

SUPREME COURT OF ALABAMA

Ex parte Discount Foods, Inc.

789 So. 2d 842 (Ala. 2001) · No. 1991127 · Decided January 12, 2001

SUMMARY

The Supreme Court of Alabama held that a broad arbitration provision covering any controversy or claim between the contracting parties encompassed Discount Foods' claims against the signatory, Supervalu, including claims involving intentional conduct unrelated to the underlying contract. The court held, however, that the nonsignatory subsidiary, Sav-A-Lot, lacked standing to enforce the arbitration agreement. The petition for a writ of mandamus was therefore granted in part and denied in part.

CASE DETAILS

COURT	Supreme Court of Alabama
WRITING FOR THE COURT	Per Curiam; Maddox; Houston; See; Lyons; Brown; Hooper, C.J.; Johnstone; England
JURISDICTION	Alabama
DECIDED	January 12, 2001
DOCKET	1991127
DISPOSITION	writ_granted
PROCEDURAL POSTURE	Discount Foods petitioned for a writ of mandamus directing the trial court to vacate its order compelling arbitration of its claims against Supervalu and Sav-A-Lot.
STANDARD OF REVIEW	Mandamus relief requires a clear legal right to the requested relief. Whether an arbitration provision encompasses particular claims is a matter of contract interpretation guided by the parties' intent and, absent ambiguity, the provision's plain language.
PRECEDENTIAL VALUE	Published Alabama Supreme Court opinion; binding precedent subject to the partial dissents and the limitations stated in the opinion.
PARTIES	Discount Foods, Inc. v. Supervalu, Inc., Moran Foods, Inc., d/b/a Save-A-Lot, Ltd., Malcolm B. Street, Jr.

TOPICS

arbitration

contract interpretation

writ of certiorari

appellate procedure

commercial litigation

PRACTICE AREAS

Arbitration

Contract law

Civil procedure

Appellate procedure

Commercial litigation

QUESTIONS PRESENTED

1. Whether the arbitration clause requiring arbitration of '[a]ny controversy or claim arising between the parties' encompassed Discount Foods' claims against Supervalu, including claims based on intentional conduct unrelated to the Retailer Agreement.
2. Whether Sav-A-Lot, a nonsignatory and nonparty to the Retailer Agreement, could enforce the arbitration provision against Discount Foods.
3. Whether mandamus relief was appropriate to correct the trial court's order compelling arbitration.

HOLDINGS

1. The arbitration provision was clear and broad enough to encompass all of Discount Foods' claims against Supervalu, including claims alleging wrongful intentional conduct unrelated to the contract containing the arbitration provision.
2. Sav-A-Lot could not enforce the arbitration provision because it was neither a signatory nor a party to the Retailer Agreement, and the clause applied to controversies or claims between the contracting parties.
3. The court was not required by the law-of-the-case doctrine to adhere to the prior plurality reasoning in Discount Foods I because compelling circumstances justified reconsideration of a clearly erroneous prior ruling.

KEY QUOTATIONS

"Therefore, by contract, the parties are bound to arbitrate any controversy or claim between them, including a controversy or claim that does not relate to the contract containing the arbitration provision." (845)

"We hold, instead, that the arbitration provision at issue here is clear and that it is broad enough to encompass all of Discount Foods' claims, at least with respect to the only other signatory to the arbitration provision, even those claims based on allegations of wrongful intentional conduct that does not relate to the contract containing the arbitration provision." (846)

"The law-of-the-case doctrine is one of practice or court policy, not of inflexible law, and it will be disregarded when compelling circumstances call for the redetermination of a point of law on a prior appeal." (846)

FACTUAL BACKGROUND

Discount Foods entered into a Retailer Agreement with Supervalu containing a clause requiring arbitration of '[a]ny controversy or claim arising between the parties.' Discount Foods later asserted claims involving Supervalu and its subsidiary, Sav-A-Lot, arising from efforts to acquire a commercial real-estate lease and from

alleged disclosure of confidential information, misrepresentations, and defamatory statements. Sav-A-Lot was not a signatory or party to the Retailer Agreement.

PROCEDURAL HISTORY

This was the second appearance of the case before the Supreme Court of Alabama. In the first proceeding, a plurality held that Discount Foods' intentional-tort claims were outside the scope of the arbitration clause and issued a writ directing the trial court to deny arbitration. After Discount Foods amended its complaint to add claims involving confidential information, misrepresentations, and defamatory statements, the trial court again compelled arbitration. The Supreme Court granted mandamus relief in part, directing that the order be vacated as to Sav-A-Lot but denying relief as to Supervalu.

DISPOSITION

writ_granted

REMAND INSTRUCTIONS

The trial court was directed to vacate its order compelling arbitration insofar as it required Discount Foods to arbitrate its claims against Sav-A-Lot. The petition was denied insofar as it sought to vacate the order compelling arbitration against Supervalu.

CASES CITED

- Ex parte Discount Foods, Inc., 711 So. 2d 992 (Ala. 1998)
- Green Tree Fin. Corp. v. Shoemaker, 775 So. 2d 149 (Ala. 2000)
- Allied-Bruce Terminix Cos. v. Dobson, 513 U.S. 265, 115 S. Ct. 834, 130 L. Ed. 2d 753 (1995)
- Green Tree Fin. Corp. v. Shoemaker, 775 So. 2d 149 (Ala. 2000)
- Green Tree Fin. Corp. v. Vintson, 753 So. 2d 497 (Ala. 1999)
- Carl Gregory Chrysler-Plymouth, Inc. v. Barnes, 700 So. 2d 1358 (Ala. 1997)
- Ex parte Achenbach, 783 So. 2d 4 (Ala. 2000)
- Ex parte Stamey, 776 So. 2d 85 (Ala. 2000)
- Isbell v. Southern Energy Homes, Inc., 708 So. 2d 571 (Ala. 1997)
- Ex parte Cupps, 782 So. 2d 772, 775 (Ala. 2000)
- Merrill Lynch, Pierce, Fenner & Smith, Inc. v. Kirton, 719 So. 2d 201, 204 (Ala. 1998)
- State v. Whirley, 530 So. 2d 861 (Ala. Crim. App. 1987), rev'd on other grounds, 530 So. 2d 865 (Ala. 1988)
- Callahan v. State, 767 So. 2d 380 (Ala. Crim. App. 1999)
- United States v. Escobar-Urrego, 110 F.3d 1556 (11th Cir. 1997)
- Heathcoat v. Potts, 905 F.2d 367 (11th Cir. 1990)