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Supreme Court Strikes Taco Bell Franchise's Arbitration Win

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In an unanimous decision, the US Supreme Court ruled on May 23, 2022, that a federal appeals court overstepped its authority in creating an arbitration-related rule in a dispute over an Iowa fast food worker's overtime case against a Taco Bell franchise. The ruling settles a circuit court split over how courts should handle disputes when a party fails to compel arbitration after litigation has moved forward, and whether doing so waives the right to enforce the contract.

"The decision provides clarification on the federal policy favoring arbitration," **Martin Gusy** tells *Bloomberg Law*. "It reminds the courts that it cannot be used to impose legal requirements that don't otherwise exist."

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