

Texas Court Sends Non-Compete Agreement Lawsuit to Arbitration

Reversing a decision that an employee's lawsuit to declare her non-compete agreement void was not subject to arbitration, the [First Court of Appeals](#) in Houston held yesterday that the lawsuit fell within the scope of the parties' arbitration agreement. Sue Ann Lopez was a sales representative for IPFS Corporation, which provides insurance premium financing, before she left to work for a competitor.

When IPFS threatened to sue her for breaching a non-solicitation agreement, Lopez filed a declaratory judgment action to have the non-solicitation covenant declared void. Since Lopez had signed an arbitration agreement,



IPFS filed a motion to move the lawsuit to arbitration. Lopez opposed that motion, arguing that her claim was not a "legal claim" subject to arbitration, because she was seeking equitable relief. The trial court sided with Lopez and denied IPFS' motion to compel arbitration and IPFS appealed.

The issue on appeal was whether Lopez's claim fell within the scope of the arbitration agreement. The appeals court emphasized that the arbitration agreement, which was governed by the [Federal Arbitration Act](#), included a broad scope of covered claims and only three exclusions: claims for workers' compensation or unemployment benefits; claims for temporary equitable relief; and administrative proceedings before the

U.S. Equal Employment Opportunity Commission. Because Lopez did not bring any of these excluded claims, the Houston appeals court easily found in favor of arbitration, reversed the trial court, and remanded for dismissal and entry of an order moving the case to arbitration.

This Texas decision is another reminder of the strong policy in favor of enforcing arbitration agreements and finding claims subject to arbitration absent an express intention to exclude them.



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If you have questions about this decision, contact [Janet Hendrick](#), who regularly handles Texas noncompete matters in court and arbitration, in the Dallas office of Phillips Murrah at (214) 615-6391 or at jahendrick@phillipsmurrah.com.