

### Plain Language Contract Interpretation Standard

Arbitration contract-interpretation case law has two fundamental standards. The first standard is that contract language should be interpreted according to its clear, unambiguous meaning. By this rule, courts and arbitrators enforce a presumption that understandable language means what it says, despite the contention by one of the parties that something other than what is written was meant and understood by that party. (*See National Education Association, Sauk Rapids Education Association and Minnesota Independent School District No. 47*, 86 LA 97, 103 (Gallagher, December 1, 1985))

### Ambiguous Contract Interpretation Standard

The second fundamental contract-interpretation standard concerns the interpretation of vague or ambiguous language. A standard rule of contract interpretation is that ambiguous language will be construed against the party who proposed or drafted it. (*See United Steelworkers of America, Local 1065 and Mesker Industries, Inc.*, 85 LA 921 (Mikrut, November 1, 1985)) Holding the contract language against the party who drafted it is a practical interpretation because it promotes careful drafting of language and careful disclosure of what the drafter intends by the language. Enforcement of the rule is equitable because the party “at fault” for failure to take such care is the one against whom the ambiguity is construed. (*See National Education Association, Sauk Rapids Education Association and Minnesota Independent School District No. 47*, 86 LA 97, 103 (Gallagher, December 1, 1985)) The U.S. Supreme Court also held that consistent with common-law rule of contract interpretation, ambiguous language is construed against the party that drafted it. (*See Mastrobuono v. Shearson Lehman Hutton*, 514 U.S. 52, 62-63 (March 6, 1995)). As the Supreme Court stated in the *Mastrobuono* case: “Respondents drafted an ambiguous document, and they cannot now claim the benefit of the doubt. The reason for this rule is to protect the party who did not choose the language from an unintended or unfair result.” (*Mastrobuono*, 514 U.S. 52, 63 (March 6, 1995))