



California's Proposition 65

The Safe Drinking Water and Toxic Enforcement Act of 1986



Overview

California's Safe Drinking Water and Toxic Enforcement Act of 1986 (Prop 65) is one of the most onerous chemical control statutes in the nation. It prohibits businesses with 10 or more employees, including those that merely ship products into California, from:

- Exposing people in California to listed chemicals without a "clear and reasonable" warning; and
- Discharging or releasing listed chemicals to "sources of drinking water" in the state.

Over 900 chemicals are identified as carcinogens, reproductive toxins, or both, in the Prop 65 list. It includes solvents, plasticizers, metals, additives, and/or ingredients in common household, commercial, and office products. Even naturally occurring chemicals found in food products are listed.

If a chemical is listed, Prop 65 consumer product warning requirements apply unless the exposure to: a) a carcinogen will not pose a "significant risk of cancer," or b) a reproductive toxin will have "no observable effect" on people. These standards are exceptionally difficult to meet and, in litigation, are the defendant's burden to prove.

New Prop 65 warning regulations effective on August 30, 2018, can help insulate you from claims. However, we expect these recent changes will also increase the number of lawsuits brought by private parties and that resolving claims will be more complex. [See OEHHA's website for the new warning regulations.](#)

Enforcement and Penalties

Prop 65 allows for public and/or private enforcement. Plaintiffs need only allege a violation has occurred and do not need to allege or show harm, injury, or damage to people, property, or

the environment. Failure to comply with Prop 65 mandates is enforceable by penalties of up to \$2,500 per day, per violation. In addition, plaintiffs often seek, and courts routinely grant, injunctive relief, including product reformulation to remove offending chemicals to ensure the alleged objectionable conduct is cured.

Bringing a Prop 65 action is relatively easy and lucrative for private plaintiffs and their counsel. Given the relative ease and potential payoff of bringing suit, businesses often face aggressive litigation tactics from plaintiffs' counsel.

Notably, settlement payments to resolve claims have been on the rise: 2015 payments totaled \$17,828,941; 2016 payments were \$21,561,113; 2017 payments were \$25,656,500. This excludes defense counsel fees, business interruption, and costs to comply.

Responding to a Prop 65 Lawsuit

Once a plaintiff establishes that a listed chemical is present, even at a very low level, the burden of proof to demonstrate that an actionable exposure has not occurred shifts to the defendant business. Because this is a difficult burden to meet, most Prop 65 cases are resolved through negotiated settlements. On occasion, however, there may be viable reasons to litigate.

Any settlement in a private Prop 65 enforcement action (other than voluntary dismissal) must be reported to the California Attorney General. Judicially approved settlements with private plaintiffs can preclude other private parties from bringing the same claim.

Compliance

Effective compliance strategies exist. Among other things, a covered business (effectively, every business in the chain of commerce) should assess whether it is exposing individuals to any Prop 65-listed chemical through products, environmental or occupational exposures.

Compliance with Prop 65's warning requirements fully insulates a company from liability, regardless of exposure levels. It is, therefore, critically important that a business receive expert assistance in drafting and implementing compliant warning programs. In most cases, "safe harbor" warnings can either be specific as to the chemical(s) involved or general. A number of other requirements apply to a warning's content and how the warning is communicated, especially since the new regulations that become operative in August 2018 are particularly detailed.

In addition to warnings, companies may take other actions to protect against Prop 65 liability, including implementing legal protections such as contractual indemnities, certificate programs, and testing routines. Compliance can also be achieved by demonstrating that an exposure will produce no significant risk of cancer or no observable effect on reproduction. However, because actionable exposures can

occur even at trace concentrations, this can be difficult and expensive to prove.

Although Prop 65 does *not* apply to businesses with less than 10 employees, exempt businesses should consider providing compliant warnings or notifying their customers to avoid indemnity demands from retailers for products in their stores.

Our Firm

Hunton Andrews Kurth has more than 1,000 lawyers serving clients in 100 countries. Our California lawyers are on the front lines of emerging environmental issues, routinely counseling clients in litigation, regulatory matters (including Prop 65, air and water quality, contaminated properties, hazardous chemicals, land use, and climate change issues), and transactional matters (including due diligence, agreement drafting and negotiation, procurement of environmental insurance, and permit transfers). We have extensive experience working with regulatory agencies on behalf of clients, including the US EPA, Cal/EPA, California Department of Toxic Substances Control, State Water Resources Control Board and Regional Boards, California Office of Environmental Health Hazard Assessment, California Air Resources Board, and South Coast and Bay Area Air Quality Management Districts (and other air quality districts).

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