[Cite as *C. Norris Mfg., LLC v. Holmbury, Inc.*, 2025-Ohio-5149.]

COURT OF APPEALS
STARK COUNTY, OHIO
FIFTH APPELLATE DISTRICT

C. NORRIS MANUFACTURING, LLC, et al., Plaintiffs - Appellants -vs- HOLMBURY, INC., et al., Defendants - Appellees	Case No. 2025 CA 00058 Opinion & Judgment Entry Appeal from the Court of Common Pleas of Stark County, Case No. 2023 CV 02279 Judgment: Affirmed Date of Judgment: November 12, 2025

BEFORE: Andrew J. King; Kevin W. Popham; David M. Gormley, Judges

APPEARANCES: Stephen J. Chuparkoff (argued) and Justin A. Dublikar, for Plaintiffs-Appellants C. Norris Manufacturing and Cincinnati Specialty Underwriters Insurance Company; Owen J. Rarric, for Plaintiff-Appellant C. Norris Manufacturing; Christopher A. Holecek (argued), for Defendants-Appellees Holmbury, Inc. and Holmbury, Ltd.; Paul B. Ricard (argued), Craig G. Pelini, and Gianna M. Calzola, for Defendants-Appellees PowerPure, LLC and Craig Eppler.

Gormley, J.

{¶1} Plaintiffs C. Norris Manufacturing (Norris) and Cincinnati Specialty Underwriters Insurance Company (Cincinnati Insurance) appeal the trial court's decision granting the various defendants' motions to dismiss. Because we agree with the trial court that the negligence and product-liability claims in the plaintiffs' complaint are barred by Ohio's economic-loss and integrated-system rules, we affirm.

The Key Facts

{¶2} Norris is a Canton-based manufacturer of hydraulic excavator booms, which are the large hydraulic-powered arms that attach to the front of construction equipment intended for digging, demolition, and earth-moving tasks. In 2016, Norris

agreed to modify a Komatsu-brand excavator that was owned by Berg Corporation and Crushing Corporation of America (Berg/Crushing). According to the companies' agreement, Norris was to transform the excavator from one having a standard boom arm to one that could operate with a longer 140-foot boom arm. To complete the job, Norris had to fabricate the longer boom arm and then ensure that it could be retrofitted to the existing excavator.

{¶3} Norris purchased some of the necessary materials for the project from a company called PowerPure, LLC. At the recommendation of PowerPure's president, Craig Eppler, Norris purchased Holmbury-brand quick-connect couplers and fittings, which are small metal pieces that were intended to enable the hydraulic hose for the new boom arm to be quickly connected and disconnected whenever the excavator was to be moved from one construction or demolition site to another. Once Norris finished its work on the excavator, that large piece of equipment was returned to Berg/Crushing.

{¶4} Mechanical issues with the excavator arose almost immediately after Berg/Crushing retook possession of the machine. The excavator suffered a catastrophic failure of the Holmbury couplers and fittings, and that failure caused metal fragments to contaminate the hydraulic fluid in the hose, resulting in extensive damage to the excavator's internal components.

{¶5} Berg/Crushing sued Norris in federal court for the cost of repairing the Komatsu and for the related pecuniary losses incurred by Berg/Crushing while its excavator was out of service. Norris and its insurance company — plaintiff Cincinnati Insurance — eventually settled that lawsuit.

{¶6} Norris and Cincinnati Insurance then filed suit in Stark County, seeking compensation from Holmbury, Craig Eppler, and PowerPure for at least a portion of the amount that Norris and Cincinnati Insurance had agreed to pay to Berg/Crushing in the federal lawsuit. The defendants in the Stark County case promptly asked the trial judge to dismiss the complaint against them, arguing that the negligence and product-liability claims that Norris and Cincinnati Insurance alleged in the complaint were barred by the economic-loss and integrated-system rules. The trial court granted the defendants' motions to dismiss, and Norris and Cincinnati Insurance now appeal.

