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Class Action Lawsuits Pushed by All-Russia People's Front

By The Moscow Times

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A new law introducing class action lawsuits to Russia has been propelled ahead by powerful political groups, despite businesses' worries that it will encourage a slew of unfounded legal claims.

On Monday, representatives of the Economic Development Ministry, the Federal Anti-Monopoly Service, the Justice Ministry and NGOs discussed a draft of the bill, Vedomosti reported.

The State Duma is expected to review the bill in September, meaning it could go into force as early as 2014.

A version of the law was developed by the Justice Ministry more than a year ago as part of the "road map" to encourage economic competition, but it has since been taken up and redrafted by President Putin's All-Russia People's Front.

The proposal follows the American model, which enables groups with the same grievance against a corporation to sue collectively in a single case, ideally allowing disadvantaged groups to protect their rights and shared interests.

One legal obstacle is that Russia's Constitutional Court has outlawed "contingency fees" (shares in the final settlement) as recompense for lawyers, though this is the typical form of payment for class action lawsuits abroad.

Another outstanding question is whether or not the law would allow potential plaintiffs to opt-out of the lawsuit, a provision which individuals in the USA can use if they believe their grievances outweigh those of the collective lawsuit and warrant a separate case.

The current draft has not yet resolved the question of opt-outs but enables contingency fees, All-Russia People's Front co-chair Alexander Galushka said.

Lawyers expect that the threat of a class-action lawsuit would compel most companies to reach settlements prior to trial.

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