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2002 Survey of Rhode Island Law: Cases: Vicarious Liability

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Vicarious Liability. *Oliveira v. Lombardi*, 794 A.2d 453 (R.I. 2002). Automobile leasing companies are liable for injuries caused by the drivers of their automobiles pursuant to two vicarious liability statutes. Long-term lessors are liable as vehicle owners for the purposes of section 31-33-6 of the Rhode Island General Laws. Additionally, they are liable as lessors for the purposes of section 31-34-4 of the Rhode Island General Laws.

FACTS AND TRAVEL

The Rhode Island Supreme Court consolidated two personal injury cases in which plaintiffs were seeking redress from long-term automobile lessors.¹

The first case involved a car leased by Salvatore Lombardi from Chase Manhattan Automotive Finance (Chase).² The plaintiff, Judith Oliveira, was seriously injured in a rear-end collision with the car in 1998.³ At the time of the accident, Mr. Lombardi's son was driving the vehicle.⁴ Two years later Ms. Oliveira sued Chase.⁵ Charging that the accident was the result of the younger Lombardi's negligence, Ms. Oliveira claimed that Chase was vicariously liable pursuant to two Rhode Island statutes.⁶ Subsequently, Chase sought, and was granted, summary judgment on the issue of its liability.⁷ The plaintiff timely appealed.⁸

The second case involved a car leased by Gold Key Lease, Inc. (Gold Key) to Joseph Falco.⁹ As the lease allowed, Mr. Falco lent the car to Joseph Tiberi.¹⁰ Mr. Tiberi then collided with a motorcycle driven by the plaintiff, Michael Ayers.¹¹ At the time of the accident, Mr. Falco's insurance on the vehicle had lapsed.¹² The plaintiff claimed that Gold Key was vicariously liable pursuant to

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1. *Oliveira v. Lombardi*, 794 A.2d 453, 455 (R.I. 2002).
 2. *Id.*
 3. *Id.*
 4. *Id.*
 5. *Id.*
 6. *Id.* (citing R.I. GEN. LAWS §§ 31-33-6, 31-34-4 (1998)).
 7. *Id.*
 8. *Id.*
 9. *Id.* at 456.
 10. *Id.*
 11. *Id.*
 12. *Id.*

both sections 31-33-6 and 31-34-4.¹³ Summary judgment was granted to Gold Key, and the plaintiff timely appealed.¹⁴

ANALYSIS AND HOLDINGS

Owner Liability

The court first interpreted section 31-33-6 as it applied to both cases:¹⁵

Whenever any motor vehicle shall be used, operated, or caused to be operated upon any public highway of this state with the consent of the owner, or lessee, or bailee, thereof, expressed or implied, the driver thereof, if other than the owner, or lessee, or bailee, shall in the case of an accident be deemed to be the agent of the owner, or lessee, or bailee, of the motor vehicle unless the driver shall have furnished proof of financial responsibility in the amount set forth in chapter 32 of this title, prior to the accident; and for the purposes of this section the term 'owner' shall include any person, firm, copartnership, association, or corporation having the lawful possession or control of a motor vehicle under a written sale agreement.¹⁶

The court based its decision on the first part of the definition of owner as described in section 31-1-17(b), the definition section of the Motor Vehicle Code,¹⁷ and held that Chase and Gold Key were owners because they held title to the vehicles.¹⁸ The court dismissed the alternative definition of owner found in section 31-1-17(b),¹⁹ determining it did not apply to section 31-33-6, and construed the definition of owner spelled out in the text of section 31-33-6, ("and for the purposes of this section the term owner shall

13. *Id.*

14. *Id.*

15. *Id.* at 457.

16. *Id.* (quoting R.I. GEN. LAWS § 31-33-6 (1998)) (emphasis omitted).

17. *Id.* at 453 (explaining an owner is "a person who holds the legal title to a vehicle" (citing R.I. GEN. LAWS § 31-1-17(b) (1978))).

18. *Id.*

19. *Id.* at 458 n.4 ("In the event a vehicle is the subject of an agreement for the conditional sale or lease thereof with the right of purchase upon performance of the conditions stated in the agreement and with an immediate right of possession vested in the conditional vendee or lessee, or in the event a mortgagor of a vehicle is entitled to possession, then such conditional vendee or lessee or mortgagor shall be deemed the owner for the purposes of chapters 1-27, inclusive, of this title." (citing § 31-1-17(b) (emphasis omitted))).

include . . .”),²⁰ to be an expansion of the definition already acknowledged in section 31-1-17(b) so therefore more than one possible owner was subject to vicarious liability.²¹ The court held that consenting owners, such as Chase and Gold Key, could only be protected from liability under the owner-liability statute if the authorized drivers of the leased vehicles provided proof of financial responsibility before an accident occurred.²² The court asserted that its interpretation of the statute was based on the plain meaning of the words in the statute.²³

Lessor Liability

The court then interpreted section 31-34-4 of the Rhode Island General Laws, as it applied to both cases:

Any owner of a for hire motor vehicle or truck who has given proof of financial responsibility under this chapter or who in violation of this chapter has failed to give proof of financial responsibility, shall be jointly and severally liable with any person operating the vehicle for any damages caused by the negligence of any person operating the vehicle by or with the permission of the owner. Nothing in this section shall be construed to prevent an owner who has furnished proof of financial responsibility or any person operating the vehicle from making defense in an action upon the ground of contributory negligence to the extent to which such defense is allowed in other cases . . . The term lessor shall include any entity in the business of renting motor vehicles pursuant to a written rental agreement.²⁴

Under section 31-34-4, the court again based its decision on definitions.²⁵ The court established that the terms rent and lease as used throughout the Motor Vehicle Code are interchangeable.²⁶ Therefore, motor vehicles for hire, which by definition in section 31-1-3(g) are “every motor vehicle . . . used for transporting persons for which compensation in any form is received, or motor vehicles

20. *Id.* (citing R.I. GEN. LAWS § 31-33-6 (1998)).

21. *Id.* at 459.

22. *Id.* at 460.

23. *Id.* at 461.

24. *Id.* (quoting 1997 R.I. Pub. Laws ch. 353 § 1, as codified in R.I. GEN LAWS § 31-31-4 (1998)).

25. *Id.*

26. *Id.* (citing *Broadway Auto Sales, Inc. v. Asselin*, 176 A.2d 714 (R.I. 1961)).

rented for transporting persons either with or without furnishing an operator,"²⁷ include leased vehicles such as those owned by Chase and Gold Key. The court also determined that the definition of lessor spelled out in section 31-34-4 cited above applied to long term lessors such as Chase and Gold Key and included rental agencies as well.²⁸ The court held that the plain meaning of the statute prescribed liability to long-term lessors.²⁹

CONCLUSION

Long-term automobile leasing companies are subject to vicarious liability for injuries caused by the drivers of their leased motor vehicles. Under section 31-33-6, long-term leasing companies are liable because they are the titled owners of the vehicles. Under section 31-34-4, long-term leasing companies are liable because they are lessors who rent motor vehicles without operators.

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27. *Id.* at 462 (citing R.I. GEN. LAWS § 31-1-3(g) (1998)).

28. *Id.* at 461-62. The court dismissed the defendant's argument suggesting that chapter 31-34 in its entirety addresses rental agencies. *Id.* The title of the section is Responsibility of Owners of Rental Vehicles, section 31-34-1 and each subsection speaks to renters of automobiles. *Id.* (citing R.I. GEN. LAWS § 31-34-1 (1998)).

29. *Id.*