

# **Biz Contract Term EXPLORED: Arbitration Clauses**

## ***Introduction/Definition***

An arbitration clause is a clause in an agreement that requires the parties to a contract to resolve their disputes outside of Court through a third party, an arbitrator.

## ***Points to Consider***

1. Most of the time, the decision of the arbitrator is BINDING and COMPULSORY. In other words, not only MUST the parties participate in arbitration but the decision of the arbitrator is FINAL and has the same legal force as a Judge's decision.
2. These clauses are combined with "forum selection" clauses a lot of times which we will discuss in a later blog. So not only will all parties be required to forego the Court process but it could be in an unfamiliar court, territory or jurisdiction if you're not careful about agreeing to certain language in the contract.

## ***In Georgia...***

1. You can appeal to the superior court after the holding of an arbitrator BUT certain requirements have to be strictly followed to appeal; consult an attorney to guide you through the process.
2. Arbitration DOES NOT keep either party from discovery, the process of obtaining information from the other side that you will see in typical court proceedings and the litigation process.
3. The arbitration award is mandated to be issued in writing with all parties receiving a copy of the award.

## ***General Advice***

Arbitration clauses can be your BEST friend depending on your jurisdiction and the side of the contract you are on (*employer vs. employee, consumer vs. vendor, etc.*) because of how typically arbitrators side with certain parties on certain issues in certain states or jurisdictions.

You will need to obtain competent business counsel to give you advice as to whether you should include one of these clauses in an agreement or whether you should be amicable to signing an agreement with one of these clauses.

There are ways to get creative with these clauses such as adding details of how the arbitrator will be chosen, from which list, within which time period otherwise the Court

can be sought, etc. Again, seek legal counsel to make this a viable and compelling option.

**NOTE:** This legal presentation is only authorized for Georgia businesses and only pertains to Georgia-based businesses. Any and all legal advice only applies to the laws in the state of Georgia and Kendrick Law Practice is only authorized to practice law in Georgia.

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