

## **Public Interest Groups Ask California Supreme Court to Rehear Case on Consumer Protection Law**

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Groups Want Reversal on Ruling That Companies Can Continue Illegal Practices Until Someone Gets Hurt

SANTA MONICA, Calif., Feb. 20 /PRNewswire-USNewswire/ — In an extraordinary request made late yesterday, eight public interest organizations asked the California Supreme Court to scrap its recent decision barring consumers from going to court to block unlawful terms in a contract unless the consumer suffered “some damage.” The groups said the decision of the court leaves businesses unaccountable for clear violations of the law.

The groups said the ruling undermines the chief purpose of California’s Consumers Legal Remedies Act (CLRA), which was enacted to help consumers protect themselves against illegal and unfair practices of businesses.

The groups’ letter can be downloaded from

[http://www.consumerwatchdog.org/resources/Ltr\\_CJRG.pdf](http://www.consumerwatchdog.org/resources/Ltr_CJRG.pdf)

The case, Meyer v. Sprint Spectrum L.P., involved a clause in a cell phone contract that prohibited Sprint customers from bringing any kind of class action lawsuit against the company. Numerous courts, including the California Supreme Court, have held such clauses “unconscionable” and unenforceable. The Consumers Legal Remedies Act (CLRA), one of California’s two major consumer protection laws, makes it unlawful to “insert [] an unconscionable provision in the contract.” Meyer, a Sprint customer, sued under the CLRA to ask the court to invalidate the

clause.

In a decision issued on January 29, the California Supreme Court determined that before a consumer is allowed to bring suit under the CLRA, he or she must wait until the company attempted to “enforce” the illegal clause and the consumer suffered “some damage.” The decision reverses a 1984 ruling by the Supreme Court on the same issue.

In their letter, the organizations point out that the statute itself authorizes consumers to challenge the “insertion” of an unlawful clause in a contract and does not require that consumers wait until they are damaged. Further, the letter points out that other provisions of the CLRA would be effectively negated by the ruling: the prohibitions on misrepresenting the reasons for price decreases; misrepresenting the geographic origin of goods; misrepresenting the authority of a salesperson or agent to negotiate the final terms of a transaction with a consumer; and the prohibition on the dissemination of an unsolicited prerecorded message by telephone without first obtaining consent from the consumer. Civ. Code, Section 1770a(13), 18), 21), 22).) It is not clear how a consumer could show “damage” due to these violations, the letter says.

The organizations making the request include: The Center for Responsible Lending, Consumer Action, Consumer Watchdog, Consumers for Auto Reliability and Safety, The National Association of Consumer Advocates, the National Consumer Law Center, Public Citizen, and United Policyholders.

A Petition for Rehearing was filed by Meyer on February 17. The petition can be found at [http://www.consumerwatchdog.org/resources/PFR\\_filed.pdf](http://www.consumerwatchdog.org/resources/PFR_filed.pdf).

The groups’ letter to Chief Justice Ronald George can be found at: [http://www.consumerwatchdog.org/resources/Ltr\\_CJRG.pdf](http://www.consumerwatchdog.org/resources/Ltr_CJRG.pdf).

The Supreme Court decision is available here:

[http://appellatecases.courtinfo.ca.gov/search/case/mainCaseScreen.cfm?dist=0&doc\\_id=477917&doc\\_no=S153846](http://appellatecases.courtinfo.ca.gov/search/case/mainCaseScreen.cfm?dist=0&doc_id=477917&doc_no=S153846).

## SOURCE Consumer Watchdog