

# Senators Vote to Limit Class Action Lawsuits, House Expected to Follow Suit

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WASHINGTON (AP) - The Senate approved a measure Thursday to help shield businesses from major class action lawsuits like the ones that have been brought against tobacco companies, giving President Bush the first legislative victory of his second term.

Under the legislation, long sought by big business, large multistate class action lawsuits could no longer be heard in small state courts. Such courts have handed out multimillion-dollar verdicts.

Instead, the cases would be heard by federal judges, who have not proven as open to those type of lawsuits.

The Senate passed the bill 72-26, and it now goes to the House.

Bush called the bill a strong step forward.

"Our country depends on a fair legal system that protects people who have been harmed without encouraging junk lawsuits that undermine confidence in our courts while hurting our economy," Bush said in a statement released in Pennsylvania where he was promoting his Social Security proposals.

Thomas Donohue, president of the U.S. Chamber of Commerce, said, "Now it's time for the House to finish the job and take back our civil justice system from plaintiffs' lawyers seeking jackpot justice."

But Todd A. Smith, president of the Association of Trial Lawyers of America, said, "Every American's legal rights are diminished by this anti-consumer legislation." The association said insurance, tobacco, drug, chemical and other companies had financed the push to get the legislation through the Senate.

Bush and other bill supporters - who have pushed for the legislation for almost six years - say it is needed because greedy lawyers have taken advantage of the state system by filing frivolous lawsuits in state courts where they know they can get big verdicts.

Senators who back the bill say that lawyers make more money from such cases than do the actual victims, and that lawyers sometimes threaten companies with class action lawsuits just to get quick financial settlements. Regular people, they assure, will not lose their day in court.

Opponents say Bush and other bill supporters are trying to help businesses escape proper judgments for their wrongdoing - and also to hurt the trial lawyers who litigate the cases, some of whom are big Democratic contributors.

"Are there bad lawyers that bring meritless cases? Sure there are, and we should crack down on them," said Senate Democratic leader Harry Reid of Nevada, a former trial lawyer. "But this bill is not about punishing bad lawyers. It is about hurting consumers and helping corporations avoid liability for misconduct."

Eight Democrats were sponsors of the bill, leaving the rest with no way to block it.

The bill's aim "is to make sure when companies are called on the carpet, when they are involved in a class action litigation, they're in a court, in a courthouse with a judge where the companies have a fair shake, where the odds, the decks aren't stacked against them," said Sen. Tom Carper, D-Del.

Changing the legal system - including class action lawsuits, medical malpractice lawsuits and asbestos injury lawsuits - has been a priority of Bush and the business community.

"The reason why this bill is the highest priority of the Bush administration and the Republican leadership in Congress is because of one simple fact: Class action suits moved from state courts to federal court are less likely to go forward, to be tried, and they are less likely to reach a verdict where someone wins or loses," said Senate Democratic Whip Richard Durbin, D-III. And if the plaintiffs win, businesses are "less likely to pay a reasonable amount of money in federal court than in state court."

The GOP-controlled Senate struck a deal with the House saying if senators passed the bill unchanged, representatives would approve the bill as-is and send it to the White House to be signed into law.

Senators fought off several Democratic amendments, including changes that would have blocked federal judges from throwing out complicated multistate class action lawsuits or would have exempted state attorneys general actions and civil rights cases from the bill's provisions.

Under the compromise legislation, class-action suits would be heard in state court if the primary defendant and more than one-third of the plaintiffs are from the same state. But if less than one-third of the plaintiffs are from the same state as the primary defendant, the case would go to federal court.

At least \$5 million would have to be at stake for a federal court to hear a class-action suit.

The bill also would limit lawyers' fees in so-called coupon settlements - when plaintiffs get discounts on products instead of financial settlements - by linking the fees to the coupon's redemption rate or the actual hours spent working on a case.

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On the Net:

Senate bill is S. 5, can be found at: <http://thomas.loc.gov>

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