

**SENATE BILL REPORT**

**SB 5689**

**AS REPORTED BY COMMITTEE ON LAW & JUSTICE, MARCH 5, 1991**

**Brief Description:** Changing provisions relating to consumer protection.

**SPONSORS:** Senator Talmadge.

**SENATE COMMITTEE ON LAW & JUSTICE**

**Majority Report:** That Substitute Senate Bill No. 5689 be substituted therefor, and the substitute bill do pass.

Signed by Senators Nelson, Chairman; Thorsness, Vice Chairman; Erwin, L. Kreidler, Madsen, Rasmussen, and A. Smith.

**Staff:** Jack Brummel (786-7428)

**Hearing Dates:** February 26, 1991; March 5, 1991

**BACKGROUND:**

The Legislature enacted the Consumer Protection Act in 1961. The act generally prohibits "unfair methods of competition and unfair or deceptive practices in the conduct of any trade or commerce." It allows suits to be brought in superior court and authorizes treble damages and the award of reasonable attorney's fees.

When the Legislature enacted the Consumer Protection Act it anticipated our courts would be guided by federal court decisions interpreting corresponding federal statutes. Under federal antitrust laws, the U.S. Supreme Court has ruled that remedies for price fixing are available only to direct purchasers. The court recently held that indirect purchasers are not prevented from recovering damages flowing from state antitrust law violations.

The issue of whether to allow both direct and indirect injuries under Washington law has not yet been presented to our state courts. The Attorney General has stated that state courts would be expected to deny indirect damage claims in the absence of other direction from the Legislature.

**SUMMARY:**

When an individual or the state is injured, directly or indirectly, by a violation of unfair business practices or consumer protection laws, the individual or the state may sue in superior court.

**EFFECT OF PROPOSED SUBSTITUTE:**

The limitation on treble damages is changed from \$10,000 to \$25,000. The court is to protect against duplicate recoveries. Proof of public injury is not required under the Consumer Protection Act.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

This bill will allow consumers to recover damages incurred from price fixing and other violations of consumer protection laws.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Senator Phil Talmadge, prime sponsor; John Ellis, Office of Attorney General