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United States Supreme Court Unifies Circuits and Holds That Courts May Not Dismiss Cases Ordered to Arbitration

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On May 16, 2024, the Supreme Court of the United States of America (SCOTUS) unanimously concluded that the Federal Arbitration Act (“FAA”) requires that after a trial court orders arbitration of a dispute pursuant to an enforceable arbitration agreement that the underlying action is stayed, and may not be dismissed. [Smith v. Spizzirri](#), 601 U.S. ____ (2024).

The Ninth Circuit’s (which includes California Federal courts) decision to uphold the trial court’s dismissal of a case because all of the claims in the case were subject to arbitration was reversed. While the underlying case arose from a case filed in Arizona, SCOTUS’ ruling in *Spizzirri* will impact all federal courts, including those in California.

This statutory interpretation case concluded that the text, structure, and purpose of the FAA lead to one conclusion – the trial court does not have the discretion to dismiss a case ordered to arbitration. The plain meaning of the text of Section 3 of the FAA, “shall stay” meant the temporary suspension of legal proceedings, not termination of such proceedings. SCOTUS explained that the structure of the FAA created the right to an appeal of the denial of a motion to compel arbitration but not an immediate appeal of an order granting arbitration, so allowing dismissal would contravene Congress’ intent by triggering the plaintiff’s right to appeal instead of completing the arbitration. Finally, SCOTUS relied on the FAA providing a continuing role for the courts to assist the parties throughout an arbitration, including appointment of arbitrators, enforcing subpoenas issued by arbitrators and enforcement of arbitration awards.

While the enforceability of employment arbitration agreements will remain the subject of much litigation, especially in California, *Spizzirri* removes one issue of contention which will help to streamline disputes over arbitration agreements.

The authors will discuss the implications of *Spizzirri* on California arbitration agreements in the employment context along with other recent developments and essential considerations for crafting enforceable arbitration agreements on May 23, 2024 at 10:00 a.m. PT at CDF’s “[California Arbitration Agreements: Clarity Amid Complexity](#)” webinar. Click [HERE](#) to register.

If you have questions about the costs and benefits of creating or enforcing arbitration agreements, please contact the authors of this blog, [Amy S. Williams](#) or [Dan M. Forman](#), or your favorite [CDF lawyer](#) for assistance.