

## SCOTUS Opinion: Ambiguous Arbitration Provision Not Sufficient To Compel Class Arbitration

24 Apr 2019

In a 2010 case, the U.S. Supreme Court ruled that a court could not compel class arbitration under the [Federal Arbitration Act](#) when the agreement was silent on that issue, since class arbitration was fundamentally different from “traditional individualized arbitration.” In [Lamps Plus, Inc. v. Varela](#), the arbitration provision did not expressly state that the parties agreed to class arbitration, referring only to “final and binding arbitration.” When Varela filed a class action against his employer, Lamps Plus moved for regular arbitration. The district court compelled the parties to go to class arbitration instead, and dismissed the original class action. Lamps Plus appealed, and the Ninth Circuit affirmed, holding that it was appropriate to apply California contract law and construe the ambiguity against Lamps Plus.

The Court, in a 5-4 opinion by Chief Justice Roberts, reversed, holding that an arbitration provision must explicitly permit class arbitration in order for such arbitration to be compelled by a court. First, the Court established that the order of the district court was a final, appealable order, giving the Court jurisdiction to rule. Then, the Court held that the Ninth Circuit could not use state contract interpretation principles to convert an ambiguous arbitration provision into one that permits class arbitration under the Act, since the Act requires explicit consent by both parties in order to permit arbitration – especially considering the fundamental differences between class and regular arbitration. Justice Thomas, in a concurrence, stated that the arbitration provision was not ambiguous in his view, and if anything only envisioned regular arbitration. Justice Kagan, joined in full by Justice Ginsburg and Breyer, and in part by Justice Sotomayor, dissented, arguing that the provision by its terms did allow class arbitration, and even if it was ambiguous, state-based canons of contractual interpretation should be used to construe the provision as the Ninth Circuit did. Justice Breyer filed a solo dissent arguing that the district court’s order was not appealable, and thus the appellate courts lacked jurisdiction to hear it. Justice Ginsburg, joined by Justices Breyer and Sotomayor, lodged a dissent arguing that the majority was straying from the principle that “arbitration is a matter of consent, not coercion,” by not heeding the difference in bargaining power between companies and their employees in drafting these provisions. Finally, Justice Sotomayor filed a solo dissent arguing that the Court’s separate treatment of class arbitration was not warranted. A link to the opinion is [here](#).

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**TAGGED:** [scotus](#), [Federal Arbitration Act](#), [SCOTUS opinion](#), [Arbitration Provision](#), [Class Arbitration](#), [Lamps Plus Inc. v. Varela](#)