

WEEKLY LAW RESUME™ Issue By: DAVID L. BLINN

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Good Faith Settlement-Joint Liability

Tiffin Motorhomes, Inc. v. The Superior Court of San Bernardino County
Court of Appeal, Fourth District (December 20, 2011)

Code of Civil Procedure Section 877.6 provides a means for a defendant to obtain a determination that a settlement is in good faith to bar or extinguish any equitable claims for indemnification by other defendants. This case considered the applicability of a good faith settlement motion where the claims were strictly contractual and not based on any tort or negligence claim.

Thomas and Deborah Pigott purchased a new motor home from La Mesa R.V. Center. The coach was manufactured by Tiffin Motorhomes, Inc. Cummins, Inc. had manufactured the engine. Another defendant manufactured the chassis. Plaintiffs brought an action under the Song-Beverly Consumer Warranty Act, alleging that the vehicle was defective and could not be repaired after a reasonable number of attempts. Cummins made repairs to the engine on four occasions, including replacement of the engine itself at one point. All defendants were sued on theories of breach of express and/or implied warranties only, related to their own particular work on the motor home.

Cummins ultimately settled with plaintiffs for \$19,500 and brought a motion to determine good faith settlement under Code of Civil Procedure Section 877.6. Tiffin, La Mesa and two other defendants opposed the motion for good faith settlement on two grounds. First, they argued that the settlement was inadequate in relation to Cummins' possible liability. Second, they argued that section 877.6 did not apply in this situation. The trial court granted the motion for



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good faith settlement, ruling that Cummins was insulated from any potential obligations to its co-defendants for contribution or equitable indemnity. Tiffin filed a petition for writ of mandate.

The Court of Appeal reversed, holding that section 877.6 was not applicable. The court noted that the language of the statute indicated that a motion could be made by “any party to an action in which it is alleged that two or more parties are joint tortfeasors or co-obligors on a contract debt.” Thus, the statute would apply if the defendants were liable under the same contract obligation. However, both Tiffin and Cummins were being sued on separate warranties either issued by them or imposed upon them by law, attaching to the component parts for which each was separately liable. The Court held that the plain language of the statute requires that manufacturers of separate component parts, who are liable to a plaintiff (if at all) only on a theory of breach of an express or implied warranty are not co-obligors on a contract debt.

Additionally, Cummins had argued that it and Tiffin were “alleged to be” joint tortfeasors, but the Court noted that there was no claim being made for tort damages. In addition, the plaintiffs’ boilerplate argument in the complaint that each defendant was the agent of the others was not sufficient to amount to an allegation of joint tortfeasors. Here, Tiffin and Cummins owed separate duties to the plaintiffs based on their own work, and the remedies for the breaches would be separately calculable.

Finally, the Court addressed Cummins’ argument that the petition to reverse the ruling on the good faith settlement was untimely. Section 877.6(e) provides that a petition for writ of mandate contesting a determination regarding good faith settlement shall be filed within 20 days after service of written notice of the determination. Here, the Court of Appeal agreed that the petition was not filed within 20 days of the minute order granting the motion. However, here the petition was to dispute the applicability of the good faith settlement at all, which was not limited by the 20-day limit in section 877.6(e).

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The petition for writ of mandate was granted, and the trial court was directed to vacate its order approving the settlement as being in “good faith” and was directed to enter a new order denying the motion.

COMMENT

To be able to insulate itself from equitable indemnity claims, a defendant may only utilize section 877.6 when it is either alleged to be a joint tortfeasor with others, or when it is a joint obligor on the same contractual agreement. Where, as here, there were separate component parts covered by separate express or implied warranties, a good faith settlement motion is not applicable.

For a copy of the complete decision see:

[HTTP://WWW.COURTINFO.CA.GOV/OPINIONS/DOCUMENTS/E054040A.PDF](http://www.courtinfo.ca.gov/opinions/documents/E054040A.pdf)

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