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In for a Penny, in for a Pound: Jurisdiction to Stay a Suit Pending Arbitration Is Jurisdiction to Confirm or Vacate Arbitral Award

***Jules v. Andre Balazs Properties*, 608 U.S. ___ 146 S.Ct. 1209 (May 14, 2026)**

In *Jules v. Andre Balazs Properties*, the U.S. Supreme Court continued its annual, spring cleaning of the Federal Arbitration Act (FAA). Over the past decade, the court has attempted to uphold Congress's promise of streamlined and predictable arbitration by clarifying and simplifying the FAA. This year, the Supreme Court continued that project by clarifying the scope of federal-court jurisdiction to confirm or vacate arbitral awards, holding that where a federal court already has jurisdiction to stay a lawsuit pending arbitration under Section 3 of the FAA, the court also has jurisdiction to confirm the arbitral award under Section 9 or vacate the award under Section 10.

Background

The petitioner in *Jules* was an employee who was fired during the COVID-19 pandemic. He sued his employer in federal court for employment discrimination under state and federal law, and the employer moved to compel arbitration or stay the action pending arbitration. The district court ordered the parties to arbitrate and stayed the lawsuit under Section 3 of the FAA. After the arbitrator issued a final award against Jules, the employer returned to federal court to confirm the award under Section 9. Jules opposed confirmation, arguing that the court lacked jurisdiction because the motion to confirm did not establish diversity jurisdiction or federal-question jurisdiction. The district court disagreed and found it had jurisdiction, and the U.S. Court of Appeals for the Second Circuit affirmed.

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The question in *Jules* was "whether a federal court with pre-existing jurisdiction over claims that it stayed pending arbitration under Section 3 can adjudicate a Section 9 or Section 10 motion even if that motion does not present, on its face, an independent basis for federal jurisdiction." This question, which at first seems easy, arose because of a unique feature of the FAA. That is, "[a]lthough the FAA is a federal statute that provides federal standards, it 'does not itself create [federal] jurisdiction.'" Accordingly, a federal court must have an "independent jurisdictional basis" for "granting FAA relief," including both a motion to compel and a motion to vacate or confirm. The court's independent jurisdiction, in turn, is dictated by how the parties present the FAA motion.

First, one party could move to compel arbitration and stay a lawsuit that the other party has filed in federal court. In that scenario, the federal court's jurisdiction to resolve the FAA motion — the motion to compel arbitration — is straightforward. Jurisdiction is based on the court's jurisdiction over the lawsuit itself. If the original lawsuit satisfies diversity jurisdiction or federal-question jurisdiction, then the court has jurisdiction to resolve the motion to compel, including to stay the lawsuit under Section 3.

Second, one party could file a "freestanding" FAA motion that is unrelated to a pre-existing lawsuit in district court. In that scenario, the federal court's jurisdiction is more complicated and is based on when the party files the FAA motion. If one party files a freestanding FAA motion to compel arbitration, then the court has jurisdiction to resolve the motion only if the court would have had jurisdiction over the underlying dispute, which requires courts to employ the "look through" approach and imagine that one party had filed the original dispute in federal court. If the imagined dispute would have established jurisdiction, then the court has jurisdiction over the freestanding motion to compel. By comparison, if one party files a freestanding FAA motion to confirm or vacate the arbitral award, then the court does not employ the "look through" approach but must determine whether the FAA motion, on its face, establishes federal jurisdiction.

Diversity jurisdiction can only be established if the parties are diverse and the amount in controversy is more than $75,000.

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Federal-question jurisdiction can only be established if a motion presents a "federal question" on its face, which will be rare, as confirmation or vacatur of an arbitral award — even one resolving a federal-law dispute — is usually a question of contract enforceability under state law. Therefore, if the court does not have jurisdiction over the motion to confirm or vacate, then the parties must file the motion in state court.

Supreme Court's Opinion

The question in *Jules* was whether a federal court that already had jurisdiction to stay a lawsuit also has jurisdiction over a motion to confirm or vacate, which, itself, does not separately establish jurisdiction. The Supreme Court unanimously answered in the affirmative. Jules had argued that the same approach for assessing jurisdiction over a freestanding motion to confirm or vacate applies to a motion to confirm or vacate filed in a stayed lawsuit. The Supreme Court disagreed and recognized that jurisdiction over a case naturally includes jurisdiction to decide a motion within that case. And because Jules's lawsuit was stayed, the court's jurisdiction never ceased. Thus, the court retained jurisdiction to rule on the employer's motion to confirm, without the need for an additional independent jurisdictional basis.

Key Takeaways

- A federal court that had the power to stay a lawsuit under Section 3 of the FAA has the power to confirm or vacate the "ensuing arbitration award" under Section 9 or Section 10.
- The Supreme Court recognized that the FAA intended for district courts to play a supervisory role over the lawsuit after compelling arbitration and issuing a stay. Because Section 3 of the FAA does not permit district courts to dismiss a lawsuit pending arbitration but rather requires the court to issue a stay, the Supreme Court recognized that it would make little sense for the FAA to prevent the same court from confirming or vacating the arbitral award after the stay was dissolved. Under *Jules*, a party seeking to enforce an arbitral award has the benefit of resolving the motion to confirm in the same

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forum that respected the arbitration agreement in the first place. But merely "filing a precautionary federal anchor suit runs a serious risk of forfeiting the right to arbitrate."

- The Supreme Court did not explicitly extend its holding to the related circumstance in which a party files a *freestanding* motion to compel, as opposed to a motion to compel and stay a pending lawsuit. However, the Supreme Court recognized that, because an order staying a lawsuit ***or*** compelling arbitration is usually final and appealable only after the arbitral award issues, separating jurisdiction over a motion to confirm or vacate from jurisdiction over a motion to compel and stay improperly risks a dual-track appellate process: a state court may confirm an arbitral award on claims that a federal court of appeals holds was never properly subject to arbitration in the first place. For the same reasons, a district court that has already resolved a motion to compel arbitration under the "look through" approach might have jurisdiction to resolve a subsequent motion to confirm or vacate the arbitral award, even without an independent jurisdictional basis — but that question remains open.

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