

CLIENT ALERT

Court Upholds AAA Injunction Based on Implied-in-Fact Contract

August 24, 2018

On July 30, the U.S. District Court for the Northern District of Texas issued a decision in *Air Center Helicopters Inc. v. Starlite Investments Ireland Ltd et al.* (Case No. 18-599), upholding a temporary injunction issued by the American Arbitration Association that granted Defendant Starlite Aviation Group (a C&M client) the right to continue performing helicopter services in support of U.S. military operations in Afghanistan. In seeking to vacate the AAA's Injunction Order, Plaintiff argued that the arbitrator exceeded his powers by granting Defendant relief under an implied-in-fact contract theory, and contemporaneously sought a preliminary injunction preventing Defendant from enforcing the AAA Injunction Order (which the parties briefed on an expedited basis). The Court rejected Plaintiff's arguments and denied both motions, holding that (i) "[Plaintiff] cannot show a likelihood of success on the merits regarding its petition," such that "[Plaintiff]'s motion for preliminary injunction must necessarily be denied;" (ii) Plaintiff had "not met its high burden to show that the arbitrator imperfectly executed or exceeded his powers" in the AAA Injunction Order, and thus Plaintiff was not entitled to vacatur. The Court noted that its rulings were subject to a later determination as to whether the Court had jurisdiction to review the AAA Injunction Order.

On August 15, the Court ruled that "it did have jurisdiction to deny Plaintiff's motions to vacate and for preliminary injunction," and granted Defendant's cross motion to confirm the AAA Injunction Order, reinforcing Defendant's right to perform under its implied-in-fact contract.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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