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SNDY Clears the Air, Finds Arbitrators Applied UAE Law in Determining Award in Aircraft Lease Agreement Dispute

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Cessna Finance Corp. entered into contracts with Al Ghaith Holding Co. PJSC for purposes of guaranteeing aircraft lease agreements. Cessna filed a request for arbitration against Al Ghaith seeking payment under the guaranty agreements. Al Ghaith argued that the guaranty agreements were unenforceable because the vice president who signed the agreement did not have authority to do so. The arbitrators issued an award in favor of Cessna holding the guarantee agreements were valid under both Kansas and Dubai law. Cessna moved to confirm the award. The U.S. District Court for the Southern District of New York confirmed the award.

The court explained that arbitration awards will only be vacated under limited circumstances, one being “manifest disregard” of the law. An award will be in “manifest disregard” of the law where: (1) the arbitrators knew of a governing legal principle yet refused to apply it or ignored it; and (2) the law ignored by the arbitrators was well-defined, explicit, and clearly applicable to the case. Al Ghaith argued that the award was in violation of a UAE law. However, the court explained that the arbitrators explicitly applied UAE law in confirming the award, and Al Ghaith did not meet its heavy burden to demonstrate the arbitrators acted in “manifest disregard” of the law.

[*Cessna Finance Corp. v. Al Ghaith Holding Co. PJSC*](#), No. 1:15-cv-09857 (S.D.N.Y. May 7, 2019)

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