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NEWS RELEASE

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U.S. Businesses File Four Times More Lawsuits Than Private Citizens And Are Sanctioned Much More Often for Frivolous Suits

But Corporate America and Their Political Allies Bush and Cheney Campaign to Limit Citizens' Rights to Sue

WASHINGTON, D.C. – American businesses file four times as many lawsuits as do individuals represented by trial attorneys, and they are penalized by judges much more often for pursuing frivolous litigation, according to a report issued today by Public Citizen.

The survey of case filings in two states (Arkansas and Mississippi) and two local jurisdictions (Cook County, Ill., and Philadelphia, Pa.) in 2001 found that businesses were 3.3 to 5.8 times more likely to file lawsuits than were individuals. This comes as businesses and politicians are campaigning to limit citizens' rights to sue over everything from medical malpractice damages to defective products. By way of comparison, the number of American consumers (281 million) outnumbers the number of businesses in America (7 million) by 40 times.

The report also found that businesses and their attorneys were 69 percent more likely than individual tort plaintiffs and their attorneys to be sanctioned by federal judges for filing frivolous claims or defenses. The report, *Frequent Filers: Corporate Hypocrisy in Accessing the Courts*, is available at <http://www.citizen.org/congress/civjus/tort/myths/articles.cfm?ID=12369>.

“Corporations think America is too litigious only when they are on the receiving end of a lawsuit,” said Joan Claybrook, president of Public Citizen. “But when they feel aggrieved, businesses are far more likely to take their beef to court than are consumers.”

The four court systems surveyed by Public Citizen, which are geographically diverse and represent urban and rural areas of the nation, appear to be the only jurisdictions that require attorneys to provide sufficient detail to distinguish business-initiated suits from trial attorney-initiated suits. State-specific findings for 2001 include:

- **Mississippi:** In this state that the U.S. Chamber of Commerce has labeled a “judicial hell hole,” businesses were 5.8 times more likely to file suit than were individuals. There were 45,891 business lawsuits filed that year compared to 7,959 individuals lawsuits.

- **Philadelphia, Pa.:** Businesses there filed cases at a 3.3-to-1 ratio compared to individuals; there were 64,698 business lawsuits compared with 19,751 individual lawsuits brought by trial attorneys.
- **Arkansas:** Arkansas businesses filed four lawsuits for every one lawsuit filed by trial attorneys on behalf of individuals – 20,868 vs. 4,786 – a ratio of 4.4-to-1.
- **Cook County, Ill.:** Businesses went to the courthouse 5.8 times more often than trial attorneys representing individuals. The number of business lawsuits filed was 137,890 compared with just 26,938 by individuals.

Public Citizen also found that federal judges punish businesses far more often than trial attorneys representing plaintiffs in tort claims for tying up the court with frivolous claims or defenses. Under Rule 11 of the Federal Rule of Civil Procedures, judges can impose sanctions that range from reprimands and denial of fees to fines, dismissal of claims and injunction from further litigation.

In a separate survey of the 100 most recent cases of federal judges imposing Rule 11 sanctions throughout the country, 27 were against businesses or their attorneys while only 16 were against plaintiffs who brought tort cases or their attorneys. Only individuals representing themselves without counsel were sanctioned more often than businesses (35 cases). The 100 sanctions occurred between 2001 and 2004.

Some of the loudest voices for restricting the legal rights of consumers and patients also are the biggest users of the court system. For example, claiming that it is inundated with class action lawsuits, the insurance industry has led the charge for federal legislation that would restrict the rights of consumers to bring such cases.

Yet in Cook County, Ill., insurance companies filed about 8,000 lawsuits in 2002 — 35 times the number of class actions filed there by individuals that year, Public Citizen found. In fact, insurers file so many suits— mostly “subrogation” suits designed to recover the expense of covering their own policy holders — that last year they asked to be exempted from a model lawsuit “reform” law that would limit citizen access to the courts and that they otherwise support.

“We see nothing wrong with anyone, whether an individual or a business, taking a genuine dispute to court when it can’t be resolved amicably,” said Jackson Williams, the Public Citizen attorney who authored the study. “We simply ask that corporations stop demonizing a perfectly good legal system that they regularly utilize.”

The huge corporate campaign against consumer access to the courts is approaching its 25th year. This campaign has targeted trial lawyers who represent consumers in fraud, medical negligence and personal injury cases on a contingency basis, being paid only if they win and paying up front for all the costs. This allows any consumer, poor or rich, to secure an attorney if they have a good case because they do not have to pay hourly fees.

The harshly negative corporate campaign includes the creation of new trade associations of companies pushing for state as well as federal legislation to limit consumer rights, hundreds of lobbyists pressuring congressional and state lawmakers, the creation of front groups across the country called Citizens Against Lawsuit Abuse (whose members are actually businesses), new think tanks such as at the Manhattan Institute to hire authors to write books and reports attacking the civil justice system, and strategic television and radio advertising at the state and national level.

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Public Citizen is a nonprofit consumer advocacy organization based in Washington, D.C.
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