

Watch Your Stipulation! Award Confirmed Despite Arbitrator Exceeding Contractual Scope of Authority

“Once parties agree to arbitrate, courts generally defer to the arbitrator’s judgment regarding resolution of a dispute,” discuss Jim Archibald, Amandeep S. Kahlon & Luke D. Martin in *Bradley’s BuildSmart Arbitration*. “The prevailing approach in many states is to not set aside an arbitration award unless the arbitrator clearly exceeded his or her authority and to exercise every reasonable assumption in favor of the validity of an award. The Minnesota Court of Appeals recently confirmed this view in *Faith Technologies, Inc. v. Aurora Distributed Solar LLC*.”

“In that case, the court upheld the arbitrator’s award for equitable relief, despite the parties’ contract prohibiting the arbitrator from providing any equitable remedy. The court found the parties’ stipulation to arbitrate all disputes effectively waived the contractual prohibition on equitable relief, especially where the equitable claim for abandonment was pled and not objected to until after the final award.”

“In 2016, Aurora hired Biosar to design and construct solar-power generators for a project in Minnesota. Biosar hired Faith Technologies to provide labor, materials, and services for the project. The EPC contract between Aurora and Biosar permitted arbitration to resolve disputes arising out of the contract but prohibited the arbitrator from ‘awarding nonmonetary, injunctive, or equitable relief.’”

Read the article.