

March 31, 2010

Our Access to Justice Campaign and Class Action Preservation Project just helped win a major victory in the U.S. Supreme Court! In *Shady Grove Orthopedic Associates v. Allstate Insurance*, as our *amicus* brief urged, the Court held today that Allstate Insurance can not use state law to bar a class action against it in federal court. This is a critically important decision.

The Court was hearing a challenge to the United States Court of Appeals for the Second Circuit's decision dismissing a class action in federal court that was based on New York substantive law because a New York procedural provision prohibits the use of class actions with regard to certain state law causes of action. (The plaintiffs in Shady Grove sued Allstate for allegedly violating New York's "no fault" insurance laws.)



U.S. Supreme Court

We weighed in on the issue because it strikes at the heart of the concerns underlying our Access to Justice Campaign and Class Action Preservation Project. If the Second Circuit's decision was affirmed, then state legislatures could conceivably prohibit both state and federal courts from entertaining class actions on state law claims. As a result, the class action device could all but disappear from America's civil litigation landscape, stripping numerous victims of corporate abuse from any real chance of recovery.

Our *amicus* brief emphasized the vital role that class actions have played in facilitating the fair, efficient, and expeditious handling of mass claims. **We explained that, under longstanding U.S. Supreme Court precedent, federal procedural rules in general -- and Federal Rule 23 in particular -- cannot be overridden at the whim of the states.**

The Supreme Court agreed. Writing for the Court, Justice Scalia said, "The question in dispute is whether Shady Grove's suit may proceed as a class action. Rule 23 provides an answer." Responding to claims that this would mean that some cases could proceed as class actions in federal courts, but not state courts, leading to different results in different courts and forum shopping, Justice Scalia added, "The short of the matter is that a Federal Rule governing procedure is valid whether or not it alters the outcome of the case in a way that induces forum shopping. To hold otherwise would be to disembowel either the Constitution's grant of power over federal procedure or Congress's exercise of it."

To read the Supreme Court's decision in Shady Grove, [click here](#).

To read our *amicus* brief, [click here](#).

Congratulations and thanks to Prof. Amanda Frost of American University School of Law, who wrote our brief with input from Public Justice Attorneys Leslie Brueckner, Matt Melamed, and me. Congratulations, and thanks, too, to Respondent's Counsel Scott Nelson of the Public Citizen Litigation Group and his team, which did a superb job on this important challenge.

Finally, congratulations and thanks to you, too, for your support of Public Justice, our Class Action Preservation Project, and our Access to Justice Campaign. With your help, we are making a huge difference.

Arthur Bryant
Executive Director
Public Justice and the
Public Justice Foundation

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