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## **THE BENEFITS OF ARBITRATION**

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It is often necessary to resolve business conflicts in a definitive and enforceable manner. Many people assume that the court system is the only option, or the best option, for resolving these disputes. However, arbitration offers parties another way to resolve disputes that is often less expensive, faster and legally enforceable.

### **How to Choose Arbitration to Resolve Disputes**

Parties should decide to use arbitration long before a dispute ever arises. The best time to decide on arbitration is when you are drafting a contract. Employment contracts and other types of business contracts can include arbitration clauses. Arbitration clauses commit the contracting parties to resolve their disputes via arbitration. Some contracts may specifically state where the arbitration will take place, although this is not necessary in order for the arbitration clause to be enforceable. Courts are likely to find arbitration clauses valid as long as the contract is valid and the clause does not name an arbitrator who is biased toward one party.

### **The Benefits of Choosing Arbitration to Resolve Your Disputes**

Arbitration provides several important benefits for participants. It is typically:

- **Less formal:** parties to an arbitration benefit from less formal rules of procedure and evidence than do litigants. Each side will have the opportunity to tell its story without the limitations that strict rules of procedure and evidence can impose. The parties can decide to be represented by legal counsel or they can represent themselves.
- **Less expensive:** the filing fees and attorneys fees associated with arbitration are often significantly lower than the fees associated with litigation.
- **Less time consuming:** the backlog of civil court cases in the United States is well documented. Arbitrations often occur much more quickly and allow the parties to proceed with a definitive resolution to their conflict. The National Arbitration Forum estimates the time from the filing of an arbitration case to its outcome to be 4-6 months compared to 15-20 months for a civil court case.

Arbitration is a popular form of alternative dispute resolution (ADR) with good reason. The benefits described above will typically (but certainly not always) provide parties with an easier, faster and less expensive way to resolve their disputes and to

continue on with their business objectives. Therefore, it is important to consider including an arbitration clause in your business and employment contracts.

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