

**Summary of SC95066, Lashiya D. Ellis v. JF Enterprises LLC d/b/a Jeremy Franklin's Suzuki of Kansas City**

Appeal from the Jackson County circuit court, Judge Jack Richard Grate  
Argued and submitted December 14, 2015; opinion issued January 12, 2016

**Attorneys:** JF Enterprises was represented by Gary J. Willnauer and Deborah F. O'Connor of Morrow, Willnauer, Klosterman, Church LLC in Kansas City, (816) 382-1382; and Ellis was represented by Kate E. Noland, Douglass F. Noland and Jennifer N. Wettstein of the Noland Law Firm LLC in Liberty, (816) 781-5055.

*This summary is not part of the opinion of the Court. It has been prepared by the communications counsel for the convenience of the reader. It neither has been reviewed nor approved by the Supreme Court and should not be quoted or cited.*

**Overview:** An automobile dealer appeals a circuit court's order denying its application to compel arbitration in a suit filed against it by a woman who purchased a vehicle from it. In a 4-3 decision written by Judge Paul C. Wilson, the Supreme Court of Missouri vacates the judgment and remands (sends back) the case with instructions for the circuit court to grant the dealer's motion to compel arbitration. The United States Supreme Court clearly and repeatedly has held that a state court cannot refuse to enforce an arbitration agreement on the ground that the underlying contract was void under state law. Instead, the person opposing arbitration must prove the arbitration agreement itself is invalid under generally applicable state law principles, but the woman here raised no such challenge.

Judge Richard B. Teitelman dissents. He would find federal law does not require arbitration of claims relating to the formulation of the contract and notes the plain language of the arbitration agreement limits arbitration to disputes involving the purchase, financing or condition of the vehicle.

**Facts:** Lashiya Ellis purchased a new car in November 2013 from JF Enterprises and signed a retail buyers order, executed a retail installment contract and signed an arbitration agreement. Ellis sued JF Enterprises in July 2014, alleging it violated the state merchandising practices act by failing to pass title for her new vehicle. She asked the circuit court to declare the buyers order, installment contract and arbitration agreement void and rescind the transaction. JF Enterprises filed an answer and moved to stay the proceedings and compel arbitration. The circuit court overruled the motion, finding that, because no title to the vehicle had been provided to Ellis, the contract was fraudulent and void under state law. It further found that the arbitration agreement is to be construed with the other contract documents and also is void and unenforceable. JF Enterprises appeals.

**VACATED AND REMANDED.**

**Court en banc holds:** Because Ellis' challenge is based on the validity and performance of the sales contract as a whole and is not aimed discretely at the arbitration agreement alone, the circuit court erred in concluding the arbitration agreement was void and unenforceable under state law. The United States Supreme Court has held – clearly and repeatedly – that the federal arbitration act prevents state courts from refusing to enforce an arbitration agreement on the ground that the underlying contract was void under state law. The federal act makes arbitration agreements severable, so they must be considered separate and apart from any underlying or contemporaneous related agreements. As such, courts may refuse to enforce an arbitration agreement only if the party opposing arbitration brings a discrete challenge to the arbitration agreement and shows the arbitration agreement itself is invalid under generally applicable state law principles. Ellis, however, raised no

such discrete challenge – she merely alleged the whole contract, including the arbitration agreement, is fraudulent and void under state law because no title to the vehicle passed. Even though the sale may well be void under state law, that question – and the question of her remedies – is for the arbitrator, not a court, to determine.

**Dissenting opinion by Judge Teitelman:** The author would find that federal law does not require Ellis to arbitrate claims relating to the formation of the contract, which rests squarely on state law defenses that are subject to resolution by the courts, not in arbitration. Formation of a contract is not subject to arbitration according to the arbitration agreement's plain language, which limits arbitration to disputes involving the purchase, financing or condition of the vehicle. Ellis should not be compelled to arbitrate a claim she did not agree to arbitrate.