OFFICIAL TRANSCRIPT PROCEEDINGS BEFORE

THE SUPREME COURT

OF THE

UNITED STATES

CAPTION: SHIRLEY M. MOLZOF, PERSONAL
REPRESENATIVE OF THE ESTATE
OF ROBERT E. MOLZOF, Petitioner
v. UNITED STATES

CASE NO: 90-838

PLACE: Washington, D.C.

DATE: November 4, 1991

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1	IN THE SUPREME COURT OF THE UNITED STATES
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3	SHIRLEY M. MOLZOF, PERSONAL :
4	REPRESENTATIVE OF THE ESTATE :
5	OF ROBERT E. MOLZOF, :
6	Petitioner :
7	v. : No. 90-838
8	UNITED STATES :
9	X
10	Washington, D.C.
11	Monday, November 4, 1991
12	The above-entitled matter came on for oral
13	argument before the Supreme Court of the United States at
14	11:05 a.m.
15	APPEARANCES:
16	DANIEL A. ROTTIER, ESQ., Madison, Wisconsin, on behalf of
17	the Petitioner.
18	CHRISTOPHER J. WRIGHT, ESQ., Assistant to the Solicitor
19	General, Department of Justice, Washington, D.C.; on
20	behalf of the Respondent.
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1	PROCEEDINGS
2	(11:05 a.m.)
3	CHIEF JUSTICE REHNQUIST: We'll hear argument
4	next in number 90-838, Shirley M. Molzof v. The United
5	States. You may proceed whenever you're ready.
6	ORAL ARGUMENT OF DANIEL A. ROTTIER
7	ON BEHALF OF THE PETITIONER
8	MR. ROTTIER: Mr. Chief Justice, and may it
9	please the Court:
10	The case before the Court today in this case
11	relates to the definition of punitive damages as that term
12	is used in the Federal Tort Claim Act. The basic
13	structure of the Federal Tort Claim Act is premised on
14	three features.
15	The first is that in these cases the United
16	States is to be treated as would a private individual if
17	it were a defendant in a tort claim. The second feature
18	is that the law of the State where the tort occurred is to
19	be applied, and the third feature is that certain
20	exceptions are engrafted in the law. One of those
21	exceptions, namely the punitive damage exception, is the
22	one that the Court is concerned with today.
23	It is our position that if the Government's
24	definition of punitive damages is to be accepted as it was
25	by the Seventh Circuit and the Fourth Circuit, it would

1	emasculate the objectives of the Federal Tort Claim Act,
2	because it would result in the Government not being
3	treated as would an individual citizen if the individual
4	citizen were the defendant, and that's the
5	QUESTION: Mr. Rottier, do you think that this
6	punitive damages exception to governmental liability under
7	the act is a question of Federal law, which requires
8	uniformity?
9	MR. ROTTIER: I believe the definition of
10	punitive damages as used in the exclusionary clause is a
11	matter of Federal law.
12	QUESTION: So that does not depend, then, on the
13	law of the particular State which would otherwise govern
14	tort liability?
15	MR. ROTTIER: That's correct, but I but I
16	believe the Federal interpretation should bear in mind the
17	other objectives of the act, one of which is to treat the
18	Government as an individual citizen would be treated if it
19	were a defendant.
20	QUESTION: Well, except except it doesn't. I
21	mean, you treat the Government as an individual citizen
22	except with respect to punitive damages. I mean, it seems
23	to me you're sort of begging the question when you say you
24	have to treat the Government the same way you treat
25	everybody else. You don't with respect to punitive

1	damages.
2	MR. ROTTIER: The approach I would suggest is
3	the one used by the this Court in the Neustadt case, where
4	the issue was how to define misrepresentation, since that
5	is also an excluded basis of liability for the Government,
6	and there what the Court did was to look at the commonly
7	accepted definition of misrepresentation as it existed at
8	the time the Federal Tort Claim Act was enacted.
9	I would suggest that this Court should do the
10	same thing with respect to punitive damages. And what I
11	believe the Court would find is there was general
12	consensus among the writers and among the courts as to
13	what punitive damages are, and the definition, for
14	example, that was used by this Court in the Milwaukee
L5	railroad case going back to 1875 focuses on the nature of
16	the conduct of the defendant as opposed to the effect of
17	the receipt of the damages by the plaintiff.
18	I think that's where the Flannery court and the
.9	Molzof court deviated from an appropriate approach to this
20	problem. They focused on the effect of the receipt of the
21	award on the plaintiff, as opposed to focusing on the
22	basis of imposing the award.
. 3	In this case, one might ask this question:
4	would Mr. Molzof have been entitled to future medical
5	expenses if the defendant were a private hospital instead

1	of a veterans' hospital? The answer is absolutely clear,
2	under Wisconsin law, that, yes, he would have been. And
3	then, to remain in keeping with the one of the
4	objectives of the act, the Government should be treated
5	the same, unless unless the basis for awarding these is
6	the basis on which punitive damages are normally awarded.
7	QUESTION: What principle of Wisconsin law is it
8	that leads you to answer that question the way you did?
9	MR. ROTTIER: Under traditional Wisconsin common
10	law in tort cases, if a plaintiff can show that the
11	negligence of a defendant was a substantial factor
12	contributing to the need for future medical expenses,
13	those are awardable. In some instances, they're
14	subrogated to someone who has paid them. That much is
15	true.
16	In this case, for example, this entire problem
17	that's presented could easily be remedied by Congress. If
18	Congress had approached the Federal Tort Claims Act as
19	strictly a compensation act and defined what elements of
20	compensation were to be included, it would be much more
21	easily applied. Or, if it wanted to avoid this type of
22	situation, it could have enacted a set-off procedure, just
23	as it did for disability benefits under 38 U.S.C. 351
24	and the Court I am sure is familiar with that.
25	If, for example, a veteran is malpracticed upon

