

Weinberg v. Sibling

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The instant case deals with a dispute between competing sports agents, Steve Weinberg and Howard Sibling, who operated under an oral joint venture agreement to help each other land high profile professional athletes as clients until their professional relationship deteriorated. The case was heard in the U.S. District Court for the Dallas Division of Northern Texas on April 25, 2001. The court addressed whether and under what circumstances an arbitration agreement may be vacated and whether this particular agreement should be upheld or vacated. The court held that an arbitral award must be reviewed with extreme deference to the arbitrator's decision and only be vacated for limited policy reasons. The case at hand was remanded back to the original arbitrator for clarification of the award decision.

The court stated arbitration decisions are reviewable by a district court but must be given extreme deference in doing so, even in the face of erroneous findings of fact or law by the arbitrator. This limited review is used only to identify errors that render the decision arbitrary, capricious, or fundamentally unfair. There are some enumerated causes for vacating an award such as refusal to hear evidence pertinent and material to the controversy, an award contrary to public policy, manifest disregard for the law by the arbitrator, or a failure to draw an award from the essence of the underlying contract. In addition, if a party does not protest to the arbitrator during the hearing, courts generally do not allow the same party to protest later in a motion to vacate. Vacating an arbitration award is very rare. Rather, if statements or directives in an award are ambiguous, the case is remanded back to the original arbitrator.

Arbitration is by nature a speedy and informal alternative to litigation that, in this case, was far sweeping and unstructured. Because of that nature, the court must grant extreme deference to an arbitrator's decision, even though it appeared that the decision was made inappropriately. Weinberg attempted to call into question the procedure used by the arbitrator and attack his findings of fact. The court, however, cited a lack of evidence to vacate the award. Instead, it sought clarification of the reasoning for the one-sided award and remanded the case back to the original arbitrator. In doing so, the court merely granted the arbitrator the power to clarify his decision and correct his mistakes, not to re-open the case on the merits.

Weinberg further cemented an already well established principle: motions to vacate arbitration decisions are not generally reviewable by a court. Rather, a reviewing court may only search for errors that make the arbitral award arbitrary, capricious, or fundamentally unfair.