

The Ritz-Carlton Case - Why it may not matter that much

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The recent award of \$10 million in punitive damages in proceedings P.T. Karang Mas Sejahtera (KMS) and Marriott International Inc. and The Ritz-Carlton Company LLC (Ritz-Carlton) has provoked considerable discussion on the effect of that decision for the hotels industry. The purpose of this article is to examine the decision in its proper context, and to look at what general application it has (if any) on owners and operators in similar situations.

Putting the jury verdict in perspective

The Ritz-Carlton case, while interesting of itself, does not create any binding precedent for future cases in common law countries, nor is it of any persuasive effect. Jury verdicts are necessarily confined by the facts of the particular case and they do not establish principles of law 1 , largely because there is no reasoned decision-making by a judge that can be upheld in future cases by the judicial process.

You can view a copy of the jury verdict by [clicking here](#). As you can see, the jury was asked to decide a number of questions by filling in a special verdict form with "yes" or "no" answers. There is no reasoning or elaboration of the verdict by the jury or by the presiding Judge.

Notwithstanding this, the case does contain some elements of general interest in relation to non-compete clauses and the application of fiduciary principles to operating agreements, which we will now discuss.

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