.6

1	and it causes an increase in disability benefits, the
2	Government, pursuant to section 351, suspends payment of
3	the previously enacted and previously ordered disability
4	payments so that a double payment does not result. That
5	is what two of the circuits have recommended to Congress
6	over the years, in the Feeley case in 1964 and in the
7	Ulrich case.
8	In both of those instances those are the only
9	two circuit cases before Molzof where this particular
10	issue was presented both of those circuits said that
11	they were uncomfortable with the potential of a double
12	recovery, but that the resolution of that problem was for
L3	Congress, not for the courts.
L4	QUESTION: Mr. Rottier, I suppose you're just
1.5	arguing that this is governed by State law, right, and if
.6	a State chose not to allow double recovery, then there
.7	wouldn't be. Is that so, or not?
.8	MR. ROTTIER: That's correct. If, for
.9	example and I think it is this problem can be dealt
0	with through State law, if for example a under State
1	law a particular type of compensatory damage is deemed to
2	be excessive, then it can be then it is certainly not
3	awarded.
4	In if we took Flannery, for example, which
5	gave rise to this discussion generally, where you had a

1	comatose individual, where \$1.3 million was awarded for
2	that, the Federal court could merely have addressed that
3	issue on the basis of excessiveness. If it thought if
4	the circuit court, the court of appeals, felt that under
5	the State law such damages were awardable, it could have
6	diminished them on the basis of excessiveness.
7	QUESTION: Well, did Judge Shabaz actually award
8	damages here, or did he say these are what you would be
9	entitled to accept for the punitive damages exception? He
10	was affirmed by the court of appeals, wasn't he?
11	MR. ROTTIER: That's you're correct on both
12	points. The judge did not award damages. The judge made
13	a finding as to what they would be were they not
L4	prohibited and did they not fall within the exclusion as
1.5	being punitive damages, and that was affirmed by the
16	Seventh Circuit.
.7	QUESTION: May I ask you a question, Mr.
.8	Rottier? You said, if this individual had been in a
.9	private hospital rather than a Government hospital, it's
0	perfectly clear that under Wisconsin law there would have
1	been a recovery for the lost medical expenses, the large
2	amount in dispute. But it's not equally clear, is it, as
3	a matter of Wisconsin law, that if this were case were
4	tried in a Wisconsin court on the present facts, that a
5	Wisconsin court would have awarded this kind of potential

1	double recovery?
2	MR. ROTTIER: To the contrary. I think it is
3	clear that the finder of fact in such a situation, which
4	would have been a jury, would have had to address the very
5	same questions of duration of Mr. Molzof's life, and the
6	reasonable amount of the future medical expenses, but they
7	would have been awarded.
8	QUESTION: But might they not have given credit
9	for the full amount of the care that the Federal
10	Government is going to give to this individual?
11	MR. ROTTIER: Under Wisconsin law, that would
12	have been viewed as a collateral source, and that would
13	not have been factored in with respect to the award of
14	future damages.
15	QUESTION: Well, how can you be so sure it would
16	have been viewed as a collateral source? This is not an
17	insurance case.
18	MR. ROTTIER: In Wisconsin, and partly from
19	experience, in Wisconsin governmental benefits are viewed
20	as a collateral source. However, with respect to both
21	State-of-Wisconsin-paid benefits as well as certain
22	Federal benefits there is subrogation for past
23	expenditures, but there is no statutory subrogation for
24	Wisconsin-paid benefits for in the future.
25	QUESTION: Well, is there a set-off? The

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1	Government really argues this is a set-off, doesn't it?
2	Is there set-off under Wisconsin law?
3	MR. ROTTIER: It does affect eligibility under
4	Wisconsin law.
5	QUESTION: Well, suppose the Wisconsin defendant
6	was a hospital, and that hospital had entered into a
7	contract after the injury to give lifetime care. Would
8	that have been a set-off under Wisconsin law?
9	MR. ROTTIER: I know of no such arrangements. I
10	do not believe it would have been, because it would
11	compel
L2	QUESTION: Because it it seems
L3	to me that's quite different from a collateral source.
L4	MR. ROTTIER: The way the set-off provisions
.5	work in Wisconsin with respect to State-paid benefits is
.6	that the receipt of an award for future medical expense
.7	affects eligibility.
.8	QUESTION: Yes, but this is not just a State-
.9	paid benefit, I think that's the point that's being made.
0	It is State-paid, and yes, that's a collateral source, but
1	this is a defendant-paid benefit, as well. That's the
2	distinctive thing, and you don't know of any defendant-
3	paid cases.
4	MR. ROTTIER: None that have been reported.

There's a -- there's an issue that's starting to arise

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1	relating to health maintenance organizations and attempts
2	to subrogate them for future medical expenses, but those
3	have not been reported.
4	The point I was trying to make, members of the
5	Court, is that this is a problem which is very easily
6	remedied by congressional action or, in fact, by action by
7	the Veterans Administration, because all that needs to be
8	done is that eligibility for future veterans' benefits is
9	affected by receipt of an award for future medical
10	expense, just as they did with section 351 by affecting
11	eligibility for future disability payments once a veteran
L2	has received an award pursuant to the Federal Tort Claims
L3	Act.
L4	QUESTION: Well, if the suggestions made by my
1.5	colleagues here are correct, perhaps whatever problem
.6	exists could be remedied simply by the fact-finder, the
.7	awarder of damages in the Federal Tort Claims Act case, if
.8	in fact the collateral source doctrine as applied in
.9	Wisconsin doesn't squarely cover this subject.
0	MR. ROTTIER: I think the deficiency in that
1	approach, Mr. Chief Justice, is that it will require
2	Federal courts to evaluate each and every element of
3	compensatory damages and address the effect of their
4	receipt on the plaintiff, instead of focusing on what I
5	think is the more appropriate question, which is, on what

2	Is it on the basis of negligence which is
3	compensable, or is it on the basis of more egregious
4	conduct which rises to the level of that which would
5	support punitive damages? It's an award based on that
6	type of conduct which is prohibited.
7	QUESTION: Well, what I'm suggesting is not that
8	this comes within the punitive damages exception, but that
9	perhaps the district judge sitting in Madison might
10	conclude that although Wisconsin law follows the
11	collateral source doctrine, this is not, strictly
12	speaking, a collateral source question, so perhaps, even
13	without any action from Congress, the plaintiff is not
14	entitled to double recovery.
15	MR. ROTTIER: Some courts in fact have used that
16	approach with respect to medical expenses paid by the
17	Government prior to trial. Indeed, in this case, no claim
18	was made for past medical expenses incurred prior to trial
19	because of the concern raised in those Federal courts,
20	including the Seventh Circuit in the Green case.
21	However, the problem with that is that you force
22	the fact-finder by finding that this is the only source
23	of medical care the plaintiff will use for the balance of
24	his or her life, you essentially force the fact-finder to
25	make that plaintiff a life-long prisoner of that health

1 basis is an award being made.

