

Delaware Proposing New Rapid Arbitration Act

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The Delaware General Assembly proposed legislation to provide business entities with the ability to resolve business disputes in a quick and efficient manner through voluntary arbitration: the Delaware Rapid Arbitration Act (Chapter 58, Title 10 of the Delaware Code). This proposed Act requires that at least one of the parties involved be either organized in Delaware or have its principal place of business in Delaware. Further, this process is available only to business entities; no party to the arbitration can be a consumer. The agreement to arbitrate the dispute must provide for the dispute to be governed by the laws of the State of Delaware and expressly reference the “Delaware Rapid Arbitration Act.”

The key focus of all parts of this proposed Act is speedy, efficient resolutions of disputes.

- This proposed Act requires resolution of arbitrated matters in no more than 120 days, although by unanimous consent of all parties to the arbitration, an extension can be granted of no more than 60 days. The Act reduces the arbitrator’s fees for failing to issue an award within the Act’s timetables.
- The Act allows the parties to select the arbitrator, although if there is no provision for appointment of an arbitrator or if the selected arbitrator cannot serve and the parties cannot agree on an arbitrator, the Court of Chancery must appoint an arbitrator within 30 days of petition.
- This Act avoids some of the delays common to arbitration by vesting exclusive jurisdiction to determine scope of arbitration in the arbitrator.
- If there is a challenge to the arbitrator’s decision, the Act provides for the appeal to be brought directly to the Delaware Supreme Court, rather than the current multi-layer of judicial review.

The Act protects the privacy of arbitration proceedings unless a party appeals the matter to the Delaware Supreme Court, in which case, all rulings are public.

The Delaware Rapid Arbitration Act may have significant beneficial consequences in situations where resolution is needed of a dispute and the parties have an ongoing business relationship which could be adversely affected by engaging in protracted dispute resolutions.

We will follow the legislative process of this Act. Please contact one of the attorneys listed below or any of the attorneys in the [Corporate & Securities Practice Group](#) at Benesch to discuss its status and benefits.

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