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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

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PRESTON *v.* FERRER

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

No. 06–1463. Argued January 14, 2008—Decided February 20, 2008

A contract between respondent Ferrer, who appears on television as "Judge Alex," and petitioner Preston, an entertainment industry attorney, requires arbitration of "any dispute . . . relating to the [contract's] terms . . . or the breach, validity, or legality thereof . . . in accordance with [American Arbitration Association (AAA)] rules." Preston invoked this provision to gain fees allegedly due under the contract. Ferrer thereupon petitioned the California Labor Commissioner (Labor Commissioner) for a determination that the contract was invalid and unenforceable under California's Talent Agencies Act (TAA) because Preston had acted as a talent agent without the required license. After the Labor Commissioner's hearing officer denied Ferrer's motion to stay the arbitration, Ferrer filed suit in state court seeking to enjoin arbitration, and Preston moved to compel arbitration. The court denied Preston's motion and enjoined him from proceeding before the arbitrator unless and until the Labor Commissioner determined she lacked jurisdiction over the dispute. While Preston's appeal was pending, this Court held, in *Buckeye Check Cashing, Inc.* v. *Cardegna*, 546 U. S. 440, 446, that challenges to the validity of a contract requiring arbitration of disputes ordinarily "should . . . be considered by an arbitrator, not a court." Affirming the judgment below, the California Court of Appeal held that the TAA vested the Labor Commissioner with exclusive original jurisdiction over the dispute, and that *Buckeye* was inapposite because it did not involve an administrative agency with exclusive jurisdiction over a disputed issue.

Held: When parties agree to arbitrate all questions arising under a contract, the Federal Arbitration Act (FAA), 9 U. S. C. §1 *et seq*., supersedes state laws lodging primary jurisdiction in another forum,

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whether judicial or administrative. Pp. 4–16.

(a) The issue is not whether the FAA preempts the TAA wholesale. Instead, the question is simply who decides—the arbitrator or the Labor Commissioner—whether Preston acted as an unlicensed talent agent in violation of the TAA, as Ferrer claims, or as a personal manager not governed by the TAA, as Preston contends. P. 4.

(b) FAA §2 "declare[s] a national policy favoring arbitration" when the parties contract for that mode of dispute resolution. *Southland Corp.* v. *Keating*, 465 U. S. 1, 10. That national policy "appli[es] in state as well as federal courts" and "foreclose[s] state legislative attempts to undercut the enforceability of arbitration agreements." *Id.,* at 16. The FAA's displacement of conflicting state law has been repeatedly reaffirmed. See, *e.g., Buckeye*, 546 U. S., at 445–446; *Allied-Bruce Terminix Cos.* v. *Dobson*, 513 U. S. 265, 272. A recurring question under §2 is who should decide whether "grounds . . . exist at law or in equity" to invalidate an arbitration agreement. In *Prima Paint Corp.* v. *Flood & Conklin Mfg. Co.*, 388 U. S. 395, 403–404, which originated in federal court, this Court held that attacks on an entire contract's validity, as distinct from attacks on the arbitration clause alone, are within the arbitrator's ken. *Buckeye* held that the same rule applies in state court. See 546 U. S., at 446.

Buckeye largely, if not entirely, resolves the present dispute. The contract at issue clearly "evidenc[ed] a transaction involving commerce" under §2, and Ferrer has never disputed that the contract's written arbitration provision falls within §2's purview. Ferrer sought invalidation of the contract as a whole. He made no discrete challenge to the validity of the arbitration clause, and thus sought to override that clause on a ground *Buckeye* requires the arbitrator to decide in the first instance. Pp. 5–6.

(c) Ferrer attempts to distinguish *Buckeye,* urging that the TAA merely requires exhaustion of administrative remedies before the parties proceed to arbitration. This argument is unconvincing. Pp. 6–12.

(1) Procedural prescriptions of the TAA conflict with the FAA's dispute resolution regime in two basic respects: (1) One TAA provision grants the Labor Commissioner exclusive jurisdiction to decide an issue that the parties agreed to arbitrate, see *Buckeye*, 546 U. S., at 446; (2) another imposes prerequisites to enforcement of an arbitration agreement that are not applicable to contracts generally, see *Doctor's Associates, Inc.* v. *Casarotto*, 517 U. S. 681, 687. Pp. 7–8.

(2) Ferrer contends that the TAA is compatible with the FAA because the TAA provision vesting exclusive jurisdiction in the Labor Commissioner merely postpones arbitration. That position is contrary to the one Ferrer took in the California courts and does not

withstand examination. Arbitration, if it ever occurred following the Labor Commissioner's decision, would likely be long delayed, in contravention of Congress' intent "to move the parties to an arbitrable dispute out of court and into arbitration as quickly and easily as possible." *Moses H. Cone Memorial Hospital* v. *Mercury Constr. Corp.*, 460 U. S. 1, 22. Pp. 8–10.

(3) Ferrer contends that the conflict between the arbitration clause and the TAA should be overlooked because Labor Commissioner proceedings are administrative rather than judicial. The Court rejected a similar argument in *Gilmer* v. *Interstate/Johnson Lane Corp.*, 500 U. S. 20, 28–29. Pp. 10–12.

(d) Ferrer's reliance on *Volt Information Sciences, Inc.* v. *Board of Trustees of Leland Stanford Junior Univ.*, 489 U. S. 468, is misplaced for two reasons. First, arbitration was stayed in *Volt* to accommodate litigation involving third parties who were strangers to the arbitration agreement. Because the contract at issue in *Volt* did not address the order of proceedings and included a choice-of-law clause adopting California law, the *Volt* Court recognized as the gap filler a California statute authorizing the state court to stay either third-party court proceedings or arbitration proceedings to avoid the possibility of conflicting rulings on a common issue. Here, in contrast, the arbitration clause speaks to the matter in controversy; both parties are bound by the arbitration agreement; the question of Preston's status as a talent agent relates to the validity or legality of the contract; there is no risk that related litigation will yield conflicting rulings on common issues; and there is no other procedural void for the choice-of-law clause to fill. Second, the Court is guided by its decision in *Mastrobuono* v. *Shearson Lehman Hutton, Inc.*, 514 U. S. 52. Although the *Volt* contract provided for arbitration in accordance with AAA rules, 489 U. S., at 470, n. 1, Volt never argued that incorporation of those rules by reference trumped the contract's choice-of-law clause, so this Court never addressed the import of such incorporation. In *Mastrobuono*, the Court reached that open question, declaring that the "best way to harmonize" a New York choice-of-law clause and a clause providing for arbitration in accordance with privately promulgated arbitration rules was to read the choice-of-law clause "to encompass substantive principles that New York courts would apply, but not to include [New York's] special rules limiting [arbitrators'] authority." 514 U. S., at 63–64. Similarly here, the "best way to harmonize" the Ferrer-Preston contract's adoption of the AAA rules and its selection of California law is to read the latter to encompass prescriptions governing the parties' substantive rights and obligations, but not the State's "special rules limiting [arbitrators'] authority." *Ibid.* Pp. 12–15.

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145 Cal. App. 4th 440, 51 Cal. Rptr. 3d 628, reversed and remanded.

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