The Standard of Review

{¶7} We review with fresh eyes the trial court's decision to grant a Civ.R. 12(B)(6) motion to dismiss. *L.E. Lowry L.P. v. R&R JV LLC*, 2022-Ohio-3109, ¶ 13 (5th Dist.). And under that rule, courts must accept as true all factual allegations in the complaint and must draw all reasonable inferences in favor of the nonmoving party. *Id.*, citing *Byrd v. Faber*, 57 Ohio St.3d 56 (1991). A trial court should grant a motion to dismiss for failure to state a claim on which relief can be granted only when it appears beyond doubt that the plaintiff can prove no set of facts warranting relief. *Id.* at ¶ 14.

The Trial Court Did Not Err When It Granted the Motions to Dismiss the Plaintiffs' Negligence Claims

{¶8} In their first assignment of error, Norris and Cincinnati Insurance argue that they should be permitted to seek compensation for the defendants' alleged negligence, and they ask us to overturn the trial court's decision, which was grounded on the so-called economic-loss rule.

{¶9} That well-established rule in Ohio provides that when a contractual relationship exists between two parties, any economic losses caused by one party's

alleged negligence in fulfilling the contract are not recoverable in a tort suit. *Middleton v. Rogers Ltd., Inc.*, 804 F.Supp.2d 632, 639 (S.D.Ohio 2011). *See also Sekerak v. Natl. City Bank*, 342 F.Supp.2d 701, 714 (N.D.Ohio 2004) ("under Ohio law, the 'economic loss' rule provides that there is no cause of action in negligence for claims arising under a contract").

{¶10} The rule rests on the view that protection for those economic losses should come, if at all, from the parties' bargained-for contract rather than from tort law. *Chemtrol Adhesives, Inc. v. Am. Mfrs. Mut. Ins. Co.*, 42 Ohio St.3d 40, 45 (1989). *See also Motorists Mut. Ins. Co. v. Ironics, Inc.*, 2022-Ohio-841, ¶ 28 (explaining that the economic-loss doctrine "prevents 'the tortification of contract law'"), quoting *Annett Holdings, Inc. v. Kum & Go, L.C.*, 801 N.W.2d 499, 503 (Iowa 2011); *Corporex Dev. & Constr. Mgt., Inc. v. Shook, Inc.*, 2005-Ohio-5409, ¶ 6 ("Tort law is not designed to compensate parties for losses suffered as a result of a breach of duties assumed only by agreement," and compensation for those losses "remains the particular province of contract law") (quotations and ellipses omitted).

{¶11} The kind of economic losses encompassed by the rule — and therefore barred in a tort suit — may be direct or indirect. *Chemtrol Adhesives*, 42 Ohio St.3d at 43. A direct economic loss not recoverable in tort under the rule would include the decreased value of a product that was damaged by a party carrying out its contractual duties, while an indirect loss could be any consequential losses sustained by the purchaser of a product encompassed by the contract, including the value of lost production time and any resulting lost profits. *Id.* at 43-44.

{¶12} Exceptions to the economic-loss rule do exist, and one of those exceptions — the other-property exception — allows the commercial buyer of a product to bring a tort suit when the alleged negligence of the seller or manufacturer or installer of that product has caused harm to property other than the property at issue in the contract. *Motorists*, 2022-Ohio-841, at ¶ 26. Norris and Cincinnati Insurance argue that the other-property exception applies to their case.

{¶13} But what happens if the property at issue in the parties' contract has been incorporated into some other product, which is then damaged by an alleged defect in the newly installed component that the buyer purchased? For that dilemma, Ohio courts look to the so-called integrated-system rule to determine whether the other-property exception to the economic-loss rule should apply. *Id.* at ¶ 29.

{¶14} Under the integrated-system rule, "a multicomponent product is viewed as an integrated system, so if a defective component causes damage to the system, the other-property exception to the economic-loss doctrine is not triggered." *Id.* This rule means that the commercial purchaser of a product cannot avoid the economic-loss doctrine's tort-suit ban by arguing that damaged parts of an integrated product are "other" property distinct from the newly purchased component that was the bargained-for item in the parties' contract and has now been incorporated into that multicomponent product. *See HDM Flugservice GmbH v. Parker Hannifin Corp.*, 332 F.3d 1025, 1031 (6th Cir. 2003) ("a mechanical device . . . is merely many components assembled into a finished product. When the product malfunctions, the cause will almost always be a component"); *id.* ("If the Ohio courts were to hold that a component is 'other' property from the integrated

product, it would allow purchasers to circumvent the economic loss rule in almost every case").

