

Federal jurisprudence on vacating arbitration awards is dominated by the **Federal Arbitration Act (FAA), 9 U.S.C. § 10**, and a strong judicial policy favoring **finality and limited review**. Below is a structured overview of the governing standards and leading federal court decisions.

1. Statutory Framework (FAA § 10)

Under the FAA, a federal court may vacate an arbitration award only on **narrow, enumerated grounds**:

Core statutory grounds

- **Corruption, fraud, or undue means**
- **Evident partiality or corruption of arbitrators**
- **Arbitrator misconduct** (e.g., refusal to hear material evidence)
- **Arbitrators exceeded their powers** ([American Bar Association](#))

These grounds are intentionally restrictive—courts do **not review the merits** of the decision.

2. Supreme Court Jurisprudence

A. Hall Street Associates, L.L.C. v. Mattel, Inc.

Key holding:

- FAA § 10 provides the **exclusive grounds** for vacatur.
- Parties **cannot contractually expand judicial review**. ([Hirsch & Westheimer, P.C.](#))

Impact:

- Eliminated attempts to allow courts to review arbitration for legal error.
 - Reinforced the **extreme deference** courts must give arbitral awards.
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B. Wilko v. Swan

Key contribution:

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- Introduced the concept of “**manifest disregard of the law**” as a potential ground for vacatur. ([Mondaq](#))

Modern status:

- After *Hall Street*, circuits are split:
 - Some treat “manifest disregard” as **abrogated**
 - Others reinterpret it as part of §10(a)(4) (arbitrators exceeding powers)
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C. *Badgerow v. Walters*

Key holding:

- FAA does **not itself confer federal jurisdiction** to confirm or vacate awards.
 - Courts need an **independent jurisdictional basis** (e.g., diversity). ([Consumer Financial Services Law Monitor](#))
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D. *United Steelworkers v. Enterprise Wheel & Car Corp.*

Key principle:

- Awards must “draw their essence” from the contract.
 - Courts may vacate if arbitrators stray beyond the agreement. ([American Bar Association](#))
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3. Federal Appellate Court Doctrines

A. “Exceeding Powers” (Most Important Modern Ground)

Courts frequently frame vacatur under:

- Arbitrators **deciding issues not submitted**
- Ignoring contract terms
- Acting outside delegated authority

This has become the **primary doctrinal vehicle** after *Hall Street*.

B. “Manifest Disregard of the Law”

- Historically: independent ground
 - Now:
 - **Second Circuit:** still recognizes (as gloss on §10)
 - **Fifth Circuit:** rejects as independent ground ([CaseMine](#))
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C. Non-Statutory Grounds (Largely Rejected)

Examples:

- “Arbitrary and capricious”
- “Public policy” (limited survival in labor arbitration)

Most circuits hold these are **not independent grounds** post-*Hall Street*.

4. Illustrative Federal Cases

1. *Brabham v. A.G. Edwards & Sons Inc.*

- Rejected “arbitrary and capricious” as a basis for vacatur
 - Reinforced strict adherence to FAA grounds ([CaseMine](#))
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2. *Citizen Potawatomi Nation v. Oklahoma*

- Vacated award due to **invalid arbitration agreement**
 - Shows courts may intervene where **agreement itself is unenforceable** ([Mintz](#))
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3. *D.H. Blair & Co. v. Gottdiener*

- Emphasized that courts must confirm awards unless FAA grounds apply
 - Reinforces **presumption of confirmation** ([American Bar Association](#))
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5. Key Doctrinal Themes

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1. Extreme Deference

- Courts **do not review legal or factual errors**
- Even serious mistakes are insufficient unless tied to §10

2. Finality of Arbitration

- Arbitration is intended as an **alternative to litigation**, not a precursor

3. Narrow Judicial Role

- Courts act as **enforcers, not reviewers**
- Vacatur is **rare and exceptional**

4. Contract-Centered Review

- Focus: Did the arbitrator act within the **contractual mandate**?
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6. Practical Threshold for Vacatur

A party seeking vacatur must typically show:

- Clear statutory violation (fraud, bias, misconduct), **or**
 - Arbitrator acted **outside contractual authority**, **or**
 - (in some circuits) **manifest disregard** meeting a very high bar:
 - Law was clear
 - Arbitrator knew it
 - Intentionally ignored it
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7. Bottom Line

Federal courts treat vacatur as:

“extraordinary relief” available only in narrowly defined circumstances.

After *Hall Street*, the doctrine is firmly settled:

- FAA § 10 = **exclusive grounds**
- Judicial review = **minimal**

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- Arbitration awards = **highly insulated from attack**