parties agreed that the discovery produced included no documentation or evidence relating to plaintiffs' exposure to specific products. The Court also repeatedly asked Plaintiffs if they had any malignancy cases ready for trial and Plaintiffs did not identify any such cases.

Discussion

The Judicial Panel on Multidistrict Litigation, convinced that the administration of justice in the federal court system was threatened by burgeoning numbers nationally of asbestos related personal-injury lawsuits, sought to relieve the burden, to provide

for uniform case management, and to reduce the transaction costs by transferring these cases to a multidistrict jurisdiction. This Court has remained mindful of the Panel's priorities as set forth in the Panel order of July 29, 1991, and has initiated case management policies in conjunction with counsel representing all parties to achieve these goals.

Plaintiffs' counsel has taken the position that these 261 cases adequately reflect the nature of all of his filings, and that the "package"[7] is now ripe for settlement. Defense counsel, although it was their expert who devised the method for selecting the 261 "random" cases, are more reluctant to characterize the 261 cases as a representative of the whole in all respects, but rather they urge the Court to find that the discovery provided is representative of the whole. Defense counsel urge the Court to dismiss with prejudice the 261 cases due to plaintiffs' counsel's lack of compliance with this Court's orders. Defense counsel also argue that even in the cases where some discovery has been provided, it is insufficient for the cases to proceed to settlement or trial.

The judicial system has been faced with an onslaught of personal injury, asbestos cases for more than twenty years. Plaintiffs have sought damages against a multitude of defendants. The courts have found that asbestos fibers are potentially

---

7. Counsel in the asbestos litigation are prone to describe a group of cases, whether it is 5 or 5,000 in number, as a "package".

hazardous to one's health. Sufficiency of exposure remains an unknown, however, and many plaintiffs initiated litigation without injury, but rather with knowledge of exposure. The reasoning supporting this litigation has been the concern for the running of tolling statutes which may begin when the party becomes aware of an injury. Injury can and has been defined in many ways resulting in inconsistent case law and approaches to this type of litigation among the states.

This Court is guided by the principles set forth by Judge Ginsberg in In Re Korean Air Lines Disaster of September 1, 1983, 829 F.2d 1171 (D.C.Cir. 1987). She concludes that a transferee court's responsibility in the context of a 28 U.S.C. §1407 transfer is to follow the law of the transferee circuit, although the law of the transferor jurisdiction merits consideration. In the matter before us, the Court feels that the law of the United States Court of Appeals for the Third Circuit is clear and that the United States Court of Appeals for the Sixth Circuit would draw a similar analysis to this problem.

Pennsylvania has recently joined a growing number of states which have analyzed this problem.

Four years ago Pennsylvania was a "one-injury" state. That is, if an exposed party sought damages as a result of his or her pleural disease which was causing some restriction in lung capacity, the party would also seek damages for fear of contracting other asbestos-related cancers, and for the increased risk in

contracting such malignancies which have longer latency periods. The combination of longer latency periods and separate but multiple diseases flowing from the same exposure caused the Pennsylvania courts to review the course of the products liability law. In 1992, Pennsylvania became a "two injury" state and joined a growing number of states by holding that in asbestos cases, the plaintiff is entitled to bring a second action for a subsequently diagnosed malignancy, thereby eliminating claims for risk and fear, and reducing the potential for speculative damages being awarded for an injury that may not occur. Marinari v. Asbestos Corporation, Ltd., 417 Pa. Super. 440, 612 A.2d 1021 (1992)[8]

Ohio is also among the many states which has adopted this rule. In Quick v. Sun Oil Co., et al., (No. 82-0292, Ct. Comm. Pleas, Lucas Co., Ohio, 10/84), Judge Sumner E. Walters found that the discovery of one asbestos-related disease does not trigger the statute of limitations for other separate and distinct, later-discovered asbestos diseases.

More recently, the issue of injury in an asbestos-related action was tested before the Pennsylvania Supreme Court in Giffear v. Johns-Manville Corporation, et al., (No.J-157-1995, Pa., April 4, 1996) The Giffear Court focused on the distinction between "injury" and "harm", and determined that a physical injury

---

8. New York, New Jersey, Maryland, Delaware, Indiana, Illinois, California and Hawaii also follow the two-disease rule.

sufficient to maintain a tort action must be accompanied by harm. The Court concluded that asymptomatic pleural thickening or scarring is not a compensable injury which gives rise to a cause of action for damages for a physical injury or for emotional distress. (Supra, pg 10,11,14)