{¶15} The trial judge in this case sorted through these various legal principles and concluded that the integrated-system rule applies. We agree. Once the defective component pieces — the Holmbury couplers and fittings — were placed into the new extension boom arm and the excavator was retrofitted with that new arm, the Holmbury couplers and fittings became integrated with the excavator as part of one integrated system. Absent damage, then, to "other" property distinct from the integrated system that was the retrofitted excavator delivered to Berg/Crushing by Norris, Norris and Cincinnati Insurance suffered purely economic losses when they paid damages to Berg/Crushing for the cost of repairing the excavator and for Berg/Crushing's lost profits while that excavator was being repaired.

{¶16} Norris's argument that the excavator is "other property" because Berg/Crushing owned the excavator prior to its having been retrofitted with the new boom arm is unpersuasive. "[I]f a component attached to property was not considered a part of the integrated product as a whole, purchasers who attach additional components to their property after purchase could overcome the economic loss doctrine in almost every case." *Nationwide Agribusiness Ins. Co. v. CNH Am. LLC*, 2014 U.S. Dist. LEXIS 75997, *30 (N.D.Ohio June 4, 2014) (holding that a guidance system and applicator installed in a tractor's cab after purchase were integrated components of the tractor and therefore did not constitute "other property").

{¶17} Because we find that no "other property" was damaged when the Komatsu excavator broke down after Norris installed the defective couplers and fittings in it, we

conclude that the plaintiffs' negligence claims against the manufacturer and suppliers of those parts are barred by the economic-loss rule, and we overrule the plaintiffs' first assignment of error.

The Trial Court Did Not Err When It Granted the Motions to Dismiss the Plaintiffs' Statutory Product-Liability Claims

{¶18} In arguing that they should be permitted to seek compensation from the defendants under the Ohio Products Liability Act (OPLA), Norris and Cincinnati Insurance offer an "other-property" argument akin to the one that they have made in support of their common-law negligence claims.

{¶19} Under the OPLA — which is codified in R.C. 2307.71 to R.C. 2307.80 — "a claimant is precluded from recovering for economic damages alone and can only seek recovery that is allowed by the terms of the statute." *WEL Cos., Inc. v. Haldex Brake Prods. Corp.*, 467 F.Supp.3d 545, 558 (S.D.Ohio 2020). *See also Tsirikos-Karapanos v. Ford Motor Co.*, 2017-Ohio-8487, ¶ 12 (8th Dist.) ("A plaintiff cannot sustain a product liability claim on economic damages alone"); R.C. 2307.71(A)(7) ("Economic loss is not harm" that is compensable under the OPLA).

{¶20} The defective-product harms that can be remedied under the OPLA are ones that result in death, physical injury to a person, emotional distress, or "physical damage to property other than the product in question." R.C. 2307.71(A)(13). Norris and the Cincinnati Insurance argue again here that their product-liability claims are not barred because the defective product was the Holmbury couplers and fittings, and, according to the plaintiffs, the damage to the Komatsu was damage to other property aside from the defective product itself.

{¶21} Just as we discussed above when addressing the plaintiffs' common-law negligence claims, however, the integrated-system rule applies to claims under the OPLA, and once the defective Holmbury couplers and fittings were integrated into the excavator, any damage to the excavator was not — in the words of R.C. 2307.71(A)(13) — "damage to property other than the property in question." *See HDM FlugService*, 332 F.3d at 1031 (affirming the granting of summary judgment in favor of a product manufacturer on an OPLA claim and rejecting the product purchaser's argument that the landing gear at issue in the contract was separate property from the helicopter that crashed after the landing gear was installed on it); *id.* ("If the purchaser were allowed to sue component manufacturers for the damage to the integrated product, the purchaser would be able to circumvent the economic loss rule by recovering in tort instead of being limited to contract remedies"); *Radford v. Daimler Chrysler Corp.*, 168 F.Supp.2d 751, 753 (N.D.Ohio 2001) (purchaser of an allegedly defective instrument panel whose car was destroyed when that panel was integrated into the vehicle could not maintain a claim under the OPLA because the vehicle was not "other property" distinct from the integrated instrument panel itself).

