

NYC judge preserves only \$10M of \$190M cruise ship sickness award

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NEW YORK -- A judge has tossed out all but \$10 million of a \$190 million jury verdict ordering a company that makes water pumps to pay Celebrity Cruise Lines Inc. in a case involving an outbreak of Legionnaires' disease on a cruise ship in 1994.

Calling the jury verdict "manifestly erroneous," U.S. Magistrate Judge James C. Francis IV let stand \$10.4 million awarded in May 2006 for expenses such as refunding passengers, housing and transporting crew members and decontaminating the ship, the Horizon.

But he tossed out \$135 million awarded for lost value to the business and ordered a new trial on the jury's finding that Celebrity should receive \$47.6 million in lost profits.

The verdict impacted industrial manufacturer Pentair Inc., whose subsidiary Esfef Corp. was sued by Celebrity, along with two other companies. Pentair acquired Esfef in 1999.

Celebrity had claimed several passengers contracted the disease, a respiratory infection, because a defective water filter in a whirlpool spa failed to stop the spread of bacteria.

Legionnaires' disease, which got its name from an outbreak at an American Legion convention in 1976, is a form of pneumonia. Most people exposed to the bacteria never get sick, but the elderly and people with weak immune systems can be susceptible. The disease is treatable with antibiotics.

The judge said Celebrity provided substantial evidence that it suffered from a stigma after the Legionnaires' outbreak and had to cut prices to attract passengers.

But he said Celebrity's officers and employees failed to link any specific lost bookings to the Legionnaires' incident and Celebrity did not identify one potential passenger or travel agent who declined to book a cruise because of it.

The judge also said there was evidence that Celebrity's business had rebounded significantly by the end of 1994 and that the need to discount fares to attract customers later in the 1990s was a practice that ran "rampant in the cruise industry for reasons having nothing to do with the Legionnaires' incident."

He added: "Even using profits rather than bookings as the measure, there is strong evidence that the stigma from the Legionnaires' incident dissipated quickly."

Telephone messages for comment left with lawyers in the case were not immediately returned Wednesday.

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