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BLOGS

Arbitration

Sixth Circuit Refuses to Compel Arbitration of Antitrust Class Action, Finding No Agreement to Arbitrate

A putative antitrust class action against a shock absorber manufacturer may proceed in federal court, the Sixth Circuit Court of Appeals recently held, affirming denial of the manufacturer's motion to compel arbitration. *In re: Auto. Parts Antitrust Litig.*, 951 F.3d 377 (6th Cir. 2020). This dispute arose after retailers of automotive parts brought antitrust claims against KYB Corporation and KYB Americas Corporation. KYB manufactures car parts and distributes them through its subsidiary KYB Americas, which contracts with a network of retailers who then resell the parts to individual consumers. After the retailers filed suit in federal court in Michigan, the defendants moved to compel arbitration. The district court denied the motion, concluding the parties did not form an agreement to arbitrate, and defendants appealed.

The agreements between the retailers and KYB Americas did not contain an arbitration provision. Nonetheless, the defendants argued that the retailers were required under their agreements to honor the terms and conditions of KYB's limited warranty, and the warranty required the arbitration of disputes with "original retail purchasers." However, the court held that the "original retail purchasers" referenced in the warranty were the buyers of the parts from the retailers, not the retail sellers themselves. Thus, neither the retailer plaintiffs nor the manufacturer and distributor defendants had agreed to arbitrate any dispute between the retailers and the defendants, and the district court's decision was affirmed.

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