Patuxent Technology Partners, LLC. V. Verizon Network Integration Corp., No. 13-C-03-54350, 2003 MDBT 10 (Circuit Court for Howard County) (per Judge Dennis M. Sweeney).

Patuxent Technology Partners ("PTP") filed a complaint against Verizon Network Integration Corporation ("Verizon") and eight other defendants. PTP was a consultant to Verizon, a relationship that began with a consulting agreement entered into in 2000 and extended and renewed through April 2002. PTP alleged that Verizon entered into a subsequent oral agreement with PTP, referred to by PTP as the "subcontractor agreement," that was in addition to, and not inconsistent with, the consulting agreement. PTP alleged that it created an exclusive contract for services.

The original, written, consulting agreement contained a dispute resolution provision. It provided for an internal dispute resolution procedure to be followed by binding arbitration, pursuant to the construction industry rules of the American Arbitration Association. The contract provided that the agreement to arbitrate was to be subject to the Federal Arbitration Act. Arbitration was compulsory for <u>all</u> disputes, claims, or questions concerning interpretation or clarification of the agreement or the acceptable fulfillment of the agreement by either party.

Question: Were some or all of the claims in the lawsuit covered by the arbitration clause of the written agreement?

Held: Verizon's motion to dismiss granted. Moreover, under the agreement, Verizon is entitled to have PTP pay the court costs and attorneys' fees necessary to obtain the order of dismissal; if the parties are unable to agree on the amount to be awarded, they were to notify the court for further proceedings to be conducted.

Synopsis: The written consulting agreement discloses an intent to broadly require arbitration. There was no qualification to the phrase "all" disputes being arbitrable. This would surely seem to include controversies that arise during the term of the contract that relate in any way to the work performed by PTP or Verizon while the parties remained in the overall relationship.

In the context of the Federal Arbitration Act, there is a "heavy presumption of arbitrability" which requires a court to decide a question in favor of arbitration in cases open to question.

Federal case law supports giving an expansive reach to broad arbitration clauses such as the one in this case. In what is known as the "significant relationship" test, a broad arbitration clause "embrace[s] every dispute between the parties having a significant relationship to the contract regardless of the label attached to the dispute." Slip op. at 13, quoting *American Recovery Corp. v. Computerized Thermal Imaging, Inc.*, 96 F.3d 88, 93 (4th Cir. 1996). In this case, all of PTP's claims have a significant relationship to the consulting agreement. Indeed, it would be incumbent on the parties in a business relationship covered by such broad arbitration provisions to provide expressly in subsequent agreements that their disputes will <u>not</u> be subject to arbitration, should that be their desire.