

105TH CONGRESS
1ST SESSION

H. R. 2882

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

NOVEMBER 7, 1997

Mr. BONO 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 1998”.

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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