

BLOGS

Arbitration

Tennessee Federal Court Enforces Delegation Provision and Compels Dozens of Franchisees to Arbitration

A federal court in Tennessee recently granted a franchisor's motion to compel arbitration, including as to questions of arbitrability, in response to a 15 count complaint brought by 54 separate franchisees. *Anthony v. Van Over*, 2023 WL 6317685 (E.D. Tenn. Sept. 27, 2023).

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The court also rejected the plaintiffs' argument that the individual non-signatories to the franchise agreements were ineligible to compel claims to arbitration, holding that in the Sixth Circuit, a non-signatory's ability to enforce the arbitration agreement involved a question of arbitrability, and had to be resolved by an arbitrator. The court also rejected the plaintiffs' "specific" challenge to the delegation provision, which required them to "show that *the basis of their challenge* is directed specifically to the delegation provision" and rests "in part, on different factual or legal grounds than the ones supporting its challenge to the arbitration agreement as a whole." The court held that the plaintiffs' arguments against the enforceability of both the arbitration agreement and the delegation provision were "woven with a common thread." Upon compelling arbitration, the court stayed rather than dismissed the action.

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