New Federal Law Limits Class-Action Lawsuits

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WASHINGTON — People who have suffered adverse outcomes due to drugs or medical devices may face more delays in suing manufacturers for damages now that federal class-action lawsuit legislation has been signed into law.

The law, known as the Class Action Fairness Act of 2005, would move from state court to federal court any class-action lawsuit in which the amount of damages claimed was greater than $5 million and involved citizens in different states.

In addition, the new law also spells out the circumstances in which federal courts can decline to hear class-action cases.

Proponents of the law, which passed in both the House and Senate in record time, argue that the legislation will help decrease the number of "junk lawsuits" that are clogging up the state courts.

"America's employers and consumers are the big winners," Tom Donohue, president and CEO of the U.S. Chamber of Commerce, said in a statement.

"Reform of the class action lawsuit system will reduce frivolous lawsuits, spur business investment, and help restore sanity to our nation's legal system," Mr. Donohue continued.

Critics of the bill, however, say that it will deprive citizens of their right to sue when they are injured by a defective product. "There are only 678 federal trial judges in the system, but there are 9,200 state judges in courts of general jurisdiction," said Jillian Aldebron, counsel and communications coordinator for Public Citizen's Congress Watch, a citizen watchdog group.

"So you're talking about cases ordinarily divided up among 9,200 judges and squeezing them into the courtrooms of 678 judges. Even if they are willing to hear the cases, it's going to take years, and these cases take years in state court [already]."

Many physician organizations, including the American Medical Association and the American College of Physicians, have declined to take a stand on the legislation. Instead, the efforts of such organizations are more focused on tort reform legislation affecting medical malpractice cases.

However, a few consumer groups, such as the Campaign for Tobacco-Free Kids, lamented the effect the bill would have on health care–related cases.

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"Class-action lawsuits have been an important tool in efforts to hold the tobacco industry accountable," the group's president, Matthew L. Myers, said in a statement.

"This bill will deprive citizens of a state of the right to have their cases heard in their own courts, further overburden the federal courts, and make it more difficult for tobacco companies to be held accountable for years of misleading Americans about the dangers of tobacco," he continued.

Senior citizens' lobby AARP also opposed the bill. "We felt that there wasn't an adequate basis for consumers no longer having the option of bringing a multistate case in state court," said Larry White, senior legislative representative.

"We acknowledge there are abuses on both sides in the system, but when you in essence say that the federal courts will have jurisdiction of these cases … knowing the federal courts oftentimes don't certify those cases, you're in essence saying people who have been genuinely harmed don't have options," Mr. White continued.

According to the Bush administration, the law will help consumers.

"The bill will remove significant burdens on class-action litigants and provide greater protections for the victims whom the class-action device originally was designed to benefit," according to an official statement issued by the Bush administration.

The law would affect only cases filed after the bill was signed, noted Ms. Aldebron. ■