1	care provider, whoever it may be.
2	If we stepped outside of the Veterans
3	Administration for the moment and said this were a private
4	hospital
5	QUESTION: That would be a very bad thing for
6	Wisconsin to do, let's agree with you. But if it's if
7	it's I mean, if it's State law, it's State law. You're
8	you're talking to the wrong to the wrong
9	MR. ROTTIER: Well, I very much agree with you.
10	If it's State law, it's State law, and that's what I'm
11	asking be applied here. State law in Wisconsin would
12	allow an award of future medical expense, irrespective of
13	any future obligation on the part of a private insurance
14	company or the Government to make payment for those
15	medical expenses.
16	QUESTION: Well, you don't have a case that says
17	that, though. You don't have a case in which the
18	defendant in the particular case has, before the verdict
19	come in, committed itself to provide all of the provide
20	the what would otherwise be paid for
21	MR. ROTTIER: I have no such case
22	QUESTION: And it's certainly not beyond the
23	realm of possibility that the Wisconsin court would say,
24	this is a double recovery, it's a set-off. I mean, it
25	seems to me all you should be asking for is to have us

1	send the case back to decide that question as a matter of
2	Wisconsin law. It has not yet been decided, as I
3	understand the record in this case.
4	MR. ROTTIER: I know of no case, Your Honor,
5	that where a defendant a private defendant has come
6	in
7	QUESTION: And the district judge certainly
8	didn't decide it in this case.
9	MR. ROTTIER: Nor does the Government know of
10	any such case, at least as reflected by its brief, and it
11	would strike me
12	QUESTION: But it's certainly not a frivolous
13	position, when the family seems happy with the Government
14	service it's getting in the future to say the Government
15	shouldn't have to pay for it twice. I mean, it's maybe
16	you're right, as a matter of Wisconsin law, but it
17	certainly is an arguable point, isn't it?
18	MR. ROTTIER: I'm not contending it's a
19	frivolous position. What I am contending is that this
20	very issue, as serious as it is, was raised in the Feeley
21	and the Ulrich courts, and both of them said, this is a

very issue, as serious as it is, was raised in the Feeley and the Ulrich courts, and both of them said, this is a serious problem, Congress should remedy it. Congress has chosen not to remedy it, even though it took care of the double payment potential with respect to disability benefits, and it took care of it very simply in 38 U.S.C.

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- 1 351.
- QUESTION: But it's only a serious problem in
- 3 those -- States that choose to make it a serious problem.
- 4 I mean, it is a serious problem where a State would allow
- 5 the double recovery, and that's what we don't know is the
- 6 situation here. It may not be a problem in Wisconsin.
- 7 What were those other -- those other cases, did they
- 8 involve Wisconsin law, or the law of other States?
- 9 MR. ROTTIER: It was the law of other States.
- 10 One was Pennsylvania and the other New York, and then
- 11 there are lower court decisions in Connecticut and the
- 12 Eastern District of Pennsylvania, which followed the same
- 13 principle.
- QUESTION: Well, you seem to have -- if you get
- 15 you want, you seem to concede that there would be a double
- 16 recovery.
- MR. ROTTIER: I don't necessarily concede that,
- 18 but what it would do -- I concede it creates the
- 19 potential.
- 20 QUESTION: Well, you'd be -- you'd be being paid
- 21 for something that you're not out of pocket for.
- MR. ROTTIER: I concede there is that potential.
- 23 QUESTION: Is that right?
- MR. ROTTIER: I concede there is that potential,
- 25 Your Honor. However --

1	QUESTION: And yet and yet you say that
2	every every dollar you want, you would categorize as
3	compensatory?
4	MR. ROTTIER: Every dollar we're requesting I
5	would categorize as nonpunitive, and if it is nonpunitive,
6	it falls outside the exclusion.
7	QUESTION: Well, what is it if it isn't
8	compensatory or punitive?
9	MR. ROTTIER: Well, as the Court knows
10	QUESTION: What do you call that?
11	MR. ROTTIER: As the Court knows, there's been
12	much written about those two components and whether
13	they're totally mutually exclusive or not.
14	If you look at them from the perspective of the
15	basis on which they're awarded
16	QUESTION: So I suppose you would lose if we
17	concluded that anything that is not compensatory is
18	punitive?
19	MR. ROTTIER: Yes, but I respectfully disagree
20	with the approach. I think the approach would be from the
21	perspective of what is the basis on which the damages are
22	being awarded, because that was how punitive damages were
23	defined traditionally at the time the Federal Tort Claims
24	Act was imposed. It's those damages which were imposed
25	because of the egregious conduct of the defendant. It

1	was
2	QUESTION: Would you say that actual damages
3	imposed in a State which follows the collateral source
4	doctrine were compensatory?
5	MR. ROTTIER: They are compensatory even in
6	circumstances where they're
7	QUESTION: Where there's a double
8	MR. ROTTIER: where they're duplicative.
9	QUESTION: Yeah, okay.
10	MR. ROTTIER: They remain compensatory because
11	the basis on which they were awarded was simple
12	negligence, as opposed to some higher level of egregious
13	conduct.
14	QUESTION: Well isn't the definition of punitive
15	damages a question of Federal law?
16	MR. ROTTIER: It is
17	QUESTION: I mean, what punitive damages means
18	under the Federal Tort Claims Act?
19	MR. ROTTIER: I agree with that, Your Honor.
20	QUESTION: And if the Federal law is that
21	anything that isn't compensatory is punitive
22	MR. ROTTIER: I lose.
23	QUESTION: Yeah. Yeah. And so we get back to
24	whether or not what you want is compensatory?
25	MR. ROTTIER: I'd like to just take a half-step
	17

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1	back, if I may, Your Honor. That's why it's so important
2	that the Court, in deciding the definition of punitive
3	damages, look to the traditional common law definition,
4	and it hinged, as far as I know, on the nature of the
5	defendant's conduct. That's a
6	QUESTION: We aren't we aren't we aren't
7	required to follow State law in defining punitive damages?
8	MR. ROTTIER: Not with respect to the Federal
9	Tort Claims Act.
10	QUESTION: Yes.
11	MR. ROTTIER: But I think the precedents of this
12	Court are clear as to what punitive damages are both in
13	the context of the Federal Tort Claim Act as well as in
14	the broader context, going back to the 1800's. It's based
15	on it has not been defined punitive damages have not
16	been defined by this Court as those which are not
17	compensatory.
18	It was defined as those which are to be awarded
19	to punish and deter egregious conduct of the defendant.
20	And those damages were never sought in this case, and they
21	would not have been available under Wisconsin law even if
22	the punitive damage exclusion provision were not in the
23	Federal Tort Claim Act.
24	The other problem with the approach taken by
25	Judge Shabaz in the Seventh Circuit is that it resulted in

