SUPREME COURT OF ALABAMA

Edwards Motors, Inc. v. Hudgins

957 So. 2d 444 (Ala. 2006) · No. 1051023 · Decided October 20, 2006

SUMMARY

The Supreme Court of Alabama held that a vehicle purchasers' malicious-prosecution claim against an automobile dealership fell within the scope of a broad arbitration agreement executed in connection with the vehicle purchase and financing. The court also held that the transaction affected interstate commerce, reversed the order denying arbitration, and remanded for further proceedings.

CASE DETAILS

COURT	Supreme Court of Alabama
WRITING FOR THE COURT	Nabers, Chief Justice; Lyons, Justice; Woodall, Justice; Smith, Justice; Parker, Justice
JURISDICTION	Alabama
DECIDED	October 20, 2006
DOCKET	1051023
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Edwards Motors appealed the Etowah Circuit Court's order denying its motion to compel arbitration of the Hudginses' malicious-prosecution action.
STANDARD OF REVIEW	De novo review of whether the trial court erred on a factual or legal issue to the substantial prejudice of the party seeking review. The party seeking arbitration must prove the existence of an arbitration contract and that the transaction affected interstate commerce; after that showing, the burden shifts to the nonmovant to show that the agreement is invalid or does not apply to the dispute.
PRECEDENTIAL VALUE	Published Alabama Supreme Court opinion; precedential.
PARTIES	Edwards Motors, Inc. v. Gary Hudgins, Lora Hudgins

TOPICS

arbitration · civil procedure · commercial litigation · contracts · torts

PRACTICE AREAS

arbitration · civil procedure · contracts · commercial litigation · torts

QUESTIONS PRESENTED

1. Whether the parties entered into an enforceable arbitration agreement covering disputes arising from the vehicle transaction and financing.
2. Whether the vehicle purchase and financing transaction affected interstate commerce.
3. Whether the Hudginses' malicious-prosecution claim, arising from Edwards's initiation of criminal charges concerning the vehicle and its financing, fell within the scope of the arbitration agreement.

HOLDINGS

1. A party seeking to compel arbitration must prove the existence of a contract containing an arbitration provision and that the underlying transaction affected interstate commerce; Edwards satisfied both requirements.
2. The Hudginses' malicious-prosecution claim was within the scope of the broad arbitration agreement because it arose from Edwards's actions concerning the vehicle transaction and financing.

KEY QUOTATIONS

> *“"[A]rbitration agreements [are] as enforceable as any other contracts, but not more so."”* (at 447)

> *“"[A] party cannot be required to submit to arbitration any dispute which he has not agreed so to submit."”* (at 447)

> *“"All these claims are `claim [s] . . . resulting from or arising out of or relating to or concerning the transaction entered into' and, therefore, they are encompassed within the scope of Modas's agreement to arbitrate."”* (at 448)

FACTUAL BACKGROUND

The Hudginses purchased and financed a 1993 Infiniti from Edwards Motors and executed a sales contract, financing documents, and a broad arbitration agreement. After Edwards initiated criminal charges alleging that the Hudginses had defrauded a secured creditor, the criminal proceeding was dismissed pursuant to an agreement that the vehicle would be returned. The Hudginses later filed a malicious-prosecution action against Edwards, and Edwards sought to compel arbitration based on the vehicle-purchase arbitration agreement. Evidence showed that the transaction involved multiple states and therefore affected interstate commerce.

PROCEDURAL HISTORY

The Hudginses filed a malicious-prosecution action in the Etowah Circuit Court arising from criminal charges initiated by Edwards in connection with the vehicle transaction. Edwards moved to compel arbitration under the parties' arbitration agreement. The circuit court denied the motion, and Edwards appealed. The Supreme Court of Alabama reversed and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The cause was remanded to the trial court for proceedings consistent with the decision, including enforcement of Edwards's motion to compel arbitration.

CASES CITED

- Carroll v. W.L. Petrey Wholesale Co., 941 So. 2d 234, 236 (Ala. 2006)
- Ex parte Roberson, 749 So. 2d 441, 446 (Ala. 1999)
- TranSouth Financial Corp. v. Bell, 739 So. 2d 1110, 1114 (Ala. 1999)
- Fleetwood Enterprises, 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)
- Vann v. First Community Credit Corp., 834 So. 2d 751, 752-53 (Ala. 2002)
- Blue Cross Blue Shield of Alabama v. Rigas, 923 So. 2d 1077, 1083 (Ala. 2005)
- Adcock v. Adams Homes, LLC, 906 So. 2d 924, 929-30 (Ala. 2005)
- Cook's Pest Control v. Boykin, 807 So. 2d 524, 527 (Ala. 2001)
- Hales v. ProEquities, Inc., 885 So. 2d 100, 105 (Ala. 2003)
- Prima Paint Corp. v. Flood & Conklin Manufacturing Co., 388 U.S. 395, 404 n. 12 (1967)
- AT&T Technologies, Inc. v. Communications Workers of America, 475 U.S. 643, 648 (1986)
- Dan Wachtel Ford, Lincoln, Mercury, Inc. v. Modas, 891 So. 2d 287, 288-93 (Ala. 2004)
- Cutts v. American United Life Insurance Co., 505 So. 2d 1211, 1214 (Ala. 1987)