Justices weigh fine in Exxon Valdez spill

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WASHINGTON - Nearly 19 years after the Exxon Valdez oil spill fouled Alaska's Prince William Sound, the Supreme Court debated Wednesday whether the world's largest oil company must pay a record $2.5 billion in punitive damages.

The eight justices who heard the case appeared closely split, although several said they were looking for a way to reduce the size of the award. Justice Samuel Alito Jr. sat out the case because he is an Exxon stockholder. His stock holdings could prove costly to the company, since a tie vote would have the effect of affirming the $2.5 billion verdict.

No one disputed that Exxon was responsible for paying for the cleanup and for the losses suffered by fishermen, cannery workers and other Alaska residents. Exxon paid $900 million in cleanup costs, and a jury ordered it to pay $287 million to 32,000 Alaskans, many of whom lost their livelihood when the fishing industry was destroyed.

At issue Wednesday was whether extra damages were needed to punish Exxon for corporate recklessness.

In 1994, a jury in Alaska imposed $5 billion in punitive damages, money that would go to the plaintiffs. Years of appeals followed, and the verdict was cut to $2.5 billion.

During this same stretch, the Supreme Court has been putting limits on punitive damages, believing the amount should be tied to the actual harm.

The case heard Wednesday is unusual because it apparently was the first before the Supreme Court involving punitive damages for an accident on the high seas.

Maritime law has shielded ship owners from being punished for damage caused by their vessels. This made sense during the era of sailing ships, said Justice David Souter. In those days, a ship was out of its owner's control until months later when it returned to port.

Representing Exxon, attorney Walter Dellinger cited this principle of maritime law and urged the court to throw out the entire punitive verdict.

"It's rather, I think, an exaggeration to call it a long line of settled decisions in maritime law," Justice Ruth Bader Ginsburg said.

Stanford law professor Jeffrey Fisher, representing the workers, said Exxon deserved to be punished for "putting a drunken master in charge of a supertanker."

He said the jury heard testimony that Exxon officials knew Capt. Joseph Hazelwood was an alcoholic, and they had 33 reports that he had gone back to drinking.

March 24, 1989, Hazelwood had been drinking and left the bridge of the supertanker. The third mate left in charge failed to turn the ship in time, and it hit Bligh Reef. About 11 million gallons of crude oil spilled.

The justices questioned attorneys for 90 minutes, making only one passing reference to Exxon's record profits. The award represents less than three weeks' worth of Exxon profit, which was $11.7