

Arbitration Clause Enforced Against Nonparty to Contract

In re Weekley Homes, L.P.

In *In re Weekley Homes, L.P.*, the Texas Supreme Court was asked to decide whether Weekley Homes, a party to a contract containing an arbitration clause, could compel arbitration of a personal injury claim brought by a nonparty. The Court recognized that plaintiff did not sign the contract between her father and Weekley Homes for the purchase of the home in which she and her family would live. However, the Court stated that “a nonparty may be compelled to arbitrate if it seeks, through the claim, to derive a direct benefit from the contract containing the arbitration provisions.” The plaintiff purported to make no claim on the Weekley contract, claiming only that she developed asthma from dust created by Weekley’s repairs of the home. However, the Court held that “a nonparty may seek or obtain direct benefits from a contract by means other than a lawsuit.” The Court found that “in some cases, a nonparty may be compelled to arbitrate if it deliberately seeks and obtains substantial benefits from the contract itself.” The Court pointed out that the plaintiff had not merely resided in the home, but had also directed how Weekley should construct many of its features, repeatedly demanded extensive repairs to “our home,” personally requested and received financial reimbursement for expenses “I incurred” while those repairs were made, and conducted settlement negotiations with Weekley about moving the family to a new home. Therefore, the Court held that “[h]aving obtained these substantial actions from Weekley by demanding compliance with provisions of the contract, Von Barga [plaintiff] cannot equitably object to the arbitration clause attached to them.”

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