

Supreme Court Holds That Article III Requires All Class Members To Prove An Injury In Fact To Recover Damages

Client Alert | June 25, 2021

Decided June 25, 2021

TransUnion LLC v. Ramirez, No. 20-297

Today, the Supreme Court ruled 5-4 that every member of a class certified under Rule 23 must establish Article III standing in order to be awarded individual damages.

Background:

In February 2011, Sergio Ramirez was unable to purchase a car after a TransUnion credit report incorrectly flagged him as a “Specially Designated National” (“SDN”) who is prohibited from transacting business in the United States for national security reasons. When Ramirez requested a copy of his credit report, TransUnion mailed him a report that redacted the SDN alert and a separate letter notifying him of the alert but not how to correct inaccurate information.

Ramirez filed a putative class action against TransUnion alleging violations of the Fair Credit Report Act (“FCRA”) for failing to ensure the accuracy of the SDN alerts, to disclose the entire credit report to class members, and to include a summary of rights in the mailed letters. A jury found in favor of the class on all three claims and awarded \$8 million in statutory damages and \$52 million in punitive damages.

The Ninth Circuit affirmed the district court’s certification of the class. Although most of the absent class members did not suffer injury from having their credit reports disclosed to third parties, the court concluded that all class members had the requisite Article III standing to recover damages because of the risk of harm to their privacy, reputational, and informational interests protected by the FCRA. The court affirmed the jury’s award of statutory damages but vacated the punitive damages award.

Issue:

Whether all class members must have Article III standing to recover individual damages in federal court.

Court’s Holding:

Yes. Every member of a class action must satisfy Article III standing requirements in order to recover individual damages, and proof of a statutory violation without a showing of concrete harm is insufficient to satisfy Article III.

“Every class member must have Article III standing in order to recover individual damages. ‘Article III does not give federal courts the power to order relief to any uninjured plaintiff, class action or not.’”

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Justice Kavanaugh, writing for the Court

What It Means:

- The Supreme Court held that all class members must demonstrate standing at each stage of litigation “for each claim that they press and for each form of relief that they seek.” The Court explained that “an injury in law is not an injury in fact,” and “[o]nly those plaintiffs who have been *concretely harmed* by a defendant’s statutory violation” have standing. Although all the class members suffered a statutory violation, most did not experience a “physical, monetary, or cognizable intangible harm” necessary to establish a concrete injury under Article III.
- The Court’s decision clarifies an issue left ambiguous in *Spokeo, Inc. v. Robins*, 578 U.S. 330 (2016): whether the violation of a federal statute alone is sufficient to confer Article III standing. The Court held that a violation of a federal statute is not, without more, sufficient for Article III standing. The ruling could have ramifications for other types of class actions asserting violations of federal statutes.
- The Court’s decision also resolves a circuit split as to whether the mere risk of inaccurate consumer data being disseminated is sufficient to confer standing. As the Court explained, class members whose internal credit files were not disseminated to third parties did not have Article III standing because “there is ‘no historical or common-law analog where the mere existence of inaccurate information, absent dissemination, amounts to concrete injury.’”
- In dissent, Justice Thomas—joined by Justices Breyer, Sotomayor, and Kagan—decided the Court’s decision as “remarkable in both its novelty and effects” because the Court has “[n]ever before . . . declared that legal injury is *inherently* insufficient to support standing.”
- The decision left undecided whether Ramirez’s claims were “typical” of the other class members’ claims. Instead, the Court remanded the case so the Ninth Circuit could determine whether class certification continues to be appropriate in light of the decision.

The Court’s opinion is available [here](#).

Gibson Dunn’s lawyers are available to assist in addressing any questions you may have regarding developments at the Supreme Court. Please feel free to contact the following practice leaders:

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