1	an unworkable situation. Essentially, Judge Shabaz and
2	you may recall at the end of his decision from the bench,
3	I asked him if he were giving granting the equivalent
4	of a permanent injunction against the Veterans
5	Administration to provide the same level of care, and he
6	said that the Court would retain jurisdiction and would
7.	monitor the situation and be available for interim relief.
8	The Court went on, however, to find that there
9	were deficiencies in the Veterans Administration care and
10	awarded \$25,000 a year so that the family could bring in
11	an outside physician, outside physical therapists, outside
12	respiratory therapists, and supplement the care in the
13	respects in which it was deficient.
14	That is an unworkable situation. Essentially
15	what he said is, all future damages for medical care,
16	other than \$25,000 a year, are noncompensatory and thus
17	punitive, but he conceded that at least to the extent of
18	\$25,000, compensatory damages were justifiable.
19	QUESTION: Mr. Rottier, suppose we were to agree
20	with you on the punitive damages point but but disagree
21	with you on the on the duplicative damages point, or at
22	least not know what the answer to that is because we think
23	it's a matter of Wisconsin law, what ought our judgment to
24	be?
25	In other words, suppose we agree that even

1	though it's noncompensatory it is recoverable so long as
2	it is not punitive damages in the in the generally
3	understood common law sense, okay? But suppose we furthe
4	say we don't know what the what the Wisconsin law is a
5	far as recovering judgment from the same defendant for
6	damages that he's already paying in some other capacity.
7	What should we do with the case, if that's how we come
8	out? You lose, or I mean, or what? What happens?
9	MR. ROTTIER: I don't lose until a decision is
10	made, but one option is to I assume, to certify it to
11	the Wisconsin Supreme Court to answer that question, if
12	you're uncomfortable with the status of Wisconsin law on
13	that issue.
14	I'm of the belief that Wisconsin law would allow
15	such recovery, albeit that no such specific case has been
16	presented in Wisconsin.
17	QUESTION: Well, is there is there the same
18	doubt you have another claim for a different type of
19	damages, the loss of life enjoyment?
20	MR. ROTTIER: Yes. A claim was brought
21	QUESTION: Is that is there doubt about that
22	under Wisconsin law?
23	MR. ROTTIER: There is doubt about that under
24	Wisconsin law.
25	QUESTION: I see. You don't have any case

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1	allowing loss of enjoyment of life where the patient is
2	comatose and likely never to recover?
3	MR. ROTTIER: That is correct. There is a
4	series of cases of longstanding that allows compensation
5	for loss of enjoyment of life, but none of those fact
6	situations focused on a situation where the plaintiff
7	was was comatose, and totally unaware of his or her
8	condition. That is an undecided issue under Wisconsin
9	law.
10	QUESTION: Well, I
11	MR. ROTTIER: There have been trial court
12	decisions, but
13	QUESTION: I suppose if someone loses an arm, he
14	can recover damages for having lost an arm even, though he
15	never well have the chance of using that arm at all?
16	MR. ROTTIER: Well, the obviously the side of
17	the argument that I prefer is the one that no awareness of
18	a loss is needed if an objective analysis can be made that
19	a loss did occur and that some reasonable value can be
20	affixed to it.
21	On the other hand, perhaps the best discussion
22	of the need for some conscious awareness is in the
23	McDougald case out of New York State, which actually
24	followed Rufino, and in that case and I may be arguing
25	the Government's point here in that case there was a

1	threshold requirement that there be some minimal awareness
2	of the loss of enjoyment of life, and once that threshold
3	requirement was met, then damages for that component were
4	awardable.
5	Your Honors, in summary, before I sit down and
6	reserve the balance for rebuttal, what I'm asking is that
7	the Court look at the statute itself. The statute is very
8	clear in the sense of wanting to apply State-by-State law.
9	Yes, that results in a sometimes awkward situation because
10	of variances from State to State, but that is the intended
11	structure of the act. And to follow the Government's
12	reasoning in this case will reduce the effect of that
13	provision and fly in the face of the intent of Congress
14	with respect to that provision.
15	I reserve the balance. Thank you.
16	QUESTION: Thank you, Mr. Rottier.
17	Mr. Wright, we'll hear from you.
18	ORAL ARGUMENT OF CHRISTOPHER J. WRIGHT
19	ON BEHALF OF THE RESPONDENT
20	MR. WRIGHT: Mr. Chief Justice, and may it
21	please the Court:
22	I'd like first to discuss some general
23	principles applicable to both claims in this case, and
24	then turn to petitioner's claim for \$1.3 million for
25	future medical care, and finally to the claim for loss of
	22

_	enjoyment of fife.
2	The Government's basic submission in this case
3	is that there are only two kinds of tort damages, a matte
4	that's already come up punitive and compensatory. We
5	agree with the court below that there is no third categor
6	of tort damages that are both noncompensatory
7	QUESTION: You don't think there is under any
8	State law that you know of?
9	MR. WRIGHT: I know of no State that defines it
10	that has a third category, and frankly I don't think
11	opposing counsel was able to come up with a third categor
12	today. We think that there are basically only two.
13	We admit that it is sometimes difficult to
14	calculate tort damages, and we do not contend that
15	compensatory damages need to be made with a sort of a
16	scientific precision that is impractical.
17	QUESTION: Mr. Wright, could you step a little
18	closer to the microphone? I'm having a little difficulty
19	hearing you.
20	MR. WRIGHT: Sorry.
21	QUESTION: Mr. Wright (inaudible). Wouldn't it
22	make the analysis easier if you'd said there are three
23	categories of damages: there are punitive damages, there
24	are damages for pecuniary loss, and then there are damages

