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From the Legal Corner



Q: PRODUCT SELLERS' RIGHTS TO PROTECTION FROM MANUFACTURERS

A: It is commonplace in product liability litigation for an injured plaintiff to sue not only the product manufacturer but any and all product sellers in the chain of distribution. Sellers can face heavy burdens in having to defend these suits, but there are ways to transfer this risk back to the product manufacturer.

Sellers should review and, if necessary, negotiate changes to their sales and distribution agreements with manufacturers to ensure that the contracts provide that the manufacturer will provide both defense and indemnity to the seller for any suits against the seller arising out of claims that the product was defective. This defense and indemnity agreement entitles the seller or reseller to "tender" its defense and indemnity to the product manufacturer when suit arises. The manufacturer then provides, at its cost, legal counsel to the seller and payment of any verdict or award against the seller based on the defective nature of the product.

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This general information is not intended to provide individual advice. Schedule an appointment with this professional to discuss your particular situation and needs. Questions sent to these professionals may be answered in future issues. PAID CONTENT