

Arbitration Clauses in the Context of Third-Party Beneficiary Claims: An Issue Ripe for Corporate Consideration and Illinois Supreme Court Review

MAY 2016

Reprinted with permission from Illinois State Bar Association's Trial Briefs. Any opinions in this article are not those of Winston & Strawn or its clients. The opinions in this article are the author's opinions only.

Under Illinois law in general, “only a party to a contract, or one in privity with a party, may enforce a contract . . .” *Wilde v. First Fed. Sav. & Loan Ass’n of Wilmette*, 134 Ill. App. 3d 722, 731 (1st Dist. 1985). That said, when two parties enter into a contract there is at least a possibility that the contract could also lead to a third-party beneficiary claim. “[A] third party beneficiary may sue for breach of a contract made for his benefit . . . when the benefit is direct to him.” *Id.*; *Advanced Concepts Chicago, Inc. v. CDW Corp.*, 405 Ill. App. 3d 289, 293 (1st Dist. 2010).

This article discusses the current state of the law in Illinois considering arbitration clauses and third-party beneficiary claims. The article suggests that there is a conflict in Illinois law related to this issue ripe for Supreme Court review. Further, the article proposes an approach to consider for resolving this conflict. Finally, the article recommends certain steps that attorneys should consider in drafting arbitration clauses in their contracts.

1 Min Read

Author

Matthew Carter

Related Locations

Chicago

Related Topics

Arbitration | Contracts
Related Capabilities

Commercial Litigation & Disputes

Related Regions

North America

Related Professionals



Matthew Carter