

SUPREME COURT OF TEXAS

In re Dillard Department Stores, Inc. and Grizelda Reeder

186 S.W.3d 514 (Tex. 2006) · No. No. 05-0250 · Decided January 27, 2006

SUMMARY

The Supreme Court of Texas conditionally granted mandamus relief directing a trial court to compel arbitration of an employee's defamation claims against Dillard Department Stores and related parties. The court held that the arbitration agreement was valid and non-illusory, and that the employee's claims fell within its scope because defamation could constitute a personal injury connected to the employee's termination.

CASE DETAILS

COURT	Supreme Court of Texas
WRITING FOR THE COURT	Per Curiam
JURISDICTION	Texas
DECIDED	January 27, 2006
DOCKET	No. 05-0250
DISPOSITION	writ_granted
PROCEDURAL POSTURE	Original mandamus proceeding challenging the trial court's denial of a motion to compel arbitration under the Federal Arbitration Act. The court of appeals denied the petition for writ of mandamus.
STANDARD OF REVIEW	The validity of an arbitration agreement is a legal question. Mandamus is available when a trial court erroneously denies a motion to compel arbitration under the Federal Arbitration Act.
PRECEDENTIAL VALUE	Published opinion; binding precedent of the Supreme Court of Texas.
PARTIES	Dillard Department Stores, Inc., Grizelda Reeder v. Andrea Martinez

TOPICS

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PRACTICE AREAS

arbitration civil procedure appellate procedure contracts defamation

QUESTIONS PRESENTED

1. Whether the 2000 arbitration agreement was valid and enforceable or illusory because Dillard allegedly retained a unilateral right to modify it.
2. Whether Martinez's defamation claim fell within the scope of the 2000 arbitration agreement's coverage of personal injuries and claims arising from employment or termination.
3. Whether mandamus relief was appropriate after the trial court denied Dillard's motion to compel arbitration under the Federal Arbitration Act.

HOLDINGS

1. The 2000 arbitration agreement was valid, enforceable, and not illusory because both parties agreed to and signed it and neither the agreement nor its rules gave Dillard a unilateral right to modify the agreement or rules.
2. Martinez's defamation claim fell within the scope of the arbitration agreement because the agreement's reference to personal injuries was susceptible of an interpretation including injuries to reputation.
3. Martinez's defamation claim arose from her termination and was arbitrable because the alleged defamatory comments occurred near the time of termination and the claimed damages were tied to employment and termination.
4. Mandamus relief was appropriate because the trial court clearly abused its discretion by denying the motion to compel arbitration under the Federal Arbitration Act.

KEY QUOTATIONS

“[A] party seeking to compel arbitration under the FAA must establish that: (1) there is a valid arbitration agreement, and (2) the claims raised fall within that agreement's scope.” (515)

“Therefore, the trial court was required to compel arbitration.” (516)

FACTUAL BACKGROUND

Andrea Martinez worked for Dillard for nearly twenty years and signed a 2000 arbitration agreement providing that continued employment constituted acceptance of the agreement's arbitration rules. The agreement covered claims arising from employment, including violations of law and personal injuries arising from termination, but excluded workers' compensation claims. After Dillard terminated Martinez, she sued for defamation based on comments made near the time of termination and sought damages including loss of earnings and earning capacity.

PROCEDURAL HISTORY

Andrea Martinez sued Dillard Department Stores, Grizelda Reeder, and two unnamed employees for defamation after her termination. Dillard and Reeder moved to compel arbitration under a 2000 arbitration agreement; the trial court denied the motion, and the court of appeals denied mandamus relief. The Supreme Court of Texas conditionally granted mandamus and directed the trial court to order arbitration.

DISPOSITION

writ_granted

REMAND INSTRUCTIONS

The trial court was directed to order that all claims proceed to arbitration under the Federal Arbitration Act. The clerk was instructed to issue the writ only if the trial court failed to comply.

CASES CITED

- In re FirstMerit Bank, N.A., 52 S.W.3d 749, 753 (Tex. 2001)
- In re Kellogg Brown & Root, Inc., 166 S.W.3d 732, 737 (Tex. 2005)
- J.M. Davidson, Inc. v. Webster, 128 S.W.3d 223, 227 (Tex. 2003)
- Lopez v. Munoz, Hockema & Reed, L.L.P., 22 S.W.3d 857, 861 (Tex. 2000)
- Prudential Sec. Inc. v. Marshall, 909 S.W.2d 896, 899 (Tex. 1995)
- Neal v. Hardee's Food Sys., Inc., 918 F.2d 34, 37 (5th Cir. 1990)
- Houston Printing Co. v. Dement, 18 Tex. Civ. App. 30, 44 S.W. 558, 560 (Tex. Civ. App.—Galveston 1898, writ ref'd)
- Brewster v. Baker, 139 S.W.2d 643, 645 (Tex. Civ. App.—Beaumont 1940, no writ)
- Jack B. Anglin Co. v. Tipps, 842 S.W.2d 266, 271 (Tex. 1992)

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