Bush Signs Class-Action Changes Into Law

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President Bush today signed legislation that rewrites the rules for class-action lawsuits, opening a second-term campaign he said was aimed at "ending the lawsuit culture in our country."

In a ceremony to sign the Class Action Fairness Act, which was passed by the House yesterday and became the first bill to be signed by the president in 2005, Bush vowed to work for passage of "meaningful legal reforms" to curb medical malpractice and asbestos lawsuits.

"There's more to do," Bush said, arguing that medical liability lawsuits are driving up the cost of health care and that asbestos litigation has bankrupted dozens of companies and eliminated thousands of jobs. "I'm confident that this bill will be the first of many bipartisan achievements in the year 2005."

The class-action law is a measure Bush has sought for years. Its swift passage in the new Congress illustrates the expanded influence of Republicans and their business supporters. It is designed to funnel most such lawsuits from state courts to the federal system, a procedural change that could have substantive implications. Business groups sought the change because federal courts traditionally have been less sympathetic to class-action cases brought by plaintiffs who claim to have been victimized by corporate fraud or negligence.

Bush's first legislative victory of his second term came after a lopsided vote yesterday in the House, where most Republicans and many Democrats approved the bill by 279 to 149. It passed the Senate by a wide margin last week.

Bush said before signing the law that class-action lawsuits "can
serve a valuable purpose in our legal system," making it more efficient when the suits are used properly. But he said class-action lawsuits "can also be manipulated for personal gain," notably by lawyers who "shop around" for sympathetic state courts.

He cited a few examples, including one in which a woman who purchased a faulty television got a $50 rebate on a new TV from the same company while the lawyer who brought the suit got $22 million.

Bush said that by moving most large, interstate class-action suits into federal courts, the new law "will prevent trial lawyers from shopping around for friendly local venues." He said it also "will keep out-of-state businesses, workers and shareholders from being dragged before unfriendly local juries" or forced to accept "unfair settlements." The change, he said, is "good for our system, and it's good for our economy."

The class-action bill -- the first part of a broader White House drive to limit what Bush sees as a glut of meritless lawsuits seeking billions of dollars -- has been close to passage for several years. But it regularly fell just short, largely because of the success of Senate Democrats in throwing procedural roadblocks against a measure that had majority support.

Their inability to do that this year, both sides of the class-action debate agreed yesterday, showed how the addition of four more Republicans in the Senate -- combined with a determined public and behind-the-scenes lobbying effort by the White House -- can shift Washington's balance of power in decisive and potentially far-reaching ways.

House Speaker J. Dennis Hastert (R-Ill.) yesterday called the vote a "historic first step towards breaking one of the main shackles holding back our economy and America's workforce -- lawsuit abuse."

Reflecting the frustrations of many Democrats, who knew their arguments had no chance of carrying the day, House Minority Leader Nancy Pelosi (D-Calif.) scored the bill as a "payback for big business at the expense of consumers." The legislation calls for federal courts to be the proper jurisdiction for most class-action cases in which defendants are from multiple states. Only in certain cases -- such as when two-thirds of the plaintiffs are from the same state and the defendant also has headquarters there -- would class-action cases remain in state courts.

Rep. John Conyers Jr. (D-Mich.), who led the opposition in the floor debate, warned yesterday: "This is not a simple procedural fix. Moving the cases to federal court will result in many cases never being heard."

Ultimately, however, the skepticism of many Democrats to this argument pushed the measure to passage. In the Senate, the new rules for class-action suits were supported by Democrats with generally liberal voting records such as Sens. Christopher J. Dodd (Conn.), Dianne Feinstein (Calif.) and Charles E. Schumer (N.Y.). They agreed with such advocates as the U.S. Chamber of Commerce that waging class-action lawsuits amid a patchwork of state laws produces irrational verdicts and invites abuse by plaintiffs' attorneys filing lawsuits in certain courts known to be sympathetic to the cases, no matter if there is any particular logic to hearing the case in that jurisdiction.

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Forthepeople.com - Class Action Lawyers
Morgan, Colling and Gilbert, PA has handled many class action cases including recalled drugs, securities fraud and more.
www.forthepeople.com

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