Lightfoot

STOPPING CLASS CERTIFICATION FOR MANUFACTURER CLIENT BEFORE DISCOVERY ENSUED.

Our Client's Challenge

A major water heater manufacturer faced a sweeping class action with millions of potential class members. The suit was filed in federal court in Texas on behalf of anyone from all U.S. states who had purchased one of the company's residential water heaters within the previous six years.

Even more troubling was that, while the named plaintiff's water heater had allegedly failed due to a faulty valve, the proposed class was not limited to those owning units that had actually malfunctioned. Instead, the class action took the extraordinary step of seeking compensatory damages and injunctive relief on behalf of a class of plaintiffs that had experienced no problems with the valve on their water heaters.

With hundreds of millions in liability at stake for the manufacturer, the company turned to Lightfoot for its defense.

Our Approach

Out of the gate, Lightfoot developed and pursued an aggressive strategy to win the class issues at the pleadings stage, before any discovery. Class discovery can be expensive, to say the least, and we wanted to spare our client those costs, if at all possible, by stopping certification in its tracks. We also knew we had the law on our side.

Lightfoot identified one class certification hurdle that the plaintiff could not overcome, no matter how much discovery they put our client through. Specifically, we argued that the plaintiffs did not meet the Rule 23 predominance requirement because the claims of the proposed class would be governed by the warranty law of all 50 states. State warranty laws varied so much, Lightfoot argued, that certification would never be appropriate. On that basis, we filed motions to strike the national class claims and dismiss the named plaintiff's individual claims on the merits.

Though our motions turned on the law, we also gave the court background on the case because we felt it would give important context. The basic facts also often matter just as much, or even more, to a court. This case, we noted, was about the singular failure of a product that was well designed and was not the subject of repeated customer complaints or warranty claims. The malfunction caused only minimal property damage and, most importantly, no injuries to the named plaintiff.

There was simply no reason to use the facts of this particular case to bring a class action on behalf of millions of plaintiffs — many of whom had not experienced problems with their water heaters and more than likely never would. We made this clear in our motion to strike. Lightfoot saw the attempt at class certification for what it was: litigation designed to create, not solve, a problem. Our filings demonstrated that to the court.

The Result

Before any discovery was conducted, the court entered a lengthy order granting the motion to strike the national class allegations. The order adopted Lightfoot's position, that a national class action could not be certified because of the differences between the warranty laws of 50 different states.

The court also granted, in part, Lightfoot's motion to dismiss the named plaintiff's individual claim. The order left the plaintiff with just one financially tenable choice: settle the individual case.

The court's opinion striking the national class allegations and granting in part the motion to dismiss is published as 177 F.Supp.3d 1025. Lightfoot has since defeated class certification of another lawsuit for a different water heater manufacturer using this precedent in a completely different state from the original case.