

Court Holds That Arbitration Clauses Bind Nonsignatories Who Seek to Enforce Contracts

A **post on the website** of Pepper Hamilton describes a North Carolina case that involved non-signatories to a construction contract attempting to avoid the contract's arbitration claim.

When the building's current owner asserted various claims against the original owner, architect and general and subcontractors, the general contractor moved to have the suit dismissed on the ground that they were subject to arbitration. Plaintiffs argued that the arbitration clauses were not binding on them because the contracts that contained them were not assigned to plaintiffs when they purchased.

"The court held that the plaintiffs' argument could not be squared with the language of the Contractor Warranty. On its face, the Contractor Warranty stated that [the general contractor] performed all work 'in accord with the Contract Documents.' This express reference to [the contractor's] construction contract put the plaintiffs on notice of the contract's existence," explains the article's author, **Jane Fox Lehman**.

Read the article.