

US Law Week  
December 28, 2023, 4:30 AM EST

# Protecting Consumers Requires Class Actions and Mass Arbitrations

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*Labaton Sucharow's Jonathan Gardner, Melissa Nafash, and Shannon Tully argue that mass arbitrations and class action lawsuits are both essential to protecting consumer rights and increasing access to legal recourse.*

Mass arbitration and class actions are how consumers and employees can seek redress against a company using its terms and conditions or an employment agreement.

There is currently a debate over whether it's better to resolve consumer claims in mass arbitration instead of through a class action. This newfound debate and criticism was created by companies to distract from the goal of mass arbitration and class action attorneys, which is to vindicate consumer rights by holding companies responsible for violations.

The mass arbitration space wasn't developed to compete with or replace the class action mechanism. It was developed in response to over a decade of consumer claims being silenced by class action waivers and individual arbitration provisions.

Now, companies who spent years forcing consumers to resolve disputes outside of traditional class action proceedings are faced with a new decision: continue to force people into arbitration proceedings or abandon their arbitration provisions in favor of class actions.

The response by a majority of companies, including Verizon Communications Inc., Live Nation Entertainment, and DoorDash Inc., has been to amend arbitration provisions to make it more difficult for consumers to bring their claims, especially en masse. But some companies, such as Amazon.com Inc., have removed their arbitration clause and elected to litigate consumer claims through a class action.

This majority response points to one conclusion: Consumer advocates must continue expending resources into developing the mass arbitration space while continuing to forge ahead with class actions to ensure that consumers retain their rights to pursue justice.

Mass arbitrations and class actions offer several significant benefits that empower individuals against formidable adversaries. Mass arbitration offers a cost-effective alternative for consumers, and its streamlined nature allows for quick resolutions, ensuring timely justice.

Consumers who aren't bound by mandatory arbitration can partake in class actions, enabling them to seek justice alongside others by combining resources and claims. Each approach reduces the financial burden on consumers, making legal recourse feasible for more individuals.

Mass arbitration and class actions also serve as powerful tools to address systemic issues.

The former allows for individual claims to be heard separately, potentially addressing nuances that might otherwise be overlooked. Focusing on individual claims can result in tailored resolutions that consider each consumer's unique circumstances. Arbitration also offers a more informal forum to resolve disputes for those wary of the complex nature of court proceedings.

Class actions can establish legal precedents that influence future disputes in addition to the current case. This aspect of class actions can lead to systemic changes, establishing guidelines and standards for consumer protection. The threat of class action lawsuits can also be a deterrent, prompting corporations to uphold consumer rights to avoid potential legal actions.

Both avenues foster accountability. They lead to fairer outcomes by creating leverage for individuals, encouraging companies to engage in settlement negotiations that may result in compensation, and leveling the legal playing field for individual consumers.

*This article does not necessarily reflect the opinion of Bloomberg Industry Group, Inc., the publisher of Bloomberg Law and Bloomberg Tax, or its owners.*

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