

Think Twice About Using an Arbitration Clause in Your Contracts

“Many businesses include an arbitration clause in their contracts,” discusses Mark Cohen in *Lawyers.com*.

“An arbitration clause prohibits the disgruntled party (often your customer or business partner) from filing suit against your company. Instead, the unhappy party must commence an arbitration action with the arbitrator specified in the contract, if it specifies one at all. Many contracts require arbitration through the American Arbitration Association (AAA).”

“One reason some businesses include an arbitration clause in their contracts is their belief that by removing a party’s right to sue and forcing that party to initiate costly arbitration, you will deter that party from pursuing claims against you. An arbitration clause may deter some small claims, but it likely won’t deter a party asserting a claim for significant damages.”

Read the article.