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A Rainy Day for Plaintiffs' Class Action Bar: U.S. Supreme Court Enforces Class Arbitration Waivers

Yesterday, the U.S. Supreme Court in a 5-4 decision endorsed the enforceability of class arbitration waivers, which businesses may enter into before any dispute arises to protect themselves from consumer and employment class actions. <u>AT&T Mobility v. Concepcion</u>, No. 09-893 (April 27, 2011). While the plaintiffs' bar undoubtedly is already dreaming up ways to evade <u>Concepcion</u>, the impact of this decision should be major.

Class arbitration waivers are designed for consumers, employees, or others to commit to pursue any future claims only through binding arbitration (as opposed to in court) <u>and</u> only on an individual basis (as opposed to as part of a class). In other words, by signing a consumer contract or other agreement containing a class arbitration waiver, an individual is agreeing not to pursue a class action <u>either</u> in court <u>or</u> in arbitration. Prior to yesterday, the enforceability of such waivers was frequently challenged, with the plaintiffs' bar arguing that some claims can only effectively be pursued on a class basis. In light of the Supreme Court's holding in <u>Concepcion</u>, businesses should consider implementing an arbitration program or refining their existing programs in order to protect themselves from future class claims. Legal guidance should be obtained in the design, communication, and implementation of such programs so as to maximize their chances of enforceability.

If you have questions regarding <u>Concepcion</u>'s impact on your arbitration program, or whether such a program could be helpful to your business, please contact <u>Brad Harvey</u>, <u>Jen Klos</u>, or any other attorney in Miller & Martin's <u>Labor & Employment Department</u> or <u>Class & Collective Actions Practice Group</u>.

For more information and analysis regarding the Concepcion decision, please click here.

The opinions expressed in this bulletin are intended for general guidance only. They are not intended as recommendations for specific situations. As always, readers should consult a qualified attorney for specific legal guidance. Should you need assistance from a Miller & Martin attorney, please call 1-800-275-7303.

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