

Frivolous Lawsuits Dragging Down the Economy

Every year billions of dollars are wasted on frivolous lawsuits costing American jobs and damaging the economy. These lawsuits are preventing innovative companies from creating the jobs that will turn the economy around.

Take for example a 2004 case in Pennsylvania where the state supreme court finally determined, after nine years of litigation, that Doritos chips did not pose a significant danger to the general public. The plaintiff claimed that the sharp edges of Doritos can become lodged in the throat and are therefore a threat to people across the country eating the chips. The court ended up rejecting the claim with one judge pointing out that it is common sense to chew your food before swallowing.

Companies like Doritos may be able to handle a nine year court case, but thousands of others can't withstand the costs associated with constant lawsuits. Just a few years ago, the nation's oldest ladder manufacturer, a family-owned business near Albany, New York, was forced to file for bankruptcy due to litigation costs even though the company never lost an actual court judgment.

Examples like this make the case for my legislation to help end frivolous lawsuits.

The Lawsuit Abuse Reduction Act which I introduced this week (House Judiciary Committee Chairman Lamar Smith introduced the same bill in the House of Representatives) evens the playing field by imposing monetary sanctions against attorneys who file frivolous lawsuits. The bill requires that cases brought to court be based on facts and reasonable interpretations of the law. If the judge finds that a case does not meet this standard, the attorney who filed the suit must be sanctioned in some form.

Without the serious threat of punishment for filing frivolous lawsuits, innocent individuals and businesses will continue to face the harsh economic reality that simply paying off frivolous claimants through monetary settlements is often cheaper than litigation. This leads to increased costs for businesses that could be better used creating jobs.