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***Lamps Plus, Inc. v. Varela*, No. 17-988**

Today, the Supreme Court held by a vote of 5-4 that, under the Federal Arbitration Act, an arbitration agreement that is ambiguous as to whether it authorizes class-wide arbitration cannot provide the necessary contractual basis for concluding that the parties agreed to class arbitration.

**Background:** The Supreme Court has repeatedly recognized that individualized, one-on-one arbitration is the type of arbitration envisioned by the Federal Arbitration Act, and that a contractual basis is therefore required to conclude that the parties instead agreed to arbitrate on a class-wide basis. In this case, the Ninth Circuit determined that the parties' arbitration agreement was ambiguous about whether it allowed for class arbitration. The court then applied the state-law *contra proferentem* doctrine—a public-policy principle that ambiguities are construed against the drafter—to resolve the ambiguity in favor of allowing class arbitration.

**Issue:** Whether the Federal Arbitration Act forecloses courts from compelling class arbitration when the parties' agreement is ambiguous regarding the availability of that procedure.

**Court's Holding:** In an opinion by Chief Justice Roberts, the Court reversed the Ninth Circuit's decision by a 5-4 vote. The Court held that ambiguity about whether class arbitration is permitted cannot provide the necessary "contractual basis" for compelling class arbitration. The Court held that the Federal Arbitration Act requires, as a matter of federal law, an affirmative basis in the contract itself for concluding that the parties agreed to such a procedure, and the statute preempts the use of the state-law *contra proferentem* doctrine (*i.e.*, construing terms against the drafter) to substitute for the affirmative contractual basis required under the Federal Arbitration Act—because that doctrine is based on public policy and not the intent of the contracting parties.

Mayer Brown represented the petitioners before the Supreme Court.