{¶22} The plaintiffs' second assignment of error is overruled.

{¶23} For the reasons explained above, the judgment of the Court of Common Pleas of Stark County is affirmed. Costs are to be paid by Appellants C. Norris Manufacturing and the Cincinnati Specialty Underwriters Insurance Company.

By: Gormley, J.;

Popham, J. concurs and

King, P.J. concurs separately.

King, J. concurs separately,

{¶24} I join fully Judge Gormley's opinion for the court. I write separately to further address the economic loss rule. In my view, this case illustrates exactly the sort of case for which the rule was adopted in the first place, and why it continues to be an important doctrine.

{¶25} The origin of the doctrine traces back to Chief Justice Traynor, writing for the court in *Seely v. White Motor Co*., 403 P.2d 145 (Cal. 1965). In *Seely*, a commercial plaintiff brought a products liability claim to recover lost profits and the purchase price of the product. *Id*. at 147-148. The Court held that the purpose of products liability was to address physical injuries and not to undermine the warranties created under state law. *Id*. at 149. The California Supreme Court noted that warranties functioned well in a commercial setting to provide recovery for "economic damages." *Id*. at 150.

{¶26} Almost 25 years later, the Supreme Court of the United States applied the rule within admiralty cases, citing a similar rationale:

> Contract law, and the law of warranty in particular, is well suited to commercial controversies of the sort involved in this case because the parties may set the terms of their own agreements. The manufacturer can restrict its liability, within limits, by disclaiming warranties or limiting remedies. In exchange, the purchaser pays less for the product. Since a commercial situation generally does not involve large disparities in bargaining power, we see no reason to intrude into the parties' allocation of the risk.

East River Steamship Corp. v. Transamerica Delaval, Inc., 476 U.S. 858, 873 (1986).

{¶27} Thus, the economic loss rule holds parties to their bargain. If a buyer obtains a warranty, then the buyer will have secured recourse against future economic loss. On the other hand, a buyer might forgo the warranty and negotiate a lower price. When warranties are available, "courts should not ask tort law to perform a job that contract law might perform better." *Saratoga Fishing Co. v. J.M. Martinac & Co.*, 520 U.S. 875, 880 (1997).

{¶28} The failure of a buyer ex ante to secure a warranty does not permit the buyer ex post to seek redress through tort. The commercial buyer undertook the risk of loss in that transaction and cannot reallocate risk back to seller after suffering the loss. This is not an unfair outcome, as the buyer likely received the benefit of the bargain in a lower purchase price. Adherence to the rule avoids later judicial reassignment of the benefits and detriments of the bargain, thus avoiding a windfall and concomitant loss beyond the contractual expectations of the parties. The economic loss rule thereby enforces the deal that was made between the parties.

{¶29} The Supreme Court of Ohio has been clear that a plaintiff may avoid the economic loss rule only when there is a "discrete, preexisting duty in tort and not upon any terms of a contract or rights accompanying privity." *Corporex Dev. & Constr. Mgt., Inc. v. Shook, Inc.,* 2005-Ohio-5409, ¶ 9, citing *Haddon View Inves. Co. v. Coopers & Lybrand,* 70 Ohio St.2d 154, 156-157 (1982). Here, we have parties in privity with each other, whose obligations to one another arose from contract. And this is exactly the sort of business-to-business transaction with a later claim for products liability from which the economic loss rule arose. Finally, as Judge Gormley writes, the application of the integrated systems rule furthers the purpose of the economic loss rule and avoids creating an exception that swallows the rule.

{¶30} For all these reasons I fully concur in the court's judgment and opinion.