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## **The impact of case law on consumer protection in the USA**

*Рыбалка Д. С., студ. I к. БГУ,  
науч. рук. Павлова Т. Я., канд. ист. наук, доц.*

Could you imagine that a visit to Macdonald's for a cup of coffee would enrich you with a few million dollars or that a tobacco company would pay you compensation for the illness resulting from many years of smoking. In my speech I will try to look into this and other questions.

To start with, what do we know about American legal system? Initially this system appeared in England, had a long history of developing and after all, during the colonization period was imported to America. It is a system of common law, where a precedent plays an important role. In this system, a precedent is a principle or rule established in a previous legal case that is either obligatory or persuasive for a court while deciding subsequent cases with similar issues or facts. It's known, that precedents are competing with laws for dominance in American legal system, but nevertheless it is possible to notice, that it is precedents that affect the adoption of some laws [1]. So, some legal aspects can be greatly improved due to the precedent. Such a thing we can find out in an issue of consumer protection. Let's get this straight.

So, what rights do consumers generally enjoy? Generally accepted basic consumer rights are:

- Right to safety: protection from hazardous goods.
- Right to be informed: availability of information required for weighing alternatives, and protection from false and misleading claims in advertising and labeling practices.
- Right to be heard: assurance that government will take full cognizance of the concerns of consumers, and will act with sympathy and dispatch through statutes and simple and expeditious administrative procedures.

A movement to protect the rights of consumers commenced precisely in America. In order to defend consumers against a fraud, including false advertising of goods, the supply of incorrectly labeled products, poor quality services, etc., the protection of consumers' rights was really necessary. In fact, even large corporations manufactured their production with serious violations. This often led

to serious consequences. Eventually, this movement has spread in many countries, and today plays an incredibly significant role in our life [2].

After analyzing the legal framework, it can be noticed that many US laws relating to consumer protection are well developed and detailed. The explanation for this phenomenon is that the US Congress has repeatedly received letters from consumers demanding that their problems be resolved. Owing to the perseverance of the Americans in asserting their rights, effective consumer protection in the USA has been formed.

We, as consumers, face the consequences of the influence of a precedent on this area every day. It is precedents that can bridge the gaps in the law, and, as we may point out, there are enough of them in this field. I propose to consider the topic in a more detailed way reviewing some examples of how the case law affects the daily life of consumers.

Take a coffee cup for example. Having carefully considered it, we can notice the label on it «Caution: Contents Hot». It is a consequence of one judgment titled as *Liebeck v. McDonald's* that happened in 1994. The resident of the United States Stella Liebeck was served with a cup of too hot coffee, which she, coincidentally, overturned on herself. As a consequence she received a second-degree burn and sued McDonald's for covering her medical bills (about 20 000\$). McDonald's Restaurants made a counteroffer amounting to 800\$. Stella didn't accept this proposal and decided to go to court [3, pp. 597 – 602]. During the investigation it was revealed that this was not the first case when people were suffering from too hot coffee, because the temperature of the coffee served actually was above normal. At least 700 people complained to McDonalds. The perseverance of the Liebeck's lawyer gave an incredible turn to this case. The main claim of Stella was the lack of a warning about the temperature of the drink on the cup. After a successful trial for the plaintiff, the company, in order to prevent the possibility of such claims, modified the appearance of the cup by inserting the habitual inscription: “Caution: Contents hot”.

The case of *Liebeck v. McDonald's* has even affected the automotive industry, proving the need for coasters in the car, because if there were coasters in Liebeck's car, injuries would probably have been avoided.

It is worth noting that in honor of this woman the award was called – «The TRUE Stella Awards», highlighting the most absurd lawsuits. So we see how one case, which became a precedent later, has affected many industries. Such a case wasn't unique, but it was the lawsuit that was widely publicized, and therefore caused a public response and resulted in the aforementioned changes [4].

The consequences of the next judgment, some people meet, perhaps several times a day. I'm talking about smokers. Everyone knows the inscription on the cigarette packaging, informing us that smoking kills. But hardly anyone has thought about the history of its appearance there. This emergence is connected

with the case of *Bullock v. Phillip Morris USA, Inc.* occurred in 2008. California resident Betty Bullock sued the tobacco company for inflicting serious damage to her health. The lawsuit stated that Betty Bullock, as a result of years of smoking cigarettes of this brand, had acquired a serious disease – lung cancer. Currently, almost everyone knows about the dangers of smoking and possible health consequences. However, in the wording of the claim was stated that the company had not warned about the consequences associated with smoking [5]. The outcome of this case was that, by the order of the FDA (U. S. Food & Drug Administration), a corresponding inscription appeared on all the cigarette packs. This precedent had far-reaching consequences. At the moment, virtually all countries of the world have adopted the necessity for labeling cigarette packs with such inscriptions [6].

To sum up, I would like to say, that the impact of legal precedent on the protection of consumer's rights appears the best way on the example of the USA. Because of the great role of precedent in legal system and great impact of its consequences on the society in general. In conclusion I want to point out that the precedent has the direct impact on the economic sphere, particularly on the sphere of consumption. With the help of this source of law, the gaps in the legislation are actively bridged in such important fields as consumer protection and others. The Institute for Consumer Protection is actually developed in this country and we may notice a positive effect of this practice on the quality of people's life.

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