for nonpecuniary loss? Aren't we fighting -- we're

	righting over at least part of the third category here.
2	You're saying there's no pecuniary loss for a
3	variety of reasons, but doesn't the doesn't the
4	argument at least, or doesn't the position that the
5	circuit took rest on on on sort of this, I think
6	improper inference that because punitive damages do not
7	compensate the pecuniary loss, any damages which do not
8	compensate the pecuniary loss are punitive?
9	And if we reject that inference, which is an
10	improper inference, then we're we're simply thrown back
11	on the definition of punitive damage that your brother
12	came up with, and he says the way to solve the problem of
13	what to do with nonpecuniary loss is simply determine the
14	basis upon which the damage is awarded. Is it punishment
15	for egregious conduct, or isn't it? I guess my question
16	is, did the lower court make the improper inference that I
17	have just imputed to it?
18	MR. WRIGHT: I don't think so, Your Honor. Let
19	me make a number of points in response. Pecuniary and
20	nonpecuniary losses are normally thought of as
21	subcategories of compensatory losses. We do not argue,
22	and I don't believe the lower court thought, that
23	nonpecuniary losses are always noncompensatory.
24	Let me add that a future medical expense award
25	is, of course, a pecuniary sort of loss. This concern I
	24

1	think goes more simply to the loss of enjoyment of life
2	award, and let me say in response to your question,
3	finally in response to that, we do not we think this i
4	a very special category of case with respect to the loss
5	of enjoyment of life issue.
6	QUESTION: What's the difference between loss of
7	enjoyment of life and pain and suffering?
8	MR. WRIGHT: Many courts, States, think of i
9	as a subcategory further of pain and suffering. Some
10	courts say that it is a different sort of nonpecuniary but
11	compensatory loss. We do not
12	QUESTION: Well, you wouldn't claim that pain
13	and suffering damages are punitive.
14	MR. WRIGHT: We would not contend that pain and
15	suffering damages are punitive.
16	QUESTION: All right. Why why, then, are
17	is the category of loss of enjoyment punitive?
18	MR. WRIGHT: Only under the circumstances of
19	this case, where Mr. Molzof was never aware of a loss of
20	enjoyment of life.
21	QUESTION: But isn't that a question that goes
22	to the definition of what can be compensated for loss of
23	enjoyment of life, as opposed to what goes to what is
24	punitive and nonpunitive?

You're saying, you shouldn't award him loss

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1	for damages for loss of enjoyment because he'll never
2	know. And that seems to me to be a question about the
3	basis in State law on which those damages may be awarded,
4	but it does not seem to me obviously to go to what is or
5	is not, or whether they are or are not punitive unless you
6	expand the standard definition of punitive damages.
7	MR. WRIGHT: Well, Your Honor, we have a
8	different view of punitive damages than does petitioner.
9	As as I've said, they think we all agree that
10	something is punitive only if it is on top of
11	compensation. They would contend that it not only has to
12	be on top of compensation but it has to be calculated
13	according to the egregiousness of the conduct at issue,
14	and let me let me say in response to that that we think
15	the following hypothetical shows that this is wrong.
16	If this were a case where there was undisputed
17	evidence that a person, an employee at the VA hospital,
18	had maliciously disconnected the respirator, it would be
19	perfectly clear everyone would agree that the United
20	States could not be subjected to punitive damages for that
21	reason. We think it odd to argue that because there is no
22	such finding, a noncompensatory award may be added on top
23	of the compensatory damages.
24	QUESTION: Well, but the
25	QUESTION: The manner in which you are assuming

1	that anything which is not compensatory either in a
2	pecuniary fashion or for an element of damage which the
3	patient could appreciate is necessarily punitive. I mean,
4	your whole argument rests on that identification.
5	MR. WRIGHT: With respect to loss of enjoyment
6	of life, our entire argument is that because Mr. Molzof,
7	under these unusual circumstances, never had any
8	appreciation of loss of enjoyment of life, an award for
9	that item is necessarily noncompensable and hence
10	punitive. But let me stress that there were nonpecuniary
11	damages awarded in this case, and we don't challenge them.
12	Mrs. Molzof received \$150,000 for loss of
13	consortium. We certainly do not contend that that
14	QUESTION: And you wouldn't be challenging this,
15	if except that the if the patient weren't in a
16	vegetative state.
17	MR. WRIGHT: Yes, Your Honor. It's a seemingly
18	paradoxical situation, of course. Typically, the more
19	severely you are damaged, the greater your loss of
20	enjoyment of life is, and the greater an award is
21	appropriate.
22	QUESTION: Mr. Wright, suppose you have a State
23	statute that says, for all trespasses the trespasser shall
24	be liable for the owner of the property for five for
25	\$5,000, and the Government somehow is is sued under the
	27

1	Tort Claims Act on a trespass. What result? That's
2	punitive damages, in your estimation?
3	MR. WRIGHT: I think not, the way you say it,
4	because I assume that something like the following would
5	be proposed as a rationale. This is a sort of liquidated
6	damages, if you will, that the State has decided that it's
7	very hard to approximate exactly what compensation is
8	QUESTION: So whatever the State thinks is
9	compensation is good enough?
10	MR. WRIGHT: We think that as a general matter,
11	that's so. We think that there are certain circumstances
12	where it is so clear that a particular award is not
13	compensatory, and we have two of those situations here,
14	that that
15	QUESTION: Maybe the State here thinks that, you
16	know, that this is for loss of enjoyment of life they
17	might deem it compensatory. I mean, I don't know it
18	seems to me it clearly isn't compensatory. If you say
19	\$5,000, just a spot number \$5,000 for everything, you
20	could recover on that but you can't recover here?
21	MR. WRIGHT: Certainly not you could recover
22	here certainly if a State said that for the reasons I
23	outlined that it needs to be compensatory. If a State
24	said, I think that we're deterring a trespasser, so even
25	if there's no damage we're going to award \$5,000, that, in
	28

