Alabama Decision Left Intact By U.S. Supreme Court

I have previously reported about the Alabama Supreme Court’s important ruling in Cavalier Manufacturing, Inc. v. Jackson. In that case, our state Supreme Court held that an arbitration provision that barred an award of punitive damages was unconscionable as a matter of general Alabama contract law and thus could not be enforced, although the Court simply struck out the no-punitive-damage language and required the dispute be arbitrated anyway. Not satisfied with having forced the owner of a clearly defective mobile home into binding arbitration, the defendants asked the United States Supreme Court to review and overturn the Alabama court’s decision.

In a rare instance of not blindly enforcing mandatory arbitration, the U.S. high court recently turned down the defendants’ request for discretionary review, and let the Alabama court’s decision stand. Counsel for plaintiffs, Paul Bland of Trial Lawyers for Public Justice in Washington, D.C. and William Gill of Montgomery (who won the initial decision in the Alabama courts), argued successfully to the U.S. high court that the Alabama decision turned on generally applicable principles of Alabama contract law, and thus should not be subject to review by the U.S. Supreme Court. They also argued it was consistent with decisions from other courts finding arbitration provisions that restrict punitive damages to be unenforceable, and thus there was no need for the high court to step in to clarify the law.

The Alabama Supreme Court’s decision, although important for consumers, was only a limited step toward refusing to enforce unfair, one-sided arbitration provisions by which consumers are forced to give up their constitutional jury trial rights. Still, I hope it is a sign that our Court will apply general principles of state contract law to strike down other abuses of binding arbitration and protect ordinary, hard-working Alabama citizens and not corporate criminals. Plaintiffs’ brief opposing defendants’ request for U.S. Supreme Court review can be found at TLPJ’s website, www.tlpj.org.