

Arbitration in the Fifth – May 2025

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PRACTICES Litigation, International Arbitration

After a busy April, the number of opinions was down in May 2025. The Eastern District of Louisiana continued to address insurance coverage arbitration, while the Southern District of Mississippi considered the three-month limitation on filing a motion to vacate an award and the requirements for demonstrating an award was procured by fraud.

Opinion of the Fifth Circuit Court of Appeals

Baria v. Singing River Elec. Coop., No. 20-60744, 2025 WL 1419721 (5th Cir. May 16, 2025). Order dismissing case while on appeal vacated. The district court initially granted a motion to compel arbitration. It later reconsidered and denied the motion. Plaintiff appealed the reconsideration. While the appeal was pending, the district court granted a motion to dismiss. “The district court was required to stay its proceedings pending the resolution of the interlocutory appeal on arbitrability in Case No. 20-60312, and the district court could not grant the motion to dismiss.”

Opinions of United States District Courts

Motions to Compel Arbitration

Olsen Sec. Corp. v. Certain Underwriters at Lloyd's London, No. CV 22-3120, 2025 WL 1370445 (E.D. La. May 12, 2025) (insurance). Motion to lift stay and vacate order compelling arbitration denied. “Federal equitable estoppel principles allow domestic insurers to compel arbitration when their foreign counterparts compel arbitration under the [New York] Convention and there exists allegations of concerted and interdependent conduct.”

Motions to Confirm/Vacate Awards

N. Point RX, LLC v. Key Therapeutics, LLC, No. 3:25-CV-20-KHJ-MTP, 2025 WL 1439447 (S.D. Miss. May 19, 2025). Award confirmed and motion to vacate denied. Absent clear and unambiguous contractual language to the contrary, a choice of law provision is insufficient to demonstrate the parties’ clear intent to depart from the FAA’s default rules. The court held that a party’s failure to move to vacate an award within the three-month limitation period prescribed by the Federal Arbitration Act (FAA) bars the party from arising alleged invalidity of an award as a defense in opposition to a motion to confirm the award. There is no equitable tolling or discovery rule exception to the three-month limitation. The Fifth Circuit applies a three-prong test to determine whether an arbitral award was procured by fraud. To show an award was procured by fraud: (1) a party must establish the fraud by clear and convincing evidence; (2) the fraud must not have been discoverable upon the exercise of due diligence before or during the arbitration; and (3) a party must show that the fraud materially related to an issue in the arbitration. Where the arbitrator “rests its decision on grounds clearly independent of issues connected to the alleged fraud, the statutory basis for vacatur is absent.”

Caplan v. Bogota Savings Bank, No. 4:23-CV-00649-SDJ-BD, 2025 WL 1554781 (E.D. Tex. May 28, 2025). Dismissed for lack of subject matter jurisdiction. Plaintiffs sought confirmation of an

award issued through “Stratford Arbitration & Mediation Corp.” Defendant argued that the “arbitration was a sham.” The arbitration followed a “Notice of Fair Warning” with plaintiffs arguing that the “failure to properly respond to the notice created a valid agreement to arbitrate.” The parties were found to not satisfy the diversity of citizenship requirement, and a federal question was lacking because “underlying federal questions do not support jurisdiction to decide an action for enforcement of the arbitration.”

McClairne v. TitleMax of Tex., Inc., No. 4:22-CV-03334, 2025 WL 1311356 (S.D. Tex. May 5, 2025). Award confirmed. Pro se claimant did not appear or provide evidence at the hearings. Claimant’s claims were denied, and respondent’s counterclaim was granted along with an award of fees and costs. The arbitrator conducted the proceedings in accordance with the parties’ agreement and applicable law, and issued a thorough, reasoned decision.