

A woman's house burned down after the wiring in her refrigerator sparked and started a fire. The following week, the woman received adequate notice that a class action had been filed in federal court against the manufacturer of the refrigerator for damages caused by the refrigerator's faulty wiring system. The woman did nothing when she received the notice and was not named as a class representative.

The court certified the class action after determining that common questions of law and fact predominated and that the class action was the best method to fairly and efficiently adjudicate the dispute. During discovery, the named class representatives reached a proposed settlement with the manufacturer. At a hearing, the woman objected to the proposed settlement on the ground that it was inadequate to cover the damage to her house. Despite her objection, the court approved the settlement after concluding that it was fair, reasonable, and adequate.

The woman then sued the manufacturer in another federal court to recover damages for the remaining damage to her house. The manufacturer moved to dismiss this suit.

Is the court likely to grant the manufacturer's motion?

- A. No, because the woman objected to the proposed class action settlement.
- B. No, because the woman was not a named representative in the class action.
- C. Yes, because the court certified the class action.
- D. Yes, because the woman failed to opt out of the class action.

Explanation:

Federal Rule of Civil Procedure 23 recognizes three types of class actions: prejudicial risk, final equitable relief, and common question. Here, the court certified (ie, authorized) a **"common question" class action** against the manufacturer because it determined that (1) common questions of law and fact predominated and (2) the class action was the best method to fairly and efficiently adjudicate the dispute.

In "common question" class actions, **adequate notice must be provided** to all class members because they have the **right to opt out** of the class action and sue on their own behalf.* If a **class member fails to opt out**, he/she **cannot pursue an individual suit** involving the same claim. Instead, that class member is bound by any resulting final judgment or court-approved **settlement, compromise, or voluntary dismissal**.

Here, the woman failed to opt out of the class action because she did nothing after receiving **adequate notice** of the class action. This means that she is bound by the court-approved settlement and barred from asserting an individual suit against the manufacturer. Therefore, the court will likely grant the manufacturer's motion to dismiss her suit.

*In "prejudicial risk" and "final equitable relief" class actions, notice is not required because class members do not have a right to opt out. Instead, a court has the discretion to provide notice and an opportunity to opt out of such class actions.

(Choice A) A class member who objects to a proposed settlement shows that his/her interests diverge from those of the class. As a result, an objection allows the class member to *appeal* if the court approves the proposal—but not to file an individual suit.

(Choice B) Named class representatives *and* unnamed class members alike are bound by a court-approved settlement except for those members who opted out of the class action (not seen here).

(Choice C) The fact that the court **certified** the class action allowed the class action to proceed in federal court. However, it does not provide a basis for dismissing the woman's suit.

Educational objective:

A class member must opt out of a "common question" class action to pursue an individual suit involving the same claim. Otherwise, the class member is bound by any final judgment or court-approved settlement, compromise, or voluntary dismissal of the class action.

References

- Fed. R. Civ. P. 23(c)(2) (notice requirements for "common question" class action).

- *Matsushita Elec. Indus. Co., Ltd. v. Epstein*, 516 U.S. 367, 378–79 (1996) (explaining that class members who fail to opt out of a class action are bound by a resulting court-approved settlement agreement).

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Notice and binding effect of class action suits

