

Limiting Exposure With a Limitation of Liability Clause

Gregory J. Reigel **asks and answers** the question: Can you really limit your liability simply by including certain language in your agreements?

He finds the answer in a recent Texas Supreme Court ruling in *Bombardier Aerospace Corp. v. SPEP Aircraft Holdings, LLC*. In that case, plaintiff aircraft purchasers sued Bombardier, alleging that the engines installed on the plane they bought were not new equipment. A jury found in favor of the plaintiffs and awarded \$2.7 million in actual damages and \$5.4 million in punitives.

On appeal, Bombardier relied on a limitation of liability clause in the purchase agreement. The state Supreme Court ruling shows that “where sophisticated parties have bargained for a limitation of liability clause in an arms-length transaction, courts are likely going to enforce that clause to limit the damages that may be recovered,” Reigel writes.

Read the article.