- 1 our view, would be -- would be punitive.
- 2 QUESTION: What if -- what if you have a State
- 3 that follows the normal collateral source doctrine and you
- 4 subscribe to Blue Cross, the Blue Cross covers your
- 5 hospital, your hospital bill is \$5,000, you're entitled to
- 6 recover that amount, I believe, from the tort-feasor. Is
- 7 that, in your view, punitive damages?
- 8 MR. WRIGHT: No, Your Honor, and you could say
- 9 that the key difference there is that in that situation
- 10 the tort-feasor is not required to pay twice for the same
- 11 injury. In this situation -- and we're turning now to the
- 12 \$1.3 million for future medical care -- the question is
- whether the Federal Government will both pay employees at
- 14 the VA hospital to provide care and award \$1.3 million on
- 15 top of that to provide care.
- 16 QUESTION: So double recovery does not mean it's
- 17 punitive. Double payment would?
- MR. WRIGHT: Yes, Your Honor. Let me add, as
- 19 well, that in your situation double recovery would not
- 20 occur either. Blue Cross has a very strong subrogation
- 21 policy that it would enforce.
- 22 QUESTION: I thought some States don't allow
- 23 that. I thought some States have laws that if you recover
- 24 you can -- you can get your insurance and the recovery
- 25 both. That would --

1	MR. WRIGHT: It is possible that sublogation
2	does not always work in some circumstances.
3	QUESTION: Right, and in that case, would you
4	consider those punitive damages?
5	MR. WRIGHT: No. In that case
6	QUESTION: Why not?
7	MR. WRIGHT: we would say well, it's a
8	timing problem, really. The tort-feasor is only required
9	to pay once. The tort-feasor has harmed the victim in a
10	way that compensation is required, and
11	QUESTION: Well, but that that bears no
12	relationship to whether it's compensatory or not. Whether
13	one person pays once or twice doesn't make it compensatory
14	or noncompensatory. Compensation is determined from the
15	point of view of the recipient, not the donor, and you've
16	accepted a case where the donor is clearly getting the
17	money twice and yet you say that is not punitive. That is
18	not a punitive award, but somehow in this case it is. It
19	seems to me quite illogical.
20	MR. WRIGHT: It it seems clear to us that the
21	first payment is compensatory and the second payment is
22	punitive. As between the tort-feasor and the victim we
23	think that State law has reasonably determined, and we
24	would not challenge, that we will just look at the
25	relationship of the tort-feasor and the victim and require
	30

1	the tort-feasor to pay for the damage to the victim.
2	QUESTION: Well, I agree that punitive is looked
3	at from the from the standpoint of the person that
4	pays, but you say everything is punitive that is not
5	compensatory, and yet you accept the Chief Justice's
6	example of something that is clearly not compensatory, and
7	for some reason you say that that is not punitive. And I
8	don't see why.
9	MR. WRIGHT: Well, a first payment isn't. The
10	question is what to do with the third party, with whom,
11	typically, there's a separate contract. You've
12	contracted, typically, both for an award in case you
13	are damaged you not only get compensation but you get the
14	benefit you've contracted for as well. That's the
15 .	situation in that case.
16	Let me let me pose a hypothetical, if I may,
17	in the double damage issue. If a State decided, perhaps
.8	in cases where serious injuries such as occurred here
.9	result, that it will award double damages in all cases,
20	not measured by egregiousness or maliciousness or any sort
1	of traditional punitive damage or just double damages
2	in all case, it seems to us under petitioner's theory that
3	is not a punitive damage award under section 2674.
4	We think, to the contrary, such an award, which
5	would be plainly deterrent in purpose and effect and is

1	really no different than the future medical award in thi
2	case, we think that that sort of that sort of damage
3	award clearly has to be struck down under
4	QUESTION: Why do you say that? The statute
5	says, to the same extent as a private individual under
6	like circumstances, but shall not be liable for interest
7	prior to judgment or for punitive damages. The only
8	exclusion is punitive damages, and you have described a
9	case in which there are no punitive damages under common
10	law under your common law hypothesis, right?
11	MR. WRIGHT: Under petitioner's view that
12	punitive damages
13	QUESTION: I mean, if we assume Congress meant
14	to adopt the common law version of punitive damages, the
15	Government would have to pay just like any private party
16	would in that situation, wouldn't they, if you just read
17	the statute literally, and if you interpret punitive
18	damages in the common law sense?
19	MR. WRIGHT: If you interpret punitive damages
20	to mean what petitioner says.
21	Now, in the common law sense, I'd like to say
22	that, first, an element of
23	QUESTION: Well, you don't agree with his
24	MR. WRIGHT: Right.
25	QUESTION: understanding of the common law.

1	MR. WRIGHT: An element of agreement has
2	actually occurred during the course of the briefing of
3	this case. We now all agree, and it was stated today,
4	that punitive damages is defined according to Federal law.
5	The question is, what did Congress mean in 1946 when it
6	when it enacted the Federal Tort Claims Act?
7	At that time, of course, it was well understood,
8	as it is today, that the purpose of tort damages, the
9	primary purpose, is compensatory. Opposing counsel was
10	kind enough to reference the New York Court of Appeals
11	McDougald case. I would like to further recommend that
12	case. It the court explains in some detail that we
13	always start in tort cases with the principle that
14	compensation is the goal, not punishment.
15	QUESTION: Yes, but it is true, is it not, that
16	at least in this paragraph of the statute the word
17	"compensatory" doesn't appear?
18	MR. WRIGHT: That's right, Your Honor.
19	QUESTION: It only appears in the death action
20	section.
21	MR. WRIGHT: I think that Congress in 1946
22	understood that there was one exception to the rule that
23	punitive damages I mean, I'm sorry that compensatory
24	damages are the purpose for awarding damages in tort. And
25	that exception was, and with relatively few exceptions

+	continues to be, that the occasion for departing from the
2	rule is when the behavior of the tort-feasor is
3 .	particularly egregious.
4	In 1946, I think Congress could would must
5	have thought courts would award compensatory damages and
6	they would award noncompensatory damages only in the
7	circumstances where there was a judgment of maliciousness.
8	QUESTION: Supposing you had a situation instead
9	of your double recovery where you had a no-fault program
10	in the State system and they awarded they set precise
11	recoveries for different kinds of injuries like you do
12	under workman's compensation, and they were demonstrably
13	30 percent higher than the actual compensation required.
14	Would you have to shave off the excess under your theory?
15	MR. WRIGHT: I'm sorry, a workers compensation
16	award?
17	QUESTION: Say you have a no-fault tort program
18	in which the amount of damages for different kinds of
19	injuries are set by statute, as they are in the workman's
20	compensation program, and those amounts were deliberately
21	set by the legislature at maybe 25 or 30 percent above
22	what they would calculate to be actual damages, to add a
23	little deterrence and to and to take care of possible
24	inflation, one thing and another. They just fixed them a
25	little high at the start.

