

Docket No. 90242-Agenda 22-May 2001.

EMMA J. ROBINSON *et al.*, Appellants, v. TOYOTA MOTOR CREDIT CORPORATION *et al.*, Appellees.

JUSTICE KILBRIDE delivered the opinion of the court:

In this case, we review whether plaintiffs' federal Consumer Leasing Act (CLA) (15 U.S.C. §§1667a, 1667b (1994)) claims are precluded by the *res judicata* effect of a class action judgment rendered in another state. We also review whether plaintiffs' state claims for violation of the Consumer Fraud and Deceptive Business Practices Act (Consumer Fraud Act) (815 ILCS 505/1 *et seq.* (West 1992)) were properly dismissed for failure to state a cause of action.

Plaintiff Emma Robinson leased an automobile from defendant River Oaks Toyota. Plaintiff Latanya Kemp entered into a similar lease agreement with defendant Point One Toyota. Both leases were assigned to defendant Toyota Motor Credit Corporation (Toyota). Plaintiffs then sued all three defendants, claiming that the lease agreements violated various federal and state consumer protection laws. They sought relief for themselves and for a class of persons similarly situated. Such a class was never certified by the court, and plaintiff's second amended complaint was dismissed with prejudice. The trial court found that plaintiffs' federal claims were precluded by the *res judicata* effect of a California judgment in a class action suit where plaintiffs were members of the class. The state and common law claims were dismissed for failure to state a cause of action.

The appellate court affirmed the dismissal of all of the state-law claims, except the common law breach of contract claim. 315 Ill. App. 3d 1086. The appellate court reversed as to that count and remanded the cause to the trial court. Toyota does not contest that ruling here. The appellate court affirmed the dismissal of two of the federal claims as barred by *res judicata*, but found the remaining federal claim to be an individual claim not included in the class action and, thus, not barred. 315 Ill. App. 3d at 1093.

We allowed plaintiffs' petition for leave to appeal (177 Ill. 2d R. 315). For the reasons that follow, we hold that the California judgment specifically reserved from the settlement certain CLA claims and that plaintiffs' CLA claims are not barred by the *res judicata* effect of the California judgment. We further hold that the appellate court properly sustained the dismissal of the state Consumer Fraud Act claims. We therefore affirm in part and reverse in part the judgments of the appellate and circuit courts and remand the cause to the circuit court for further proceedings.

I. BACKGROUND

On May 14, 1993, plaintiff Kemp entered into a 48-month, closed-end motor vehicle lease with defendant Point One Toyota. On July 6, 1993, plaintiff Robinson entered into a similar 42-month lease agreement with defendant River Oaks Toyota. Both leases were assigned to defendant Toyota Motor Credit Corporation.

At the time plaintiffs' leases were signed, a class action was pending in the circuit court of Cook County, where individual lessees of River Oaks Toyota sought relief against that company and Toyota for alleged violations of the CLA and the Consumer Fraud Act. *Mortimer v. River Oaks Toyota, Inc.*, 278 Ill. App. 3d 597 (1996). On July 7, 1993, the *Mortimer* class of persons was certified. In September, 1993, the class was notified by mail and publication. *Mortimer*, 278 Ill. App. 3d at 599. Plaintiffs received the *Mortimer* notice and elected to opt out of that class action and settlement.

