



Vote "NO" on AB 3262 (Stone)

- **Hurts Consumers.** AB 3262 would needlessly expand liability and hurt consumers at a time when they can least afford it. This bill would expand strict liability on product defects to all non-auction, online marketplaces and websites that allow people to post goods for sale on their platforms. The bill would hold an online marketplace strictly liable, even if it did not make, own, distribute, offer, sell, price, describe, handle, or deliver the product.
- **Unprecedented.** Currently, California applies strict products liability to those entities that make or control a product and applies a negligence standard of liability to entities that merely facilitate third parties bringing products to market. AB 3262 would disrupt this predictable and well-established legal precedent by holding the sales facilitator strictly liable for the condition of goods it has no control over. California would be the only state to create this significant, additional liability – a risky move in the middle of a pandemic.
- **Makes Internet Pay-to-Play.** The advantages that small businesses have gained from being able to sell goods online and expand their customer base will be reversed under AB 3262, making the internet a "Pay to Play" system only for those who can afford to be included online.
- **Creates Barriers to Entry.** AB 3262 creates barriers to entry for entrepreneurs and small businesses who wish to reach larger customer bases because newcomers cannot afford to protect against strict liability for all products sold on their platforms. Increasing liability for small online marketplaces will only serve to eliminate those platforms and further hurt small businesses.
- **Hurts the Economy.** Litigation and administrative costs constitute most of the price increases that reach consumers and tort costs are exceptionally high in this state. Tort costs in California are nearly \$56 billion (according to the U.S. Chamber's 2019 figures). These costs will increase dramatically if AB 3262 passes.
- **Arbitrary and Unfair.** California has never recognized one party's default or unavailability as grounds for declaring another entity subject to strict liability. The California Supreme Court has held that "[s]pread[ing] the cost of injury throughout society amounts to no more than a judicially imposed insurance system. To use this rationale for imposing strict liability in isolation of other rationales is to write a judicial ticket to impose strict liability in any area of law where there are injured plaintiffs who may not be compensated."