

Class 14

Alternative Dispute Resolution

Standard of Review Regarding Arbitration Award

- Arbitrators generally need not give reasons or written opinions for their rulings. Thus, although they must follow the law, it is often difficult for a court to assess to what extent the arbitrator actually followed the law.
- **Compare:**
- In a normal appeal from a trial court:
 - Issues of fact are reviewed based on a “clearly erroneous” standard; i.e., they are reversed only if the appellate court finds the lower court ruling to be clearly erroneous
 - Issue of law are reviewed “*de novo*,” i.e., as an issue of first impression (though the “harmless error” doctrine mitigates this)
- Arbitration awards are given wide deference by courts and will be reversed only where the decision is irrational or based on the above grounds.

Supreme Court Quotes on the Review of Arbitration Awards

Paperworkers v. Misco, Inc., 484 U.S. 29, 36 (1987)

MLB Player's Assoc. v. Garvey, 32 U.S. 1015 (2001)

- "Judicial review of a labor-arbitration decision pursuant to such an agreement is very limited. Courts are not authorized to review the arbitrator's decision on the merits despite allegations that the decision rests on factual errors or misinterprets the parties' agreement."
- "It is only when the arbitrator strays from interpretation and application of the agreement and effectively dispenses his own brand of industrial justice that his decision may be unenforceable. When an arbitrator resolves disputes regarding the application of a contract, and no dishonesty is alleged, the arbitrator's "improvident, even silly, factfinding" does not provide a basis for a reviewing court to refuse to enforce the award. "
- "Courts have no business weighing the merits of the grievance or considering whether there is equity in a particular claim. When the judiciary does so, it usurps a function which is entrusted to the arbitration tribunal."
- "Even "serious error" on the arbitrator's part does not justify overturning his decision, where, as here, he is construing a contract and acting within the scope of his authority."

Modification or Correction of Arbitration Awards

- Arbitration awards may be modified or corrected by a court under the following circumstances (under the FAA):
 1. An "evident" or material miscalculation of figures or an evident mistake in the description of any person, thing, or property referred to in the award. (In other words, some sort of clerical error or transcription error.)
 2. The arbitrator decided on some matter not submitted to her for decision. This is not cause for modifying or correcting if the additional matter ruled upon does not materially affect the matter(s) submitted for decision.
 3. The award is "imperfect in matter of form" and does not affect the merits of the controversy.



QUIZ TIME!