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Bush Signs Lawsuit Reform

October 29, 2009 01:19 PM

President Bush has signed into law new rules changing how Americans can sue corporations for fraud or negligence.

President Bush's first legislative victory of his second term delivers on a campaign promise to end what he calls junk lawsuits that are driving up the cost of doing business.

"The bill will ease the needless burden of litigation on every American worker, business, and family," he said. "By beginning the important work of legal reform, we are meeting our duty to solve problems now and not to pass them on to future generations."

Signing the bill into law at the White House, President Bush called it "a practical way to begin restoring common sense and balance to the U.S. legal system."

The new law, called the Class Action Fairness Act, moves many large, multi-state cases brought by a group of plaintiffs out of individual state courts and into federal courts where judges have generally awarded smaller damages.

The legislation won bipartisan support in both houses of Congress. But Democrats who voted against the measure called it Bush administration payback for corporate donors.

Consumer rights groups and trial lawyers say it shields businesses from legitimate lawsuits because federal courts are generally less familiar with cases that often involve state consumer protection laws.

In most cases, the new law protects businesses from lawyers choosing the most plaintiff-friendly jurisdictions in which to file cases of corporate misconduct. President Bush says that will help end what he calls America's lawsuit culture.

"Before today, trial lawyers were able to drag defendants from all over the country into sympathetic local courts, even if those businesses have done nothing wrong," he explained. "Many businesses decided it was cheaper to settle the lawsuits rather than risk a massive jury award. In many cases, lawyers went home with huge payouts while plaintiffs ended up with coupons worth only a few dollars."

The president says class-action lawsuits are an effective way for large groups of plaintiffs to seek justice against corporate wrongdoing. He says the goal of the new law is to ensure that lawyers do not manipulate class-action suits for personal gain.