Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Timber & Lumber Co.,* 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

DIRECTV, INC. *v.* IMBURGIA ET AL.

CERTIORARI TO THE COURT OF APPEAL OF CALIFORNIA, SECOND APPELLATE DISTRICT, DIVISION ONE

No. 14–462. Argued October 6, 2015—Decided December 14, 2015

Petitioner DIRECTV, Inc., and its customers entered into a service agreement that included a binding arbitration provision with a class-arbitration waiver. It specified that the entire arbitration provision was unenforceable if the "law of your state" made class-arbitration waivers unenforceable. The agreement also declared that the arbitration clause was governed by the Federal Arbitration Act. At the time that respondents, California residents, entered into that agreement with DIRECTV, California law made class-arbitration waivers unenforceable, see *Discover Bank* v. *Superior Court*, 36 Cal. 4th 148, 113 P. 3d 1100. This Court subsequently held in *AT&T Mobility LLC* v. *Concepcion*, 563 U. S. 333, however, that California's *Discover Bank* rule was pre-empted by the Federal Arbitration Act, 9 U. S. C. §2.

When respondents sued petitioner, the trial court denied DIRECTV's request to order the matter to arbitration, and the California Court of Appeal affirmed. The court thought that California law would render class-arbitration waivers unenforceable, so it held the entire arbitration provision was unenforceable under the agreement. The fact that the Federal Arbitration Act pre-empted that California law did not change the result, the court said, because the parties were free to refer in the contract to California law as it would have been absent federal pre-emption. The court reasoned that the phrase "law of your state" was both a specific provision that should govern more general provisions and an ambiguous provision that should be construed against the drafter. Therefore, the court held, the parties had in fact included California law as it would have been without federal pre-emption.

Held: Because the California Court of Appeal's interpretation is pre-

Syllabus

empted by the Federal Arbitration Act, that court must enforce the arbitration agreement. Pp. 5–11.

(a) No one denies that lower courts must follow *Concepcion*, but that elementary point of law does not resolve the case because the parties are free to choose the law governing an arbitration provision, including California law as it would have been if not pre-empted. The state court interpreted the contract to mean that the parties did so, and the interpretation of a contract is ordinarily a matter of state law to which this Court defers, *Volt Information Sciences, Inc.* v. *Board of Trustees of Leland Stanford Junior Univ.*, 489 U. S. 468, 474. The issue here is not whether the court's decision is a correct statement of California law but whether it is consistent with the Federal Arbitration Act. Pp. 5–6.

(b) The California court's interpretation does not place arbitration contracts "on equal footing with all other contracts," *Buckeye Check Cashing, Inc.* v. *Cardegna*, 546 U. S. 440, 443, because California courts would not interpret contracts other than arbitration contracts the same way. Several considerations lead to this conclusion.

First, the phrase "law of your state" is not ambiguous and takes its ordinary meaning: valid state law. Second, California case law—that under "general contract principles," references to California law incorporate the California Legislature's power to change the law retroactively, *Doe* v. *Harris*, 57 Cal. 4th 64, 69–70, 302 P. 3d 598, 601–602—clarifies any doubt about how to interpret it. Third, because the court nowhere suggests that California courts would reach the same interpretation in any other context, its conclusion appears to reflect the subject matter, rather than a general principle that would include state statutes invalidated by other federal law. Fourth, the language the court uses to frame the issue focuses only on arbitration. Fifth, the view that state law retains independent force after being authoritatively invalidated is one courts are unlikely to apply in other contexts. Sixth, none of the principles of contract interpretation relied on by the California court suggests that other California courts would reach the same interpretation elsewhere. The court applied the canon that contracts are construed against the drafter, but the lack of any similar case interpreting similar language to include invalid laws indicates that the antidrafter canon would not lead California courts to reach a similar conclusion in cases not involving arbitration. Pp. 6–10.

225 Cal. App. 4th 338, 170 Cal. Rptr. 3d 190, reversed and remanded.

BREYER, J., delivered the opinion of the Court, in which ROBERTS, C. J., and SCALIA, KENNEDY, ALITO, and KAGAN, JJ., joined. THOMAS, J., filed a dissenting opinion. GINSBURG, J., filed a dissenting opinion, in which SOTOMAYOR, J., joined.

SUPREME COURT OF THE UNITED STATES

No. 14–462

DIRECTV, INC., PETITIONER *v.* AMY IMBURGIA, ET AL.

ON WRIT OF CERTIORARI TO THE COURT OF APPEAL OF CALIFORNIA, SECOND APPELLATE DISTRICT

[December 14, 2015]

JUSTICE BREYER delivered the opinion of the Court.

