

*** NOT FOR PUBLICATION ***

NO. 27071

IN THE SUPREME COURT OF THE STATE OF HAWAII

MANUEL MATTOS, LEAH MATTOS, MARY MORIOKA, CYRUS MORIOKA,
HOWARD KANESHIRO, and ELSIE KANESHIRO, individually
and on behalf of all other similarly situated,
Plaintiffs-Appellees,

vs.

ALOHA HYUNDAI, LTD., Defendant-Appellant

and

DOE DEFENDANTS 1-50, Defendants.

K. HAMAKADO
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STATE OF HAWAII

2006 MAY 17 PM 1:22

FILED

ALOHA HYUNDAI, LTD.,
Third-Party Plaintiff,

vs.

PROSPECTIVE TECHNOLOGIES, INC., and DOES 1-50,
Third-Party Defendants.

APPEAL FROM THE FIRST CIRCUIT COURT
(CIV. NO. 04-1-1777)

SUMMARY DISPOSITION ORDER

(By: Moon, C.J., Levinson, Nakayama, Acoba, and Duffy JJ.)

In this putative class action for unfair and deceptive trade practices in automobile sales, defendant-appellant and third-party plaintiff Aloha Hyundai, Ltd. (Aloha Hyundai) appeals from the first circuit court's December 20, 2004 order¹ denying Aloha Hyundai's motion to compel arbitration as to certain

¹ The Honorable Bert I. Ayabe presided over this matter.

plaintiffs and to dismiss complaint as to other plaintiffs.²

Aloha Hyundai presents a single point of error: that the circuit court erred in concluding that the claims brought by the Mattos Plaintiffs, individually and on behalf of all other similarly situated, are not covered by an arbitration clause contained in the credit sale contract between the Mattos Plaintiffs and Aloha Hyundai.

Upon carefully reviewing the record and the briefs submitted by the parties, and having given due consideration to the arguments advocated and the issues raised, we conclude that the circuit court correctly denied Aloha Hyundai's motion. As we have stated:

While we share in the overwhelming support in this jurisdiction in favor of arbitration as a means of dispute resolution, see, e.g., HRS § 658A-6(a) (Supp. 2003) ("An agreement contained in a record to submit to arbitration any existing or subsequent controversy arising between the parties to the agreement is valid, enforceable, and irrevocable except upon a ground that exists at law or in equity for the revocation of a contract."); HRS § 658A-23 (Supp. 2003) (describing specific and limited circumstances under which a court may vacate an arbitration award); Tatibouet v. Ellsworth, 99 Hawai'i 226, 234, 54 P.3d 397, 405 (2002)] ("It is well settled that the legislature overwhelmingly favors arbitration as a means of dispute resolution."), it is axiomatic that there must be an agreement to arbitrate in the first instance.

² The motion to compel was made with respect to plaintiffs-appellees Manuel Mattos and Leah Mattos [hereinafter collectively, the Mattos Plaintiffs] who purchased a new vehicle from Aloha Hyundai and entered into a credit sale agreement containing an arbitration clause. The other named plaintiffs-appellees, Mary and Cyrus Morioka and Howard and Elsie Kaneshiro, purchased used vehicles from Aloha Hyundai under different agreements, and their claims are not relevant to this appeal.

The component of the motion asking for dismissal of the complaint pursuant to the statute of limitations, which was denied, is also not at issue in the present appeal.

Luke v. Gentry Realty, Ltd., 105 Hawai'i 241, 249-50 n.12, 96 P.3d 261, 269-70 n.12 (2004). Whether there is a valid agreement to arbitrate a particular dispute is a matter of state contract law. See, e.g., First Options of Chicago, Inc. v. Kaplan, 514 U.S. 938, 944 (1995) ("When deciding whether the parties agreed to arbitrate a certain matter (including arbitrability), courts generally . . . should apply ordinary state-law principles that govern the formation of contracts." (Citations omitted.)).

The credit sale contract signed by the Mattos Plaintiffs states that, if either party requests arbitration, the Mattos Plaintiffs agree to arbitrate "any controversy or claim between [the Mattos Plaintiffs] and [Aloha Hyundai] arising out of or related to this Contract." (Emphasis added.) The plain language of the contract refutes Aloha Hyundai's argument that the Mattos Plaintiffs agreed to arbitrate their current dispute; while they agreed to arbitrate any dispute arising out of the credit sale contract, they did not agree to arbitrate any dispute arising from the purchase of the Hyundai Elantra or the various fees attached thereto. The Mattos Plaintiffs signed two separate agreements, and their agreement to arbitrate disputes arising from one of those agreements does not automatically connote an agreement to arbitrate disputes arising from the other agreement. See, e.g., Luke v. Gentry, 105 Hawai'i at 249, 96 P.3d at 269.

Consequently, the arbitration clause is inapplicable to the parties' dispute. Therefore,

IT IS HEREBY ORDERED that the circuit court's December 20, 2004 order denying Aloha Hyundai's motion to compel arbitration as to certain plaintiffs and to dismiss complaint as to other plaintiffs is affirmed.

DATED: Honolulu, Hawai'i, May 17, 2006.

On the briefs:

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Manuel Mattos, Leah Mattos,
Mary Morioka, Cyrus Morioka,
Howard Kaneshiro, and Elsie
Kaneshiro, individually and
on behalf of all other
similarly situated

