



California Court of Appeals Affirmed Securities Class Action Win for Katten Client Natera

March 11, 2020

A California appellate court sided with Katten Litigation partners Bruce Vanyo and Christina Costley last week when it upheld a lower court ruling dismissing all claims in a consolidated securities class action lawsuit brought against Natera, a genetic testing company, and its officers, directors and underwriters, in connection with its 2015 initial public offering (IPO). This is believed to be the first decision from a California appellate court on the merits in a Section 11 case.

Plaintiffs filed suit in the Superior Court of the State of California for the County of San Mateo, alleging that Natera's initial public offering documents were false and misleading because they failed to disclose Natera's financial results for 2Q2015 (which ended just two days before its registration statement became effective) violated the Securities Act of 1933.

In 2018, Katten obtained what appears to be the first ever dismissal with prejudice of a Section 11 claim in San Mateo County Court and what is believed to be one of only three ever dismissals of a Section 11 claim in the state of California. Katten also successfully argued that both the US Supreme Court's decision in *Cyan* and the Private Securities Litigation Reform Act required a stay of discovery until and unless plaintiffs stated a viable claim for relief.

As many insiders have observed, in the wake of the Supreme Court 2018 decision in *Cyan*, plaintiffs have increasingly looked to California state courts to litigate Section 11 cases.

On appeal, Katten attorneys successfully argued that plaintiffs had failed to state a viable claim for relief because they had failed to identify an actionable misstatement or omission.

The Katten team was led by partners Bruce Vanyo and Christina Costley, and also included Litigation partner Richard Zelichov and associate Paul Yong, and Commercial Finance associate Ahree Song, and was assisted by Katten's Appellate team.

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