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3 IN THE UNITED STATES DISTRICT COURT
4 FOR THE NORTHERN DISTRICT OF CALIFORNIA
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6 NEW UNITED MOTOR
7 MANUFACTURING, INC.,

NO. C 08-0976 TEH

8 Movant/Petitioner,

ORDER DENYING
MOTION FOR ATTORNEYS'
FEES AND EXPENSES

9 v.

10 UNITED AUTO WORKERS
11 LOCAL 2244,

Respondent.
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14 This matter is before the Court on Respondent's Motion for Attorneys' Fees and
15 Expenses. A hearing is currently scheduled for this motion on December 1, 2008. UAW
16 Local 2244 seeks attorneys' fees and expenses, asserting that NUMMI acted in bad faith in
17 pursuing its petition to vacate arbitration awards.

18 Having carefully reviewed the parties' written submissions pursuant to this motion,
19 the Court has concluded that a hearing is unnecessary. Accordingly, the scheduled hearing is
20 VACATED. For the reasons discussed below, Respondent's motion is DENIED.
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22 **FACTUAL AND PROCEDURAL BACKGROUND**

23 As this Court's order of June 19, 2008 related in detail the facts in this matter, an
24 exhaustive review is not necessary here. In brief, New United Motor Manufacturing, Inc.
25 ("NUMMI"), implemented a new policy, which the United Auto Workers ("UAW" or
26 "Union") challenged by filing a grievance under the dispute resolution process of the parties'
27 collective bargaining agreement. After a bifurcated arbitration on the merits of two issues,
28 both of which were resolved for the Union, the arbitrator declined jurisdiction over the final

1 issue of remedy. The Union initiated the selection of a new mediator. NUMMI filed a
2 petition to vacate both awards issued by the arbitrator. In its order of June 19, 2008, this
3 Court denied NUMMI's petition to vacate the awards, and confirmed the awards made by the
4 arbitrator. The UAW subsequently filed for attorneys' fees and expenses, stating that
5 NUMMI acted in bad faith by "[r]aising meritless, inconsistent, and contradictory
6 arguments" in its petition to vacate the arbitrator's awards.

8 **LEGAL STANDARD**

9 The imposition of attorneys' fees is a punitive action that a court can impose "only in
10 exceptional cases and for dominating reasons of justice." To prevail on a motion for
11 attorneys' fees, the moving party must prove that the other party has "acted in bad faith,
12 vexatiously, wantonly, or for oppressive reasons." *Int'l Union of Petroleum and Indus.*
13 *Workers v. W. Indus. Maint., Inc.*, 707 F.2d 425, 428 (9th Cir. 1983) (quoting *Alyeska*
14 *Pipeline Serv. Co. v. Wilderness Soc'y*, 421 U.S. 240, 258-59 (1975) (hereinafter "*IUPIW*").
15 "[A]n unjustified refusal to abide by an arbitrator's award may equate an act taken in bad
16 faith, vexatiously or for oppressive reasons" and therefore "constitutes a basis for an award
17 of attorneys' fees." *IUPIW*, 707 F.2d at 428, 430. A "defendant's obstinacy in granting a
18 plaintiff his clear legal rights" that requires "resort to legal action with all the expense and
19 delay entailed in litigation" may also demonstrate bad faith. *Id.* at 428. In such
20 circumstances, awarding attorneys' fees serves the dual purposes of deterrence and
21 compensation. In the context of labor arbitration, an award of attorneys' fees can deter
22 parties from unjustifiable refusal to abide by an arbitrator's award, which can threaten the
23 policy goal of industrial stability. *See id.*

25 **DISCUSSION**

26 Respondents urge the Court to conclude that NUMMI pursued this petition in bad
27 faith, thereby warranting the imposition of attorneys' fees and expenses. In *International*
28 *Union of Petroleum and Industrial Workers*, the District Court found that the company

1 “without justification refused to abide by the Award of [the] Arbitrator” when it ignored a
2 clear remedy ordered by the arbitrator, forcing the union in that case to initiate litigation in
3 order to enforce its remedy. *Id.* at 428, 429.

4 On the contrary, there is no basis for such a finding in this matter. Prior to the entry of
5 a remedy, NUMMI filed a petition asserting its legal interpretation of the FAA. Instead of
6 simply ignoring the arbitrator’s decision, as occurred in the precedent case, NUMMI sought
7 judicial clarification of its interpretation of the controlling law. Furthermore, the record
8 offered a logical basis for the maintenance of the legal position that NUMMI assumed in its
9 petition. Obviously the Court concluded this position was ultimately meritless. However,
10 nothing in the record suggests that NUMMI’s behavior rises to the level of “an unjustified
11 refusal to abide by an arbitrator’s award.” *Id.* As a result, the Union has failed to
12 demonstrate that NUMMI acted in bad faith.

13 For these reasons, Respondent’s motion is DENIED. The hearing scheduled for
14 December 1, 2008, on this matter is VACATED.

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16 **IT IS SO ORDERED.**

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18 Dated: November 25, 2008



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20 THELTON E. HENDERSON, JUDGE
21 UNITED STATES DISTRICT COURT
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