

BLOGS
Arbitration

Minnesota Federal Court Grants Furniture Store’s Motion to Compel Arbitration but Stays Rather than Dismisses Sales Representative’s Claims

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A federal court in Minnesota recently granted in part Ashley Furniture Industries’ motion to compel arbitration of a Minnesota-based sales representative’s claims. *ABWB, Inc. v. Ashley Furniture Indus., LLC*, 2024 WL 4296900 (D. Minn. Sept. 26, 2024).

For over ten years, A Better Way to Buy, Inc. (ABWB) contracted with Ashley to operate as Ashley’s sales representative in eastern Minnesota. In January 2022, ABWB and Ashley entered a one-year contract to continue the sales representative relationship until December 31, 2022. In November 2022, Ashley informed ABWB that the contract would not be renewed in 2023. ABWB then sued in Minnesota state court, alleging that Ashley (1) failed to provide 90 days’ notice of nonrenewal, as required under the Minnesota Termination of Sales Representative Act (MTSRA), and (2) lacked good cause to terminate the agreement. Ashley removed the case to federal court and then moved to compel arbitration and dismiss the case for failure to state a claim, reasoning that, because the agreement contained an arbitration clause, ABWB was required to arbitrate its claims rather than bring them in state or federal court.

The court granted Ashley’s motion to compel arbitration but denied its motion to dismiss the suit outright. ABWB argued that the agreement’s forum selection clause rendered the agreement’s arbitration clause too indefinite and uncertain, making the arbitration clause unenforceable and giving the federal court proper jurisdiction over ABWB’s claims. The court disagreed, reasoning that the arbitration clause and forum selection clause could be read in harmony and that the arbitration clause was enforceable. ABWB next asserted that the MTSRA invalidated the arbitration clause entirely. Ashley, in turn, claimed that the Federal Arbitration Act (FAA) preempted the MTSRA. The court declined to resolve the preemption issue, noting that the arbitration clause delegated the issue of whether such a claim is arbitrable to the arbitrator. Although Ashley argued that the presence of the arbitration clause necessitated the dismissal of all claims, the court reasoned otherwise, noting that recent US Supreme Court caselaw interpreting the FAA required the court to stay the case and maintain a supervisory role.

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