

What is a 'Reasoned Award' in International Arbitration'

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A final award is the culmination and determinative conclusion of an international arbitration. The U.S. Federal Arbitration Act (the “FAA”), however, does not dictate the form that an arbitration award should take. In this absence of statutory guidance, U.S. federal courts have determined that the default position is that arbitrators need not give reasons for their awards. The FAA, and resulting jurisprudence, stands in contrast to arbitral laws of more recent vintage. For example, the UNCITRAL Model Law and the English Arbitration Act of 1996 are explicit in requiring that arbitration awards provide reasons. Likewise, many international institutions have included in their rules a default position that arbitrators provide reasons for their awards. But what is a reasoned award? And why does the meaning of “reasoned award” matter in a U.S. court?

What is a Reasoned Award?

The term “reasoned award” is not defined in the FAA, and articulating a satisfactory description of the required elements of a reasoned award has been an elusive task. U.S. courts have recognized some surprisingly minimal awards as “reasoned” while, in the name of producing a reasoned award, arbitrators sometimes write many hundreds of pages examining in excruciating detail the parties, their dispute, and the arbitrators’ analysis and decision. The esteemed English jurist, then-Lord Justice Thomas Bingham, explained his view that a reasoned award should contain:

1. A recital of formal and not so formal matters such as the particulars of the contract from which the dispute arose, the arbitration agreement, that the dispute falls within the arbitration agreement, the manner in which the arbitrators were appointed, and the manner of presentation of the evidence; and
2. The substantive portion of the award explaining what, in the arbitrators’ view of the evidence, did or did not happen and explaining succinctly why, in the light of what happened, the arbitrators have reached their decision and what the decision is.

U.S. federal courts’ expectations of the contents of a reasoned award seem to be less demanding. Recognizing the lack of a formal definition for “reasoned award,” courts have conceived a reasoned award as one point on a continuum of detail between the extremes of a “standard award” and “findings of fact and conclusions of law.” A standard award requires the least explanation, and simply announces a result without more. “Findings of fact and conclusions of law” require the most explanation and are subject to the exacting standard applied in the U.S. federal court system. The Eleventh Circuit described this continuum as a “spectrum of increasingly reasoned awards.” Acknowledging this continuum of detail, the Fifth Circuit explained that a “reasoned award is something short of findings and conclusions, but more than a simple result.” ...

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