

Defining the Limits of Arbitral Authority

When arbitration awards resolving contract claims are not based on the actual provisions of the relevant contracts, but rather on an individual arbitrator's personal sense of "justice" and "public policy," they can be successfully challenged, and vacated by the courts, points out **Robert J. Kaler** in a **post** for Holland & Knight.

He discusses a case in which an arbitration award purported to remedy an alleged breach of and "failure of consideration" for the owner's underlying network operator agreement with the plaintiff's subsidiary by rewriting that agreement so as to materially change its financial requirements.

A court subsequently vacated the award, finding that the arbitrator exceeded his powers by voiding the guaranty of the parent company while re-writing the terms of the operating agreement.

Read the article.