



North Carolina Law Life

What is a Class-Action Lawsuit?

By: Donna Ray Chmura. *Monday, June 20th, 2011*



Image via Wikipedia

Class action lawsuits are in the news today as the Supreme Court ruled that a class-action gender discrimination lawsuit by female employees of Wal-Mart cannot proceed as a class-action suit. A class action lawsuit is where one person sues a company as a representative for a large number of people who have cases with similar elements.

Typically, a class-action suit is used where the damages to any particular plaintiff are too small for the lawsuit to be economically feasible, but the suit makes economic sense when the damages of thousands of plaintiffs are combined. They are often seen as a tool for the "common man" to take on a large, well-funded corporation, such as the 1.6 million women who claimed Wal-Mart paid them less than men and didn't promote them proportionately.

Other class-action suit subject matter typically includes: dangerous or defective consumer products, unauthorized telephone or web charges, unpaid overtime, unauthorized disclosure of credit card information, illegal debt collection practices, predatory lending practices, excessive loan servicing charges, and unfair credit reporting.

They are permitted by Federal Rule of Civil Procedure 23, and by similar statutes in most states (including North Carolina) which states in part:

(a) Prerequisites to a Class Action. One or more members of a class may sue or be sued as representative

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parties on behalf of all only if

- (1) the class is so numerous that joinder of all members is impracticable,
- (2) there are questions of law or fact common to the class,
- (3) the claims or defenses of the representative parties are typical of the claims or defenses of the class, and
- (4) the representative parties will fairly and adequately protect the interests of the class.

The Supreme Court found that the claims against Wal-Mart were not common enough to support a class action.

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