

Court Dismisses Competitor Suit Alleging Misuse of Consumer Data

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A California federal district court recently dismissed Quadrant Information Services' lawsuit against its competitor, LexisNexis Risk Solutions, in which Quadrant alleged LexisNexis's InsurView service violated California's Unfair Competition Law. According to Quadrant, LexisNexis allegedly sourced and used consumer information improperly. LexisNexis's InsurView service provides aggregated data on insurance transactions to insurers. Insurers can then use this information to help develop price quotes. Quadrant argued that LexisNexis used information from consumer reports to develop its aggregated information, in violation of the Federal Credit Reporting Act. Quadrant also alleged that LexisNexis violated the Gramm-Leach-Bliley Act (GLBA), the California Insurance Information and Privacy Protection Act (CIIPPA), and the California Insurance Commissioner's privacy regulations by using information gathered for one transaction in another transaction, without notice to the affected consumer. The court dismissed the FCRA claim on the grounds that Quadrant sought injunctive relief, not damages, and only the FTC may seek injunctive relief under the statute. The court rejected the remaining claims as well, holding that Quadrant failed to allege cognizable statutory or regulatory violations – the data at issue was aggregated, not personal, and defendant was not an insurance-related or financial institution.

Tip: It is not often that competitors bring cases against each other alleging misuse of consumer information. While this case was dismissed, it does serve as a reminder that competitor cases in the privacy area are possible.

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