

Ankin Law Office LLC

Protecting the Rights of Injured Workers

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After the Supreme Court's AT&T Ruling, Are Consumer Class Actions Dead?



According to many sources, the United State's Supreme Court's 5-4 ruling in the *Concepcion v. AT&T* decision is anything but favorable for consumers. The decision allows corporations to ban class actions by using the mandatory arbitration clauses that are now found in most contracts for the delivery of goods and services. In essence, the Court concluded that the Federal Arbitration Act barred states from protecting residents from the arbitration clauses.

As explained in a recent Wall Street Journal Law Blog <u>post</u>, Vanderbilt Law Professor <u>Brian Fitzpatrick</u> has predicted that this outcome could result in the end of the consumer class action:

(T)he consequences could be staggering. It could be the end of class action litigation. . . . [V]irtually all class actions today occur between parties who are in transactional relationships with one another: shareholders and corporations, consumers and merchants, employees and employers. Because they are in transactional relationships, they are able to enter arbitration agreements with class action waivers.

Once given the green light, it is hard to imagine any company would not want its shareholders, consumers and employees to agree to such provisions.

In other words, this is anything but a consumer-friendly decision. Fortunately, there is the small chance of a light at the end of the tunnel. As explained in this PopTort blog <u>post</u>, a number of Democrat senators are introducing legislation that would overrule the effects of the decision in Concepcion:

"U.S. Sens. Al Franken (D-Minn.) and Richard Blumenthal (D-Conn.) and Rep. Hank Johnson (D-Ga.) said today they plan to introduce legislation next week that would restore consumers' rights to seek justice in the courts. Their bill, called the Arbitration Fairness Act, would eliminate forced arbitration clauses in employment, consumer, and civil rights cases, and would allow consumers and workers to choose arbitration after a dispute occurred."

Let's hope that this bill become legislation. Otherwise, the <u>consumer class action</u>, one of the best tools available to consumers seeking to fight corporate wrongdoing, may be a thing of the past.

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Related articles

<u>Supremes Uphold Arbitral Class-Action Waivers</u> (lawprofessors.typepad.com) <u>Supreme Court rules in favor of AT&T in arbitration case</u> (intomobile.com) <u>Supreme Court: AT&T can force arbitration, block class-action suits</u> (arstechnica.com)

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