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SUPREME COURT OF THE UNITED STATES

Syllabus

HONDA MOTOR CO., LTD., ET AL. v. OBERG

CERTIORARI TO THE SUPREME COURT OF OREGON

No. 93-644. Argued April 20, 1994—Decided June 24, 1994

After finding petitioner Honda Motor Co., Ltd., liable for injuries respondent Oberg received while driving a three-wheeled all-terrain vehicle manufactured and sold by Honda, an Oregon jury awarded Oberg \$5,000,000 in punitive damages, over five times the amount of his compensatory damages award. In affirming, both the State Court of Appeals and the State Supreme Court rejected Honda's argument that the punitive damages award violated due process because it was excessive and because Oregon courts have no power to correct excessive verdicts under a 1910 Amendment to the State Constitution, which prohibits judicial review of the amount of punitive damages awarded by a jury "unless the court can affirmatively say there is no evidence to support the verdict." The latter court relied heavily on the fact that the State's product liability punitive damages statute and the jury instructions in this case provided at least as much guidance as those upheld in *Pacific Mut. Life Ins. Co. v. Haslip*, 499 U. S. 1. The court also declined to interpret *Haslip* to hold that due process requires the amount of a punitive damages award to be subject to postverdict or appellate review, and noted that Oregon courts are not powerless because they may vacate a judgment if there is no evidence supporting the jury's decision, and because appellate review is available to test the sufficiency of jury instructions.

Held: Oregon's denial of review of the size of punitive damages awards violates the Fourteenth Amendment's Due Process Clause. Pp. 3-19.

(a) The Constitution imposes a substantive limit on the size of punitive damages awards. *Pacific Mut. Life Ins. Co. v. Haslip*, 499 U.S. 1; *TXO Production Corp. v. Alliance Resources*, 509 U. S. _____. The opinions in these cases strongly emphasized the importance of the procedural component of the Due Process Clause, and suggest that the analysis here should focus on

Oregon's departure from traditional procedures. Pp. 3-4.

(b) Judicial review of the size of punitive damages awards was a safeguard against excessive awards under the common law, see, e.g., *Blunt v. Little*, 3 F. Cas. 760, 761-762, and in modern practice in the federal courts and every State, except Oregon, judges review the size of such awards. See, e.g., *Dagnello v. Long Island R. Co.*, 289 F. 2d 797, 799-800, n. 1. Pp. 5-10.

(c) There is a dramatic difference between judicial review under the common law and the scope of review available in Oregon. At least since the State Supreme Court definitively construed the 1910 Amendment in *Van Lom v. Schneiderman*, 187 Ore. 89, 210 P. 2d 461, Oregon law has provided no procedure for reducing or setting aside a punitive damages award where the only basis for relief is the *amount* awarded. No Oregon court for more than half a century has inferred passion or prejudice from the size of a damages award, and no court in more than a decade has even hinted that it might possess the power to do so. If courts had such power, the State Supreme Court would have mentioned it in responding to Honda's arguments in this very case. The review that is provided ensures only that there is evidence to support *some* punitive damages, not that the evidence supports the amount actually awarded, thus leaving the possibility that a guilty defendant may be unjustly punished. Pp. 10-13.

(d) This Court has not hesitated to find proceedings violative of due process where a party has been deprived of a well-established common law protection against arbitrary and inaccurate adjudication. See, e.g., *Tumey v. Ohio*, 273 U. S. 510. Punitive damages pose an acute danger of arbitrary deprivation of property, since jury instructions typically leave the jury with wide discretion in choosing amounts and since evidence of a defendant's net worth creates the potential that juries will use their verdicts to express biases against big businesses. Oregon has removed one of the few procedural safeguards which the common law provided against that danger without providing any substitute procedure and without any indication that the danger has in any way subsided over time. *Hurtado v. California*, 110 U. S. 516, 538; *International Shoe v. Washington*, 326 U. S. 310, distinguished. Pp. 13-16.

(e) The safeguards that Oberg claims Oregon has provided—the limitation of punitive damages to the amount specified in the complaint, the clear and convincing standard of proof, preverdict determination of maximum allowable punitive damages, and detailed jury instructions—do not adequately safeguard against arbitrary awards. Nor does the fact that a jury's arbitrary decision to acquit a defendant charged with a crime is unreviewable offer a historic basis for such discretion in civil cases. The Due Process Clause says nothing about arbitrary grants of freedom, but its whole purpose is to prevent

arbitrary deprivations of liberty or property. Pp. 16-18.

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316 Ore. 263, 851 P. 2d 1084, reversed and remanded.

STEVENS, J., delivered the opinion of the Court, in which BLACKMUN, O'CONNOR, SCALIA, KENNEDY, SOUTER, and THOMAS, JJ., joined. SCALIA, J., filed a concurring opinion. GINSBURG, J., filed a dissenting opinion, in which REHNQUIST, C. J., joined.