

106TH CONGRESS  
1ST SESSION

# H. R. 534

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.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1999

Mrs. BONO introduced the following bill; which was referred to the Committee on the Judiciary

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## 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”.

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,  
4 renewed, or extended after the date of the enactment of  
5 this Act.

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