

104TH CONGRESS
2^D SESSION

H. R. 3422

To amend chapter 1 of title 9 of the United States Code to permit each party to certain contracts to accept or reject arbitration as a means of settling disputes under the contracts.

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 1996

Mr. BONO (for himself, Mr. MCCOLLUM, Mr. SMITH of Texas, Mr. BARR of Georgia, and Mr. FLANAGAN) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend chapter 1 of title 9 of the United States Code to permit each party to certain contracts to accept or reject arbitration as a means of settling disputes under the contracts.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fairness and Vol-
5 untary Arbitration Act of 1996”.

1 **SEC. 2. ELECTION OF ARBITRATION.**

2 (a) SALES AND SERVICE CONTRACTS.—Chapter 1 of
3 title 9 of the United States Code is amended by adding
4 at the end thereof the following new section:

5 **“§ 17. Sales and service contracts**

6 “(a) For purposes of this section, the term ‘sales and
7 service contract’ means a contract under which any person
8 (including any manufacturer, importer or distributor) sells
9 any product to any other person for resale to an ultimate
10 purchaser and authorizes such other person to repair and
11 service such product.

12 “(b) Whenever a sales and service contract provides
13 for the use of arbitration to resolve a controversy arising
14 out of or relating to the contract, each party to the con-
15 tract shall have the option, after the controversy arises
16 and before both parties commence an arbitration proceed-
17 ing, to reject arbitration as the means of settling the con-
18 troversy. Any such rejection shall be in writing.

19 “(c) Whenever arbitration is elected to settle a dis-
20 pute under a sales and service contract, the arbitrator
21 shall provide the parties to the contract with a written
22 explanation of the factual and legal basis for the award.”.

23 (b) TABLE OF CONTENTS.—The table of contents for
24 chapter 1 of title 9, United States Code, is amended by
25 adding at the end thereof the following new item:

“17. Sales and service contracts.”.

1 **SEC. 3. EFFECTIVE DATE.**

2 The amendments made by section 2 shall apply to
3 contracts entered into, amended, altered, modified, re-
4 newed, or extended after the date of the enactment of this
5 Act.

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