United States Court of Appeals
For the Eighth Circuit

No. 23-2565

JES Farms Partnership,

Plaintiff - Appellee,

v.

Indigo Ag Inc.,

Defendant - Appellant.

Appeal from United States District Court
for the District of South Dakota - Southern

Submitted: May 8, 2024
Filed: August 29, 2024

Before COLLOTON, Chief Judge, SHEPHERD and STRAS, Circuit Judges.

COLLOTON, Chief Judge.

Indigo Ag operates a digital platform that facilitates transactions between farmers and buyers. JES Farms Partnership sold its crops on the platform. In 2021, JES initiated arbitration proceedings against Indigo, alleging that Indigo breached a marketplace seller agreement and violated several trade rules. Indigo counter-

claimed, alleging that JES breached the agreement and various addenda to the agreement.

JES then sued Indigo in federal court, seeking a declaratory judgment that Indigo's counterclaims were not arbitrable and that some of the addenda were invalid and unenforceable. Indigo moved to compel arbitration under the arbitration clause contained in the marketplace seller agreement. The district court denied the motion in part. The court agreed that Indigo's counterclaims were arbitrable, but determined that the parties did not agree to arbitrate the enforceability of the addenda. Indigo appeals, and we conclude that all of the parties' claims are arbitrable, so we reverse the order in relevant part.

I.

In 2019, Indigo operated Indigo Marketplace, a digital platform that facilitated the sale of agricultural products. Through the Marketplace, Indigo acted as an intermediary between farming operations and purchasers. When JES agreed to sell its crops through the Marketplace, JES and Indigo executed a marketplace seller agreement to govern the parties' transactions.

The agreement contained the following arbitration clause:

> **Dispute Resolution.** Except as otherwise provided herein, the Agreement and any addendum, or transactions under the Agreement, the Indigo Marketplace Platform or through Indigo Marketplace will be subject to National Grain & Feed Association ("NGFA") trade rules (the "Rules") in effect on the date thereof, and any dispute will be referred to NGFA arbitration in accordance with the Rules. The parties agree that the sole forum for resolution of all disagreements or disputes relating to crop transactions arising under the Agreement, the Indigo Marketplace or the Indigo Marketplace Platform between You and Indigo shall be arbitration proceedings before the NGFA pursuant to the

> Rules. The decision and award determined by such arbitration shall be final and binding upon the parties and judgment upon the award may be entered in any court having jurisdiction thereof.

The parties executed new marketplace seller agreements in April 2019, May 2020, June 2020, and August 2020. Each agreement contained the same arbitration agreement.

In addition to the marketplace seller agreement, the parties executed several addenda to the agreement that set the purchase price for specific transactions. Each addendum stated, "This Addendum is binding on You and is subject to the terms and conditions of the Marketplace Seller Agreement between Indigo and You ("Agreement"), except that the Additional Terms below prevail in the event of a conflict with the terms of the Agreement with respect to the crops contemplated hereunder."

In 2021, JES initiated arbitration proceedings against Indigo in the National Grain & Feed Association and executed an arbitration services contract. The contract stated that the parties "agree[d] to submit the following controversy to arbitration by the National Grain and Feed Association (NGFA) for resolution." The controversy "concern[ed] claims by JES Farms Partnership against Indigo Ag, Inc. involving multiple contracts for corn." Specifically, JES alleged that Indigo failed to comply with its contractual obligations under the marketplace seller agreement and with the Association's trade rules by initially making untimely payments to JES and then by withholding payment altogether.

Indigo disputed JES's claims and asserted counterclaims. Indigo alleged that JES breached the marketplace seller agreement and several of the pricing addenda. The National Grain & Feed Association scheduled an arbitration hearing for March 2023. In January 2023, JES contacted the Association to express concern that

Indigo's counterclaims were not arbitrable. The Association concluded that JES's concerns were untimely and without merit.

Less than a month before the scheduled hearing, JES filed this action against Indigo in federal court. JES sought a declaratory judgment that Indigo's counterclaims are not arbitrable and that the pricing addenda relating to the parties' transactions for the sale of grain are unenforceable under the Commodity Exchange Act, 7 U.S.C. § 6(a). The district court stayed the arbitration hearing pending its resolution of the arbitrability issue.

