

PUBLICATION

U.S. Fifth Circuit Firmly Shuts Courthouse Doors on Petitions to Vacate Arbitration Awards for 'Manifest Disregard of the Law'

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The U.S. Court of Appeals for the Fifth Circuit in *United States Trinity Energy Services, L.L.C. v. Southeast Directional Drilling, L.L.C.*, 135 F.4th 303 (5th Cir. 2025) ruled that "manifest disregard of the law" is not a ground to vacate an arbitration award, delivering a message that it will not expand judicial review beyond the narrow confines of the Federal Arbitration Act.

The case arose from a dispute between United States Trinity Energy Services, L.L.C. (Trinity) and Southeast Directional Drilling, L.L.C. (Southeast Drilling) over responsibility for stand-by-costs on a natural gas pipeline project. The parties agreed to submit the dispute to arbitration, and a three-arbitrator panel awarded Southeast Drilling \$1,662,000 in stand-by-costs against Trinity. Trinity challenged the award in the U.S. District Court for the Northern District of Texas, petitioning the court to vacate the award because the panel acted in "manifest disregard of the law." Southeast Drilling filed a cross-motion to confirm.

The district court denied Trinity's petition and confirmed the award. Trinity appealed to the Fifth Circuit, contending that manifest disregard of the law was a valid basis to vacate "as an independent ground for review or as a judicial gloss on the enumerated grounds for vacatur set forth at 9 U.S.C. § 10."

The Fifth Circuit flatly rejected both arguments. It found that the Federal Arbitration Act, 9 U.S.C. § 10(a), provides the exclusive means for vacating an arbitration award and that "manifest disregard of the law" is not among them. The court criticized what it considered Trinity's attempt to subterfuge "manifest disregard of the law" as a statutory ground under § 10(a)(4) — "where the arbitrators exceeded their powers, or so imperfectly executed them that a mutual, final, and definite award upon the subject matter submitted was not made."

The Fifth Circuit noted it "has never held that 'manifest disregard of the law' is a basis to establish that arbitrators 'exceeded their powers' under § 10(a)(4)" and deemed any expansion of § 10(a)(4) "inappropriate give the limited but express grounds for vacatur outlined by Congress in § 10(a) of the FAA" and the Fifth and other circuits' prevailing "unfavorable treatment of 'manifest disregard of the law' as a viable basis for relief." The court emphasized the heavy burden required to vacate an arbitration award and that its inquiry is "whether the arbitrators construed the contract at all" and not "whether they construed it correctly" — the latter of which would substitute a court's judgment in place of the panel's. Using that standard, the court noted that the Trinity panel thoroughly analyzed the contract, devoting pages of its final award to the contract's interpretation.

The Fifth Circuit's Trinity decision sends a strong message: parties who agree to arbitration must be prepared to accept the outcome, even if they disagree with the legal reasoning.

If you have any questions about this decision, please reach out to [Mark W. Frilot](#), [Kristen Lewis Hayes](#), or any member of Baker Donelson's [Construction Group](#).