

THIRD CIRCUIT RULING REOPENS COURTHOUSE DOORS FOR TALC-ASBESTOS CLAIMS

Controversial J&J bankruptcy ploy returned to lower court for further consideration

PHILADELPHIA (January 30, 2023) – Thousands of women and family members whose talc-related legal cases against health care giant Johnson & Johnson (NYSE: JNJ) have been on hold for a year can move forward now, following a ruling today by the U.S. Court of Appeals for the Third Circuit.

In its ruling, the court found that the bankruptcy of J&J's shell subsidiary, LTL, was not filed in good faith, that LTL was not in financial distress deserving bankruptcy protection, and the bankruptcy petition should be dismissed. This decision will result in the lifting of an injunctive stay that had put on hold 38,000 legal cases while the health care giant pursued a strategy centered around bankruptcy.

The opinion dismantles the federal bankruptcy court rulings supporting the injunction and will allow plaintiffs to move forward with lawsuits alleging that the company knew for years that its Johnson's Baby Powder and Shower to Shower products were potentially contaminated with carcinogenic asbestos. Evidence produced during years of trials shows the company repeatedly denied or covered up the scientific evidence of the association of the product to ovarian cancer.

The injunction, issued in November 2021, had stopped all litigation based on J&J's use of a bankruptcy strategy known as the "Texas Two-Step" to consolidate all talc litigation liabilities in a shell corporation, protecting billions of dollars in assets of its consumer division and corporate parent. While today's ruling was critical of the strategy, the court remanded the case to federal bankruptcy court in New Jersey for dismissal.

"This is a landmark ruling that clearly upholds the Seventh Amendment's right to a jury trial and confirms that every individual has the right to pursue a claim through the tort system," says Leigh O'Dell of the Beasley Allen Law Firm, which represents several thousand ovarian cancer victims. "With the bankruptcy to be dismissed and the resulting stay lifted, we will immediately seek to efficiently schedule and conduct trials in state and federal courts, and establish the liability of Johnson & Johnson for the deaths and disease suffered by thousands of women."

The "Texas Two-Step" strategy has raised eyebrows in Congress, where representatives have begun discussing potential changes to the bankruptcy laws that would prevent this sort of legal strategy and the associated consumer harm in future cases.

Earlier this year, Johnson & Johnson announced a halt to future sales and distribution of talc-based products worldwide, citing the legal claims brought by ovarian cancer and mesothelioma victims. Numerous scientific studies spanning decades have established the carcinogenic effects of cosmetic talc, while U.S. and Canadian governmental regulators have called for enhanced testing techniques for products containing the mineral, particularly after independent testing by the U.S. Food & Drug Administration revealed asbestos in consumer samples of talc-based powders.

CONTACT US TODAY:

Beasley Allen is a leader in complex civil litigation nationwide, representing only plaintiffs. We stay true to our motto, "helping those who need it most." Please check back often for the latest news about the firm's cases and activity. For information about any of the topics featured on our website, our latest news, or to schedule an interview with one of our attorneys, please call or email our Media Team:

Media@BeasleyAllen.com
334-495-1511 (Call or Text)
www.BeasleyAllen.com