

SUPREME COURT OF VIRGINIA

SIGNAL Corp. v. Keane Federal Systems, Inc., 265 Va. 38

574 S.E.2d 253 (2003) · No. Record No. 020339 · Decided January 10, 2003

SUMMARY

The Supreme Court of Virginia reviewed a circuit court judgment confirming an arbitration award arising from the termination of a subcontract. The court held that the arbitrators did not exceed their powers because the subcontract broadly authorized arbitration of disputes related to the parties' rights and obligations, including civil conspiracy claims. It also declined to apply a manifest-disregard-of-the-law standard and held that an argument for modifying or correcting the award was procedurally barred.

CASE DETAILS

COURT	Supreme Court of Virginia
WRITING FOR THE COURT	Leroy R. Hassell, Sr.
JURISDICTION	Virginia
DECIDED	January 10, 2003
DOCKET	Record No. 020339
DISPOSITION	affirmed
PROCEDURAL POSTURE	SIGNAL appealed from a circuit-court judgment confirming an arbitration award and denying its application to vacate the award, or alternatively to modify or correct it.
STANDARD OF REVIEW	Review of an arbitration award is limited to the specific statutory criteria in Virginia's Uniform Arbitration Act; the court may not review the merits of the arbitrators' decision when the dispute falls within the scope of the arbitration agreement.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	SIGNAL Corporation v. Keane Federal Systems, Inc.

TOPICS

- arbitration
- contracts
- commercial litigation
- government contracts
- civil procedure

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the arbitrators exceeded their powers by allegedly applying the wrong contractual standard and rewriting the subcontract's termination and option provisions.
2. Whether the arbitrators exceeded their powers or manifestly disregarded Virginia law by awarding treble damages on the civil-conspiracy claim.
3. Whether the arbitration award should have been modified or corrected for evident miscalculations or mistakes in the description of damages.
4. Whether SIGNAL could raise on appeal arguments that were not presented to the circuit court or assigned as error.

HOLDINGS

1. The arbitrators did not exceed their powers because the subcontract broadly authorized them to resolve any dispute arising under or related to the subcontract concerning the parties' rights, duties, or obligations. Courts therefore may not review the merits or correctness of the arbitrators' contractual analysis.
2. The arbitrators did not exceed their powers by adjudicating the civil-conspiracy claim or awarding treble damages, and Virginia courts will not adopt manifest disregard of the law as an additional ground for vacating an arbitration award.
3. SIGNAL could not obtain appellate relief based on alleged evident miscalculations or mistakes because it did not raise that argument in the circuit court.
4. The court would not consider SIGNAL's contention that the award was arbitrary and irrational because the argument was not the subject of an assignment of error.

KEY QUOTATIONS

"The issue before this Court is not whether the arbitrators' conclusions were legally correct, but rather, whether the arbitrators had the power to resolve the parties' contractual claims." (257)

"Therefore, neither the circuit court nor this Court may review the merits of the arbitrators' decision." (257)

"Conspicuously missing from this statute is a provision that permits a court to vacate a judicial award when the arbitration panel has exhibited a 'manifest disregard of the law.'" (258)

FACTUAL BACKGROUND

SIGNAL held a Federal Highway Administration prime contract and subcontracted information-technology services to ANSTEC, later acquired by Keane Federal Systems. After repeated untimely invoice submissions, SIGNAL notified Keane that it would terminate the subcontract for default. Before termination, SIGNAL allegedly solicited and hired 22 Keane employees, offering them job assignments, bonuses, compensation

increases, and other benefits. Keane pursued arbitration for breach of contract and civil conspiracy, and the panel awarded treble damages and attorney's fees.

PROCEDURAL HISTORY

Keane Federal Systems initiated binding arbitration against SIGNAL for breach of subcontract and civil conspiracy. The arbitration panel found that SIGNAL breached the subcontract, found by majority vote that SIGNAL violated Virginia's civil-conspiracy statutes, and awarded treble damages and attorney's fees. SIGNAL sought to vacate, modify, or correct the award in circuit court, but the court confirmed the award; the Supreme Court of Virginia affirmed.

DISPOSITION

affirmed

CASES CITED

- Trustees of Asbury United Methodist Church v. Taylor & Parrish, Inc., 249 Va. 144, 153-54, 452 S.E.2d 847, 852-53 (1995)
- Gordon Sel-Way, Inc. v. Spence Bros., Inc., 438 Mich. 488, 475 N.W.2d 704, 710 (1991)
- Halifax Corp. v. First Union National Bank, 262 Va. 91, 99-100, 546 S.E.2d 696, 702 (2001)
- Watkins v. Hall, 161 Va. 924, 930, 172 S.E. 445, 447 (1934)
- Haislip v. Southern Heritage Insurance Co., 254 Va. 265, 268, 492 S.E.2d 135, 137 (1997)
- Weinberg v. Given, 252 Va. 221, 225, 476 S.E.2d 502, 504 (1996)
- Turner v. Wexler, 244 Va. 124, 127, 418 S.E.2d 886, 887 (1992)
- Grillo v. Montebello Condominium Unit Owners Association, 243 Va. 475, 477, 416 S.E.2d 444, 445 (1992)
- Barr v. Town & Country Properties, Inc., 240 Va. 292, 295, 396 S.E.2d 672, 674 (1990)