If the action is brought under the Jones Act or the F.E.L.A. statutes, the plaintiff is not relieved from his burden of proof relating to injury. These laws protect the railroad workers and mariners who might otherwise have a problem in proving responsibility for an injury sustained by providing them with a federal cause of action for the same injury against their employer in addition to their tort claims against negligent manufacturers or distributors. While the plaintiff's burden to establish liability may be eased, a compensable injury remains a requirement for recovery. In holding that an action for an asbestos-related injury does not exist in a F.E.L.A. case, Circuit Judge Seitz of the United States Court of Appeals for the Third Circuit Court stated: "We believe, however, that subclinical injury resulting from exposure to asbestos is insufficient to constitute the actual loss or damage to a plaintiff's interest required to sustain a cause of action under generally applicable principles of tort law....Requiring manifest injury as a necessary element of an asbestos-related tort action avoids these problems and best serves the underlying purpose of tort law: the compensation of victims who have suf-

fered." Schweitzer v. Consolidated Rail Corp. (Conrail), 758 F.2d 936, 942 (3d Cir.1985)

Many states have created administrative vehicles to hold in abeyance these asymptomatic cases until counsel finds that the plaintiff is actually suffering from an impairment. Before an action is activated, certain criteria must be met. This Court has found, that the use such an administrative device can reduce the Clerk's burden and still provide an atmosphere for settlement between the parties. Illinois, Maryland, Connecticut, Arizona and Hawaii utilize this procedure.

This is the atmosphere that exists today where every plaintiff's counsel has a working agreement with all or most of the principal defendants and the cases are submitted as claims. Criteria has been established and agreed to and this has resulted in large block settlements of cases or trials where there has been a good faith difference of opinion.

Soon after the multidistrict cases were sent to this Court, the Court convened counsel from the New England states and block settlements were achieved and agreements to treat future cases as claims resulted. This procedure has proved effective in many places in the nation and, as a result, there are no real blocks of cases unsettled[9] except for these Mardoc actions. In the

---

9. In several instances, plaintiffs may still have remaining in their cases some of the peripheral defendants whose presence represents a very small percentage of the value of the case. In other circumstances, plaintiffs may have settled with all but one primary defendant and these situations are being addressed.

Mardoc actions, none of the defendants have settled and plaintiffs have claims against an average of more than 80 defendants.

Although this Court retains a vigilant concern for all parties to the litigation, the Court has prioritized from the onset the victims of asbestos related disease, and in particular, those who suffer with malignant conditions as well as their families. The Court's focus is to administer these cases as it has all the others by seeing that they are resolved in an equitable and expeditious manner either by settlement or by trial while making certain there will be sufficient resources available to compensate those who are deserving.

Findings

The Court, having spent many hours in conference with all counsel and after a hearing makes the following determinations:

Plaintiffs' counsel has failed to comply with this Court's order of July 18, 1995. Plaintiffs' counsel has admitted that no details relating to exposure have been supplied and most of the documentation is described as new radiologist's reports and IDFs. The defendants claim that all medical records, work records, social security records, answers to interrogatories, etc., as

---

9. (...continued)
represents a very small percentage of the value of the case. In other circumstances, plaintiffs may have settled with all but one primary defendant and these situations are being addressed.

required by the court order, have not been received by them. Plaintiffs' counsel has supplemented his argument presented at the hearing by submitting a copy of the "medicals" from one of the 261 cases[10]. It contains nine pages, none of which are dated earlier than September, 1995.

The second determination of the Court is that Plaintiffs' counsel has not provided critical material necessary for defendants either to evaluate the cases so that a meaningful dialogue can take place or for the cases to be prepared for trial if that fails. Plaintiffs' counsel categorizes his proof of exposure as follows[11]:

1) Everyone knows that the products of this manufacturer were all over the ships and could be found upon almost every ship;

2) This manufacturer advertised asbestos products in a marine catalogue and therefore it must have made and sold products to which the plaintiff was exposed, and;

3) Counsel has assured the Court that he can and will obtain statements from numerous Chief Engineers that these products were in use all over the ships.

---

10. Pablo E. Hernandez v. American Ship, et al., Civil Action No. 90-0000, Northern District of Ohio

11. In this instance the Court is discussing the "manufacturer" defendants, as each plaintiff's sailing record will disclose the vessels upon which he sailed.

Plaintiffs' counsel takes the position that this specific evidence and discovery can await trial preparation and is not necessary for the filing of a case or for the settlement process.

Plaintiffs' counsel has presented, as part of the discovery package, doctor's reports that state that a significant number of the plaintiffs have no asbestos related injury. Defense counsel have advised the Court that the medicals received pursuant to this Court's order of July 18, 1995, infra, consist of a scant number of documents and only recent "medical" reports prepared in November, 1995, after this Court's order of July 18, 1995. The statements made to the Court disclose that only a fraction of the recently diagnosed plaintiffs have an asbestos-related condition, and many of these may be open to question. Numerous cases have either no diagnosis of an asbestos-related condition, or there is scant credible medical evidence. Further, the Court is informed that few, if any, of these plaintiffs have provided any evidence of a compensable injury sufficient to sustain a cause of action.

The Court believes that it is the responsibility of counsel to only file those cases which are ripe and ready to proceed. To file cases by the thousands and expect the Court to sort out the actionable claims is improper and a waste of the Court's time. Other victims suffer while the Court is clogged with such filings.

The Court enters its orders accordingly.