

SUPREME COURT OF ALABAMA

Kenworth of Birmingham, Inc. v. Langley

828 So. 2d 288 (Ala. 2002) · No. 1010077 · Decided March 8, 2002

SUMMARY

The Supreme Court of Alabama held that the purchase and financing of a used tractor-trailer substantially affected interstate commerce because the buyer obtained credit from an out-of-state corporation that was designated as lienholder and assignee. Accordingly, the Federal Arbitration Act applied, and the court reversed the trial court's denial of the defendants' motion to compel arbitration and remanded for further proceedings.

CASE DETAILS

COURT	Supreme Court of Alabama
WRITING FOR THE COURT	Houston, Justice; Lyons, Justice; Brown, Justice; Woodall, Justice; Stuart, Justice; Johnstone, Justice; Harwood, Justice; Moore, Chief Justice
JURISDICTION	Alabama
DECIDED	March 8, 2002
DOCKET	1010077
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Defendants appealed the trial court's denial of their motion to compel arbitration of claims arising from the sale and financing of a used tractor-trailer.
STANDARD OF REVIEW	The denial of a motion to compel arbitration is reviewed de novo. A motion to compel arbitration is analogous to a motion for summary judgment; the party seeking arbitration must prove the existence of an arbitration agreement and that the transaction affects interstate commerce.
PRECEDENTIAL VALUE	Published Alabama Supreme Court opinion; precedential.
PARTIES	Kenworth of Birmingham, Inc., Randy Hall v. Jeff Langley

TOPICS

- arbitration
- commercial litigation
- contracts
- civil procedure

PRACTICE AREAS

arbitration

commercial litigation

contract law

civil procedure

QUESTIONS PRESENTED

1. Whether the purchase and financing of Langley's used tractor-trailer substantially affected interstate commerce so that the Federal Arbitration Act applied.
2. Whether the trial court erred by denying defendants' motion to compel arbitration.

HOLDINGS

1. The purchase and financing transaction substantially affected interstate commerce because the buyer obtained credit through Green Tree, a Minnesota corporation, and the transaction documents identified Green Tree as the lienholder and assignee.
2. The trial court erred in denying the motion to compel arbitration, and the order was reversed and the case remanded for further proceedings consistent with the opinion.

KEY QUOTATIONS

“The only argument presented on appeal is whether the transaction, i.e., Langley's purchase of a used tractor-trailer, had a substantial effect upon interstate commerce, thus triggering application of the Federal Arbitration Act” (at 290)

“We therefore hold that Kenworth and Hall have met their burden of demonstrating that the contract in question substantially affected interstate commerce, and the trial court erred in denying the motion to compel arbitration.” (at 291)

FACTUAL BACKGROUND

Langley purchased a used Kenworth tractor-trailer from Kenworth in Alabama in 1997 for \$52,000. He obtained credit through Green Tree Financial Corp., a Minnesota corporation, and executed an installment sales contract, security agreement, and two arbitration agreements. The transaction documents identified Green Tree as lienholder and assignee. Langley later sued Kenworth and Randy Hall, alleging that they misrepresented the vehicle's prior damage.

PROCEDURAL HISTORY

Langley sued Kenworth and Hall for alleged misrepresentations concerning prior damage to the tractor-trailer. Kenworth and Hall moved to compel arbitration based on arbitration agreements executed in connection with the sale and financing. The trial court denied the motion, and the Supreme Court of Alabama reversed and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remanded for further proceedings consistent with the opinion, including enforcement of the arbitration agreements as required by the Federal Arbitration Act.

CASES CITED

- Parkway Dodge, Inc. v. Yarbrough, 779 So. 2d 1205 (Ala. 2000)
- TranSouth Fin. Corp. v. Bell, 739 So. 2d 1110, 1114 (Ala. 1999)
- Fleetwood Enters., Inc. v. Bruno, 784 So. 2d 277, 280 (Ala. 2000)
- Jim Burke Automotive, Inc. v. Beavers, 674 So. 2d 1260, 1265 n. 1 (Ala. 1995)
- Ex parte Conference America, Inc., 713 So. 2d 953, 955 (Ala. 1998)
- Jim Burke Auto., Inc. v. McGrue, 826 So. 2d 122, 129 (Ala. 2002)
- Coastal Ford, Inc. v. Kidder, 694 So. 2d 1285, 1287 (Ala. 1997)
- Southern United Fire Ins. Co. v. Knight, 736 So. 2d 582, 587 (Ala. 1999)
- Sisters of the Visitation v. Cochran Plastering Co., 775 So. 2d 759, 765-66 (Ala. 2000)
- Tefco Finance Co. v. Green, 793 So. 2d 755 (Ala. 2001)
- Keel Motors, Inc. v. Tolbert, 821 So. 2d 963 (Ala. 2001)