

Ninth Circuit Affirmed That Non-Signatories Could Invoke Arbitration Clause Under Arizona Law

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The U.S. Court of Appeals for the Ninth Circuit held that the district court did not err by allowing non-signatories Jess Smith & Sons Cotton LLC (JSS) and J.G. Boswell Co. to invoke the arbitration clause in a license agreement between Tradeline Enterprises Pvt. Ltd. and the Supima Association of America. The court explained that state law controls whether federal courts may enforce arbitration agreements against signatories at the request of non-signatories. Arizona law controlled in this case. Pursuant to Arizona law, “a non-signatory may compel arbitration with a signatory to an arbitration agreement if the claims at issue are ‘intimately founded in and intertwined with the underlying contract obligations.’” The complaint filed by Tradeline alleged that JSS and Boswell caused Supima to breach and wrongfully terminate the license agreement. Therefore, the claims raised in the complaint were “intertwined” with Tradeline’s license agreement with Supima.

[*Tradeline Enters. Pvt. Ltd. v. Jess Smith & Sons Cotton, LLC*](#), No. 18-56101 (9th Cir. July 2, 2019).

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