1	What would happen under such a statute under
2	your view? Would part of that be punitive?
3	MR. WRIGHT: I would think in the general case,
4	no, our position is not that compensation can be and must
5	be awarded exactly, and I can well imagine a State
6	situation that we would not challenge where a damage was
7	an approximately, as most nonpecuniary damage awards are.
8	I was troubled when you added to your
9	hypothetical situation where a State intentionally said
10	we're going to add 25 percent on top for deterrent effect.
11	It seems to me quite clear that in that situation, yes,
12	the add-on for deterrence could only be understood as
13	being punitive.
14	QUESTION: Mr. Wright, what about this case? A
15	State decides that it wants to cut down the amount of
16	sympathy and sort of cry-baby damages the juries award, so
17	they adopt a scheme whereby in place of the old common-
18	law rule all damages for personal injury will be assessed
19	on the basis of what the reasonable person would
20	experience as damages (inaudible) pain and suffering
21	damages, that it is the claim of a reasonable person which
22	is going to be the measure of damages.
23	And in a given case a Government driver runs
24	over my foot, and the claim is made were for pain, and yet
25	you could prove that because of an abnormality in my

- 1 nerves I have no sensation down there. Would the
- 2 (inaudible) of the damages be punitive for the pain in my
- 3 foot?
- 4 MR. WRIGHT: In the unusual case that you
- 5 suggest, I think so. I would --
- 6 QUESTION: (Inaudible).
- 7 MR. WRIGHT: Until you got to the point where
- 8 you said that it's clear that you suffer absolutely no
- 9 sensation for pain, I was prepared to say, oh, that sounds
- 10 like the sort of approximation that, frankly --
- 11 QUESTION: (Inaudible) my question (inaudible) a
- 12 little bit. I mean, I just winced.
- 13 (Laughter.)
- 14 QUESTION: (inaudible) all I did was wince and
- walk (inaudible). Would you have to shave it down
- 16 (inaudible).
- 17 MR. WRIGHT: No. I think that under our view
- 18 we're really arguing for a narrow position today that if
- 19 you suffered some pain and there is a statutory award that
- is a reasonable compensatory approximation of a normal
- 21 person's pain, I don't think we would challenge that.
- 22 If --
- 23 QUESTION: The narrower it gets the less logical
- 24 it gets. That's the only --
- MR. WRIGHT: If you suffered no pain whatever,

1	as Mr. Molzot suffered no cognition of loss of enjoyment
2	of life, we would say yes, it can only be punitive. It's
3	not at all compensatory.
4	QUESTION: You didn't realize how stoic these
5	New England Yankees are.
6	QUESTION: (Inaudible).
7	QUESTION: On what basis did the court below
8	refuse damages for loss of life enjoyment or for the
9	double recovery?
10	MR. WRIGHT: In both circumstances, the court
11	went past the question of Wisconsin law and held as a
12	matter of Federal law that punitive that such awards
13	would be punitive under 2674, in the one case, because it
14	would require the United States to pay twice.
15	QUESTION: So that was essentially a
16	construction of the Federal Tort Claims Act, but that
17	means that the Government shouldn't be held to the
18	definition of punitive damages of common law?
19	MR. WRIGHT: Yes, Your Honor.
20	Let me add in this respect that of course
21	there's no State law question before the Court. It did
22	come up while the petitioner was presenting his views.
23	QUESTION: Well, but it certainly would be left
24	over if we didn't agree with you on the reach of punitive
25	damages.

1	MR. WRIGHT: It would be left over.
2	Let me just note briefly, though, that there are
3	very few circumstances in which the States have authorized
4	damages awards that we would challenge as punitive. And
5	here, for instance, there is no authority that Wisconsin
6	would allow a double recovery in a situation where the
7	tort-feasor has to pay twice, and there is no Wisconsin
8	authority for damages for loss of enjoyment of life by a
9	person in a permanently comatose state.
10	QUESTION: Well, Mr. Wright, it's not really
11	I don't think it's really paying twice.
12	I suppose, you know, the Government comes up
13	and says, we'll you'll sign a medical contract with us
14	and we'll give you your medical services at 80 percent of
15	cost, but you have to go to a Government hospital and take
16	our doctors. Now, I'm not sure you'd accept that. I'm
17	not sure I would. I like to go to what doctor I want and
18	buy services where I want.
19	What you're saying is, because you have
20	volunteered the Government has volunteered to
21	provide to this individual services in a Veterans
22	Administration hospital, he's going to have to get the
23	services there, whether he likes it there or not. Isn't
24	that right?
25	MR. WRIGHT: No, Justice Scalia, our position is

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_	narrower. I hope you won't think it's
2	QUESTION: Okay.
3	MR. WRIGHT: less logical in this respect.
4	We contend that it is it was Mrs. Molzof's choice where
5	Mr. Molzof would be treated. If she had intended to move
6	him elsewhere, she then would have been entitled to an
7	award for future medical damages. In that situation, the
8	Government would not have been required to pay twice. It
9	would not have been required to pay Federal employees to
10	care for Mr. Molzof as well as to pay the tort damage
11	award.
12	In that situation, also, Mrs. Molzof would not
13	have been recompensed twice. She would have taken the
14	money and paid a private hospital to care for Mr. Molzof.
15	QUESTION: So you're really you're really not
16	objecting to paying the money, you're objecting to
17	providing the VA services, or, I mean, one or the other?
18	MR. WRIGHT: We're objecting to paying the money
19	on top of the VA services. And those courts of appeals
20	that have said that the Ulrich and Feeley cases where the
21	courts have said that it is the choice of the victim's
22	family as to where he is treated, we agree absolutely that
23	it is the victim's choice.
4	Here, however, it was clear that there was no
5	other hospital in the vicinity that could provide

1	comparable care, and it was clear that, indeed,
2	Mrs. Molzof did not intend to move Mr. Molzof, and in fact
3	he was cared for in the VA hospital until he died.
4	QUESTION: Mr. Wright, in the New York regime,
5	where I take it there's no payment for loss of enjoyment
6	when the person becomes comatose, is that person's
7	recovery the same as in a wrongful death action, or does
8	that person get less than if there had been a wrongful
9	death?
10	MR. WRIGHT: I think I think he gets the
11	same. I think
12	QUESTION: It would be a lost earnings
13	MR. WRIGHT: Oh, yes. Whatever whatever the
14	normal lost earnings, or any losses
15	QUESTION: In other words, those cases
16	approximate the recovery to what a wrongful death recovery
17	would be?
18	MR. WRIGHT: Yes. Any pain and suffering.
19	Under a survival statute you would get any pain and
20	suffering he suffered before entering the personal
21	comatose state. And again, we're not challenging any of
22	those sorts of awards here today.
23	Again, let me stress that we we recognize
24	that sometimes it's difficult to approximate particularly
25	nonpecuniary damage awards, but in two situations we think