Indigo moved to compel arbitration and dismiss the case. The district court denied the motion to dismiss, and denied the motion to compel in part. The court concluded that Indigo's counterclaims were arbitrable under the arbitration services contract. But the court concluded that the arbitration clause in the marketplace seller agreement was "narrow," and that a dispute about enforceability of the pricing addenda was not one "relating to crop transactions." Therefore, the court ruled that the enforceability issue was not arbitrable under the marketplace seller agreement. The court similarly concluded that the dispute was beyond the scope of the arbitration agreement contained in the arbitration services contract.

Indigo appeals and argues that the agreements require arbitration of the dispute over the pricing addenda. We review *de novo* the district court's denial of a motion to compel arbitration based on contract interpretation. *Indus. Wire Prods., Inc. v. Costco Wholesale Corp.*, 576 F.3d 516, 520 (8th Cir. 2009). The parties agree that Tennessee law governs interpretation of the agreement, and Tennessee follows traditional principles of contract interpretation. *See Dick Broad. Co. of Tenn. v. Oak Ridge FM, Inc.*, 395 S.W.3d 653, 664 (Tenn. 2013).

II.

The Federal Arbitration Act provides that a party aggrieved by the failure of another party to arbitrate under a written agreement may petition the district court for an order compelling arbitration. 9 U.S.C. § 4. To decide the question of arbitrability, we must determine whether a valid arbitration agreement exists between the parties and, if so, whether the subject matter of the dispute falls within the scope of the arbitration clause. *Parm v. Bluestem Brands, Inc.*, 898 F.3d 869, 873 (8th Cir. 2018). The district court concluded—and the parties agree—that the marketplace seller agreement contains a valid arbitration agreement. The parties dispute only whether the enforceability of the addenda is within the scope of that agreement.

Generally, "unless the challenge is to the arbitration clause itself, the issue of the contract's validity is considered by the arbitrator in the first instance." *Buckeye Check Cashing, Inc. v. Cardegna*, 546 U.S. 440, 445-46 (2006). The arbitration clause in the marketplace seller agreement does not require a different result. The first sentence of the arbitration clause, standing alone, is broad in scope: "Except as otherwise provided herein, the Agreement and any addendum, or transactions under the Agreement, the Indigo Marketplace Platform or through Indigo Marketplace will be subject to National Grain & Feed Association ("NGFA") trade rules (the "Rules") in effect on the date thereof, and *any dispute* will be referred to NGFA arbitration in accordance with the Rules." (emphasis added). The reference to "any dispute" denotes a broad arbitration clause that would encompass Indigo's counterclaims about alleged breaches of the pricing addenda and enforceability of the addenda. *See Leonard v. Del. N. Cos. Sport Serv., Inc.*, 861 F.3d 727, 730 (8th Cir. 2017).

The district court did not address this first sentence and instead relied on the second sentence of the clause: "The parties agree that the sole forum for resolution of all disagreements or disputes *relating to crop transactions* arising under the Agreement, the Indigo Marketplace or the Indigo Marketplace Platform between You

and Indigo shall be arbitration proceedings before the NGFA pursuant to the Rules." (emphasis added). JES urges that the phrase "relating to crop transactions" limits what kind of "dispute" will be referred to arbitration under the first sentence. To read the first sentence more broadly, JES asserts, would render the second sentence superfluous.

The first two sentences of the arbitration clause appear to perform similar functions. A dispute that is "relating to crop transactions" under the second sentence seems indistinguishable from a dispute that concerns "transactions" under the first sentence. Yet contract interpretation allows for the possibility that parties will use a "belt and suspenders" approach to emphasize the breadth of a particular provision. *See Leonard v. Exec. Risk Indem., Inc.* (*In re SRC Holding Corp.*), 545 F.3d 661, 670 (8th Cir. 2008). Where the most natural reading of the text suggests a duplicative emphasis on capaciousness, we do not infer an intent of the parties to narrow the clause. *See Brazil v. Auto-Owners Ins. Co.*, 3 F.4th 1040, 1043-44 (8th Cir. 2021); *cf. United States v. Bronstein*, 849 F.3d 1101, 1110 (D.C. Cir. 2017).

In any event, even taking the second sentence alone, a dispute over the enforceability of the pricing addenda is a dispute "relating to crop transactions." The pricing addenda affect payment and other obligations between the parties in a given crop transaction. Therefore, whether the pricing addenda are valid is a matter relating to crop transactions. The dispute about whether the pricing addenda are enforceable thus falls within the dispute resolution provision in the marketplace seller agreement and is subject to arbitration.

For these reasons, we reverse the decision of the district court and remand with directions to grant Indigo's motion to compel arbitration and to address the status of the case pending arbitration. *See Smith v. Spizzirri*, 601 U.S. 472 (2024).
