UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Bartlit Beck, LLP v. Kazuo Okada

No. 21-1633, United States Court of Appeals for the Seventh Circuit (February 8, 2022)

SUMMARY

The Seventh Circuit affirmed confirmation of a $54.6 million arbitration award in favor of a law firm, rejecting the client's challenge that he was denied a fundamentally fair proceeding. The court held that the arbitrators acted reasonably under the Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the FAA when they proceeded by default after the client voluntarily refused to participate, cancelled witnesses, and never requested a continuance or offered evidence. Judicial review of arbitration awards is tightly limited, and a party who unilaterally abandons the process cannot later claim unfairness.

CASE DETAILS

COURT	United States Court of Appeals for the Seventh Circuit
WRITING FOR THE COURT	Wood; MANION; ROVNER; WOOD
JURISDICTION	Federal
DECIDED	February 8, 2022
DOCKET	21-1633
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from the United States District Court for the Northern District of Illinois, Eastern Division, No. 19-cv-08508, John F. Kness, Judge, confirming an arbitration award.
STANDARD OF REVIEW	We review a district court's decision confirming an arbitration award under ordinary standards: accepting findings of fact that are not clearly erroneous and deciding questions of law de novo. On procedural and evidentiary matters, federal courts defer to arbitrators' decisions so long as those decisions are reasonable.
PRECEDENTIAL VALUE	Published
PARTIES	Kazuo Okada v. Bartlit Beck LLP

TOPICS

arbitration · attorney fees · standard of review · appellate procedure · civil procedure

PRACTICE AREAS

Arbitration Attorneys' Fees

QUESTIONS PRESENTED

1. Whether the district court erred when it concluded that the Panel did not deny Okada a fundamentally fair proceeding.

HOLDINGS

1. The district court did not err; the Panel had a reasonable basis for proceeding without Okada, and Okada was not denied fundamental fairness.

KEY QUOTATIONS

> *"Judicial review of arbitration awards is tightly limited. Confirmation is usually routine or summary, and a court will set aside an arbitration award only in very unusual circumstances."* (at 4)

> *"parties that have chosen to remedy their disputes through arbitration rather than litigation should not expect the same procedures they would find in the judicial arena."* (at 4)

> *"Put plainly, Okada took himself out of the race. He cannot now complain that he was unfairly deprived of the chance to win."* (at 11)

FACTUAL BACKGROUND

Okada hired Bartlit Beck to represent him in a lawsuit against Wynn Resorts. The engagement agreement included an arbitration clause. After the lawsuit settled for $2.6 billion, Okada refused to pay the $50 million contingent fee. Bartlit Beck initiated arbitration. Okada participated for over a year but, less than 72 hours before the evidentiary hearing, he informed the arbitrators he would not attend. He initially gave no reason, then said he rejected the validity of the engagement agreement, and later added that he was unable to travel from Japan to Chicago for undisclosed medical reasons. He canceled all witnesses and services. The Panel held him in default under CPR Rule 16 and proceeded based only on Bartlit Beck's written submissions. The Panel entered a Final Award of $54.6 million.

PROCEDURAL HISTORY

The case originated as a lawsuit between Okada and Wynn Resorts. After settlement, a fee dispute arose, leading to arbitration. The arbitral panel entered a final award in favor of Bartlit Beck. Bartlit Beck petitioned to confirm the award; Okada moved to vacate. The district court confirmed the award, and Okada appealed.

DISPOSITION

affirmed

CASES CITED

- Standard Sec. Life Ins. Co. of N.Y. v. FCE Benefit Adm'rs, Inc., 967 F.3d 667 (7th Cir. 2020)

- Laws v. Morgan Stanley Dean Witter, 452 F.3d 398 (5th Cir. 2006)
- El Dorado Sch. Dist. No. 15 v. Cont'l Cas. Co., 247 F.3d 843 (8th Cir. 2001)
- Generica Ltd. v. Pharm. Basics, Inc., 125 F.3d 1123 (7th Cir. 1997)
- Pine Top Receivables of Ill., LLC v. Banco de Seguros del Estado, 771 F.3d 980 (7th Cir. 2014)
- Slaney v. Int'l Amateur Athletic Fed'n, 244 F.3d 580 (7th Cir. 2001)
- Mical v. Glick, 581 F. App'x 568 (7th Cir. 2014)
- Interface Sec. Sys., L.L.C. v. Edwards, No. 03-4054, 2006 WL 8444029 (C.D. Ill. Mar. 30, 2006)
- Zeiler v. Deitsch, 500 F.3d 157 (2d Cir. 2007)
- Johnson Controls, Inc. v. Edman Controls, Inc., 712 F.3d 1021 (7th Cir. 2013)
- Tempo Shain Corp. v. Bertek, Inc., 120 F.3d 16 (2d Cir. 1997)
- Scott v. Prudential Sec., Inc., 141 F.3d 1007 (11th Cir. 1998)
- Bisnoff v. King, 154 F. Supp. 2d 630 (S.D.N.Y. 2001)