UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

Sound Around, Inc. v. Anhui Light Industries International Co., Ltd. and Yoau Electric Co. Ltd.

Sound Around · No. 25cv2877 (DLC) · Decided December 4, 2025

SUMMARY

The Southern District of New York granted motions by Anhui Light Industries International Co., Ltd. and Yoau Electric Co., Ltd. to compel arbitration of Sound Around, Inc.'s claims arising from alleged kickbacks paid to Sound Around's former buyer. The court held that the parties' sales contracts contained enforceable arbitration agreements covering the claims, and that Yoau's incorporation of CIETAC rules delegated arbitrability questions to the arbitrator. The court denied the defendants' dismissal motions without prejudice and stayed the action.

CASE DETAILS

COURT	United States District Court for the Southern District of New York
WRITING FOR THE COURT	Denise Cote
JURISDICTION	United States District Court for the Southern District of New York
DECIDED	December 4, 2025
DOCKET	25cv2877 (DLC)
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff brought claims under the Robinson-Patman Act, for tortious interference with contractual and business relationships, and for fraud. Defendants moved to compel arbitration and to dismiss under Federal Rules of Civil Procedure 12(b)(6), with Anhui also moving under Rule 12(b)(2) for lack of personal jurisdiction. The court granted the motions to compel arbitration, denied the dismissal motions without prejudice, and stayed the action.
STANDARD OF REVIEW	For determining whether the parties agreed to arbitrate, the court applied a standard similar to summary judgment, considering relevant admissible evidence and drawing reasonable inferences in favor of the nonmoving party. Contract formation was governed by ordinary state-law principles, and the scope of arbitration clauses was determined primarily through ordinary principles of contract interpretation.

PRECEDENTIAL VALUE	nonprecedential district court opinion

TOPICS

arbitration · civil procedure · contracts · commercial litigation · torts

PRACTICE AREAS

arbitration · civil procedure · commercial litigation · contracts · torts

QUESTIONS PRESENTED

1. Whether valid and enforceable arbitration agreements existed between Sound Around and each defendant.
2. Whether Yoau's incorporation of the CIETAC arbitration rules clearly and unmistakably delegated arbitrability questions to the arbitrator.
3. Whether Sound Around's claims arising from the alleged kickback scheme fell within the broad arbitration clauses in the sales contracts with Anhui and Yoau.
4. Whether the action should be stayed after the motions to compel arbitration were granted.

HOLDINGS

1. Sound Around entered into valid and enforceable agreements with both Anhui and Yoau requiring arbitration of disputes arising from or connected with their sales contracts.
2. The Yoau contracts clearly and unmistakably delegated questions of arbitrability to the arbitrator.
3. Sound Around's claims against Anhui were within the scope of the sales-contract arbitration clauses because the alleged kickbacks arose from and were connected with the sales relationship and contracts.
4. The action must be stayed after the defendants' motions to compel arbitration were granted.

KEY QUOTATIONS

> *"The FAA reflects "both a liberal federal policy favoring arbitration and the fundamental principle that arbitration is a matter of contract.""* (at 6)

> *"When parties explicitly incorporate rules that empower an arbitrator to decide issues of arbitrability, the incorporation serves as clear and unmistakable evidence of the parties' intent to delegate such issues to an arbitrator."* (at 9)

> *"The bribes that the defendants allegedly paid to Friedman are "in connection" with the defendants' sales to Sound Around."* (at 11)

FACTUAL BACKGROUND

Sound Around purchased more than $57 million in products from Anhui and more than $52 million in products from Yoau under sales contracts containing arbitration clauses. Sound Around alleged that its former buyer, Moises Friedman, accepted kickbacks from the manufacturers and, in exchange, refrained from arranging purchases from competing manufacturers offering more favorable products, prices, or terms. Sound Around did not dispute that its sales contracts with the defendants contained arbitration provisions, but argued that its claims concerned separate bribery arrangements rather than the sales contracts.

PROCEDURAL HISTORY

Sound Around filed the action on April 7, 2025, and filed a first amended complaint on September 26, 2025. The amended complaint asserted federal and state-law claims arising from alleged kickbacks paid by defendants to Sound Around's former buyer. After defendants renewed their motions, the court determined that the parties' sales contracts contained enforceable arbitration agreements covering the claims and stayed the case without reaching the Rule 12(b)(6) or personal-jurisdiction arguments.

DISPOSITION

other

CASES CITED

- Davitashvili v. Grubhub Inc., 131 F.4th 109, 114-15, 117, 119 (2d Cir. 2025)
- Contec Corp. v. Remote Sols. Co., 398 F.3d 205, 208 (2d Cir. 2005)
- Loc. Union 97, Int'l Bhd. of Elec. Workers, AFL-CIO v. Niagara Mohawk Power Corp., 67 F.4th 107, 113-14 (2d Cir. 2023)
- Granite Rock Co. v. Int'l Bhd. of Teamsters, 561 U.S. 287, 301 (2010)
- Sinochem Int'l Co. v. Malaysia Int'l Shipping Corp., 549 U.S. 422, 431 (2007)