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

ARTHUR ANDERSEN LLP ET AL. *v.* CARLISLE ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

No. 08–146. Argued March 3, 2009—Decided May 4, 2009

After consulting with petitioners, respondents Wayne Carlisle, James Bushman, and Gary Strassel used a shelter to minimize taxes from the sale of their company. Limited liability corporations created by Carlisle, Bushman, and Strassel (also respondents) entered into investment-management agreements with Bricolage Capital, LLC, that provided for arbitration of disputes. After the Internal Revenue Service found the tax shelter illegal, respondents filed a diversity suit against petitioners. Claiming that equitable estoppel required respondents to arbitrate their claims per the agreements with Bricolage, petitioners invoked §3 of the Federal Arbitration Act (FAA), 9 U. S. C. §3, which entitles litigants to stay an action that is "referable to arbitration under an agreement in writing." Section 16(a)(1)(A) of the FAA allows an appeal from "an order . . . refusing a stay of any action under section 3." The District Court denied petitioners' stay motions, and the Sixth Circuit dismissed their interlocutory appeal for want of jurisdiction.

Held:

1. The Sixth Circuit had jurisdiction to review the denial of petitioners' requests for a §3 stay. By its clear and unambiguous terms, §16(a)(1)(A) entitles any litigant asking for a §3 stay to an immediate appeal from that motion's denial—regardless of whether the litigant is in fact eligible for a stay. Jurisdiction over the appeal "must be determined by focusing upon the category of order appealed from, rather than upon the strength of the grounds for reversing the order," *Behrens* v. *Pelletier*, 516 U. S. 299, 311. The statute unambiguously makes the underlying merits irrelevant, for even a request's utter frivolousness cannot turn a denial into something other than "an order . . . refusing a stay of any action under section 3," §16(a)(1)(A).

Syllabus

Pp. 3–5.

2. A litigant who was not a party to the arbitration agreement may invoke §3 if the relevant state contract law allows him to enforce the agreement. Neither FAA §2—the substantive mandate making written arbitration agreements "valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of a contract"—nor §3 purports to alter state contract law regarding the scope of agreements. Accordingly, whenever the relevant state law would make a contract to arbitrate a particular dispute enforceable by a nonsignatory, that signatory is entitled to request and obtain a stay under §3 because that dispute is "referable to arbitration under an agreement in writing." Because traditional state-law principles allow enforcement of contracts by (or against) nonparties through, *e.g.,* assumption or third-party beneficiary theories, the Sixth Circuit erred in holding that §3 relief is categorically not available to nonsignatories. Questions as to the nature and scope of the applicable state contract law in the present case have not been briefed here and can be addressed on remand. Pp. 5–8

521 F. 3d 597, reversed and remanded.

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