The Federal Arbitration Act states that a "written provision" in a contract providing for "settle[ment] by arbitration" of "a controversy . . . arising out of" that "contract . . . shall be valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of any contract." 9 U. S. C. §2. We here consider a California court's refusal to enforce an arbitration provision in a contract. In our view, that decision does not rest "upon such grounds as exist . . . for the revocation of any contract," and we consequently set that judgment aside.

I

DIRECTV, Inc., the petitioner, entered into a service agreement with its customers, including respondents Amy Imburgia and Kathy Greiner. Section 9 of that contract provides that "any Claim either of us asserts will be resolved only by binding arbitration." App. 128. It then sets forth a waiver of class arbitration, stating that "[n]either you nor we shall be entitled to join or consolidate claims in arbitration." *Id.,* at 128–129. It adds that if the "law of your state" makes the waiver of class arbitration unen-

forceable, then the entire arbitration provision "is unenforceable." *Id.,* at 129. Section 10 of the contract states that §9, the arbitration provision, "shall be governed by the Federal Arbitration Act." *Ibid.*

In 2008, the two respondents brought this lawsuit against DIRECTV in a California state court. They seek damages for early termination fees that they believe violate California law. After various proceedings not here relevant, DIRECTV, pointing to the arbitration provision, asked the court to send the matter to arbitration. The state trial court denied that request, and DIRECTV appealed.

The California Court of Appeal thought that the critical legal question concerned the meaning of the contractual phrase "law of your state," in this case the law of California. Does the law of California make the contract's class-arbitration waiver unenforceable? If so, as the contract provides, the entire arbitration provision is unenforceable. Or does California law permit the parties to agree to waive the right to proceed as a class in arbitration? If so, the arbitration provision is enforceable.

At one point, the law of California would have made the contract's class-arbitration waiver unenforceable. In 2005, the California Supreme Court held in *Discover Bank* v. *Superior Court,* 36 Cal. 4th 148, 162–163, 113 P. 3d 1100, 1110, that a "waiver" of class arbitration in a "consumer contract of adhesion" that "predictably involve[s] small amounts of damages" and meets certain other criteria not contested here is "unconscionable under California law and should not be enforced." See *Cohen* v. *DirecTV, Inc.*, 142 Cal. App. 4th 1442, 1446–1447, 48 Cal. Rptr. 3d 813, 815–816 (2006) (holding a class-action waiver similar to the one at issue here unenforceable pursuant to *Discover Bank*); see also Consumers Legal Remedies Act, Cal. Civ. Code Ann. §§1751, 1781(a) (West 2009) (invalidating class-action waivers for claims brought under that statute). But

in 2011, this Court held that California's *Discover Bank* rule "'stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress'" embodied in the Federal Arbitration Act. *AT&T Mobility LLC* v. *Concepcion*, 563 U. S. 333, 352 (2011) (quoting *Hines* v. *Davidowitz*, 312 U. S. 52, 67 (1941)); see *Sanchez* v. *Valencia Holding Co., LLC*, 61 Cal. 4th 899, 923–924, 353 P. 3d 741, 757 (2015) (holding that *Concepcion* applies to the Consumers Legal Remedies Act to the extent that it would have the same effect as *Discover Bank*). The Federal Arbitration Act therefore pre-empts and invalidates that rule. 563 U. S., at 352; see U. S. Const., Art. VI, cl. 2.

The California Court of Appeal subsequently held in this case that, despite this Court's holding in *Concepcion*, "the law of California would find the class action waiver unenforceable." 225 Cal. App. 4th 338, 342, 170 Cal. Rptr. 3d 190, 194 (2014). The court noted that *Discover Bank* had held agreements to dispense with class-arbitration procedures unenforceable under circumstances such as these. 225 Cal. App. 4th, at 341, 170 Cal. Rptr. 3d, at 194. It conceded that this Court in *Concepcion* had held that the Federal Arbitration Act invalidated California's rule. 225 Cal. App. 4th, at 341, 170 Cal. Rptr. 3d, at 194. But it then concluded that this latter circumstance did not change the result—that the "class action waiver is unenforceable under California law." *Id.*, at 347, 170 Cal. Rptr. 3d, at 198.

In reaching that conclusion, the Court of Appeal referred to two sections of California's Consumers Legal Remedies Act, §§1751, 1781(a), rather than *Discover Bank* itself. See 225 Cal. App. 4th, at 344, 170 Cal. Rptr. 3d, at 195. Section 1751 renders invalid any waiver of the right under §1781(a) to bring a class action for violations of that Act. The Court of Appeal thought that applying "state law alone" (that is, those two sections) would render unenforceable the class-arbitration waiver in §9 of the contract.

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