

California Upholds Controversial Arbitration Clause Within Consumer Contract

After a trial court and intermediate appellate court had ruled that an arbitration clause in a consumer contract was unconscionable, the California Supreme Court reversed in a recent ruling, finding the clause was enforceable in *Sanchez v. Valencia Holding Co., LLC*, reports Liz Kramer in Stinson Leonard Street's *Arbitration Nation*.

She wrote: “[T]he court found that because the buyer could not negotiate the provisions of the sales contract, he had established ‘some degree of procedural unconscionability.’ (The buyer did not have to prove he tried to negotiate the arbitration clause.) The court could then address the buyer’s claims of substantive unconscionability.”

“This decision puts California squarely in the mainstream on the unconscionability of arbitration agreements,” she continued. “It also offers very useful guidance for California courts (or those applying California contract law) facing future arguments about the unconscionability of arbitration clauses.”

Read the article.