1	that it's very clear that damages are noncompensatory and
2	punitive, and those circumstances are where the tort-
3	feasor has to pay twice, and where the tort-feasor is
4	required to make a payment for an inherently
5	noncompensable loss.
6	If there are no further questions, thank you.
7	QUESTION: Thank you, Mr. Wright.
8	Mr. Rottier, you have 5 minutes remaining.
9	REBUTTAL ARGUMENT OF DANIEL A. ROTTIER
10	ON BEHALF OF THE PETITIONER
11	MR. ROTTIER: Mr. Chief Justice and the Court,
12	there was proof at the trial level that three other
13	hospitals, including the hospital in the home town of
14	Mrs. Molzof Boscobel, Wisconsin would take this
15	the injured veteran.
16	Moreover, the suggestion that Mrs. Molzof should
17	have taken him from the Veterans Hospital before the case
18	was tried to evidence her intent overlooks the fact the
19	cost of care is approximately \$400,000 per year, and there
20	was testimony she had limited resources. So that should
21	not be the determinative factor here.
22	To respond to a couple of the issues raised with
23	Justice Kennedy, I think under the New York regime the
24	only difference between damages for a fully comatose
25	individual versus someone who had died would be the future

1	cost of care, which obviously wouldn't be necessary. The
2	impairment of future earning capacity would likely be the
3	same, I would expect, under the McDougald approach.
4	The attorney for the Government came very close
5	to agreeing that they were not objecting to paying the
6	money, but they were objecting to the continuation of free
7	medical care under Mr. Molzof's entitlement as a disabled
8	veteran. I suggest there is a very easy solution to that,
9	and this is the wrong branch of Government for it.
10	It merely it can come from the Veterans
11	Administration; it can come from Congress. They merely
12	suspend eligibility for the underlying benefits and
13	require the veteran to expend the dollars which have been
14	awarded at his or her choice, whether in a private
15	facility or whether in a Government facility. But in
16	either case they will be expended, and the purpose of the
17	act will be complied with, and that is the much cleaner
18	approach.
19	Each time you try to focus on whether the effect
20	of receipt of compensatory damages is punitive or not, you
21	get deeper and deeper in the quagmire. It's much easier
22	to step back and say, what is the justification for
23	punitive damages? If the justification is to punish, and
24	it's based on the nature of the conduct, then it is not
25	awardable because it falls within the prohibition of the

T	rederal fort Claims Act.
2	I might mention in response to Justice Souter's
3	questions about conscious pain and suffering and such, the
4	state of the law in Wisconsin is that conscious pain and
5	suffering is compensable, but not there is no such
6	entity as unconscious pain and suffering. Loss of
7	enjoyment of life is viewed as a component of pain and
8	suffering.
9	The narrow issue that's undecided in Wisconsin
10	is whether a comatose individual who cannot exhibit an
11	awareness of loss of enjoyment of life should be
L2	compensated for that component. There was no effort made
L3	in this case to seek an award for conscious pain and
L4	suffering. We took the position that we did not have the
.5	evidence to support that, and it was not available under
.6	Wisconsin law, even though some States might in fact have
.7	allowed that.
.8	QUESTION: Excuse me, was the Government's
.9	objection to the to the award of damages on that point
0	not only based upon its theory of what is punitive but
1	also on State law? Did it say Wisconsin law doesn't allow
2	for this anyway?
3	MR. ROTTIER: The Government didn't go so far as
4	to say Wisconsin law did not allow it. They did take a
5	position Wisconsin law was silent on it and that the

1	primary argument was that it would be punitive.
2	QUESTION: And the court of appeals agreed with
3	that?
4	MR. ROTTIER: That's correct.
5	QUESTION: I agree with the Government's counsel
6	that the basic approach of both the trial judge and the
7	Seventh Circuit was that both of these components of
8	damages resulted in the punitive effect and therefore was
9	prohibited by the Federal Tort Claims Act.
10	In closing, I would draw your attention to the
11	Massachusetts Bonding case which did relate to the Federal
12	Tort Claims Act and did require the Supreme Court to look
13	at the definition of punitive damages. That involved a
14	Massachusetts wrongful death statute which said that if
15	someone was killed their survivors could make a claim for
16	wrongful death, but it had to fall within a certain
17	minimum and maximum irrespective of what pecuniary damages
18	had been sought.
19	QUESTION: What's the name of the case,
20	Mr. Rottier?
21	MR. ROTTIER: Massachusetts Bonding. It's a
22	1956 case.
23	QUESTION: Citation?
24	MR. ROTTIER: 352 U.S. 128, and in that case the
25	Supreme Court of the United States held that it would be

1	inappropriate to follow these minimum and maximums because
2	they were really punitive in nature, because and
3	Massachusetts had viewed them as punitive in nature, and
4	the Supreme Court said, and I quote, "By definition,
5	punitive damages are based upon the degree of the
6	defendant's culpability." That's what we're asking this
7	Court to reaffirm in the context of the Federal Tort
8	Claims Act, just as this Court did in Massachusetts
9	Bonding.
10	CHIEF JUSTICE REHNQUIST: Thank you, Mr.
11	Rottier.
12	The case is submitted.
13	(Whereupon, at 12:05 p.m., the case in the
14	above-entitled matter was submitted.)
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CERTIFICATION

Alderson Reporting Company, Inc., hereby certifies that the attached pages represents and accurate transcription of electronic sound recording of the oral argument before the Supreme Court of The United States in the Matter of:

NO. 90-838 - SHIRLEY M. MOLZOF, PERSONAL REPRESENATIVE

OF THE ESTATE OF ROBERT E. MOZOF, Petitioner v. UNITED STATES

and that these attached pages constitutes the original transcript of

the proceedings for the records of the court.

BY alan pielman (REPORTER)

SUPREME COURT, U.S.

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