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1 of an employee, the suspension of a union employee implying lost income no greater than \$900.00,
2 or an interpretation of the collective bargaining agreement less than \$900.00 per complaint[.]” Id.
3 at 16. Section 11 creates a two-step procedure for resolving small claims: first, the employee raises
4 the grievance with the Human Resources department, then, the employee and employer present brief
5 oral arguments to a small claims arbitrator. Id. Then, the arbitrator “shall, as soon as possible, enter
6 a brief, written, judgment for the Company or the Union.” Id. “The arbitrator’s decision in small
7 claims shall be final and binding for both Parties. It may not be appealed or used as a precedent for
8 future claims, arbitrations or litigations.” Id. at 17.

9 The Union filed three small claims complaints as a representative for employee Manual
10 Rivera Sierra. Id. at 6. The three claims involved Mr. Rivera Sierra’s lost income, a two-day
11 suspension, and a vacation scheduling dispute. Id. The parties agree the complaints were arbitrable
12 as small claims. Id. at 6-7. An arbitration was held on February 26, 2016. Id. at 7. Following the
13 hearing, the arbitrator issued three awards in favor of Cadillac, determining the three complaints
14 were “not procedurally arbitrable.” Id. at 20-22.

15 Unsatisfied, the Union filed a petition to vacate the arbitration awards in the San Juan Court
16 of First Instance on March 28, 2016. (Docket No. 8-1.) On April 22, 2016, Cadillac removed the
17 case to federal court pursuant to 28 U.S.C. § 1441(a) and Section 301 of the Labor Management
18 Relations Act (“LMRA”), 29 U.S.C. § 185(a). Cadillac subsequently moved to dismiss for failure to
19 state a claim under Rule 12(b)(6). (Docket No. 17.) The Union responded in opposition, and
20 Cadillac replied. (Docket Nos. 18, 21.)

21 **II. Standard of Review**

22 Rule 12(b)(6) provides that a defendant may move to dismiss an action for failure to state a
23 claim upon which relief can be granted. FED. R. CIV. P. 12(b)(6). To survive a Rule 12(b)(6) motion,
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1 a complaint must contain sufficient factual matter “to state a claim to relief that is plausible on its
2 face.” Bell Atl. Corp. v. Twombly, 550 U.S. 544, 570 (2007). This requires determining whether
3 the complaint alleges enough facts to “raise a right to relief above the speculative level.” Id. at 555.
4 The court accepts all well-pleaded facts and draws all reasonable inferences in plaintiff’s favor.
5 Parker v. Hurley, 514 F.3d 87, 90 (1st Cir. 2008). However, “the tenet that a court must accept as
6 true all of the allegations contained in a complaint is inapplicable to legal conclusions.” Ashcroft v.
7 Iqbal, 556 U.S. 662, 678 (2009). “Threadbare recitals of the elements of a cause of action, supported
8 by mere conclusory statements, do not suffice.” Id. (citing Twombly, 550 U.S. at 555). “The make-
9 or-break standard . . . is that the combined allegations, taken as true, must state a plausible, [but] not
10 a merely conceivable, case for relief.” Sepulveda-Villarini v. Dep’t of Educ. of P.R., 628 F.3d 25,
11 29 (1st Cir. 2010); see also Soto-Torres v. Fraticelli, 654 F.3d 153, 159 (1st Cir. 2011).

12 **III. Discussion**

13 The small claims arbitrator determined the Union’s three claims were “not procedurally
14 arbitrable.” (Docket No. 8-1, at 20-22.) The Union seeks to vacate the award for two reasons: first,
15 because Cadillac waived the “not procedurally arbitrable” defense, and second, because the
16 arbitrator failed to provide the “brief, written judgment” required by the CBA. Cadillac moves to
17 dismiss, arguing that the small claims procedure is not appealable under the CBA, and even if the
18 small claims procedure were appealable, the facts alleged in the petition are insufficient grounds to
19 vacate the award. (Docket No. 17, at 6-9.) Cadillac also seeks to recover attorney’s fees and costs.

20 **A. Arbitrability**

21 This case arises under section 301 of the LMRA, 29 U.S.C. § 185. In section 301 cases,
22 courts have long embraced the “presumption of arbitrability” applicable to disputes subject to an
23 arbitration clause. AT&T Techs., Inc. v. Commc’ns Workers of Am., 475 U.S. 643, 650 (1986);

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1 United Steelworkers of Am. v. Warrior & Gulf Nav. Co., 363 U.S. 574, 582-82 (1960). Accordingly,
2 district court review of an arbitration award is “one of the narrowest standards of judicial review in
3 all of American jurisprudence.” UMass Mem’l Med. Ctr. Inc. v. United Food and Commercial
4 Workers Union, Local 1445, 527 F.3d 1, 4 (1st Cir. 2008) (citation omitted).

5 The arbitrator’s result is subject to judicial review—not her reasoning. Coastal Oil of New
6 England, Inc. v. Teamsters Local, 134 F.3d 466, 469 (1st Cir.1998) (“[A] court should uphold an
7 award that depends on the arbitrator's interpretation of a collective bargaining agreement if it can
8 find, within the four corners of the agreement, any plausible basis for that interpretation.” (quoting
9 El Dorado Tech. Servs., Inc. v. Union Gen. De Trabajadores de P.R., 961 F.2d 317, 319 (1st Cir.
10 1992)) (internal quotation marks omitted)). Thus, even an arbitrator’s erroneous reasoning will not
11 necessarily lead to vacating the award. UMass Mem’l, 527 F.3d at 5.

12 Although arbitral awards are “nearly impervious to judicial oversight,” Teamsters Local
13 Union No. 42 v. Supervalu, Inc., 212 F.3d 59, 61 (1st Cir. 2000), there are a few limited exception
14 where a court will overturn an arbitral award. UMass Mem’l, 527 F.3d at 5. A court may exercise
15 its inherent power to vacate an arbitral award when the arbitrator gets the law wrong, either because
16 (1) the award contravenes the CBA’s plain language, or (2) the arbitrator disregards applicable law.
17 Id. at 6 (citing Cytyc Corp. v. DEKA Prods. Ltd. P’ship, 439 F.3d 27, 32 (1st Cir. 2006)).¹
18 Additionally, a court can overturn an award that is either “(1) unfounded in reason and fact; (2) based
19 on reasoning so palpably faulty that no judge, or group of judges, ever could conceivably have made
20 such a ruling; or (3) mistakenly based on a crucial assumption that is concededly a non-fact.” UMass
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23 ¹ Section 10(a) of the Federal Arbitration Act (“FAA”) also provides grounds for vacating an award—
24 such as arbitrator misconduct or excess of arbitral power—but those exceptions are inapplicable here because the
Union does not allege misconduct or excess of power by the arbitrator. See 9 U.S.C. § 10(a).

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1 Mem'l, 527 F.3d at 4 (quoting Cytec Corp., 439 F.3d at 34). The Union’s arguments do not mention,
2 let alone satisfy, these narrow exceptions.

3 First, the Union argues that the arbitrator erred by concluding the claims were “not
4 procedurally arbitrable.” (Docket No. 18 at 5-8.) The Union claims this was in error because
5 Cadillac waived the defense of procedural arbitrability. Id. Applicable federal law contravenes the
6 Union’s argument. “Issues of procedural arbitrability are for the arbitrator, not the court, to decide.”
7 UMass Mem'l, 527 F.3d at 5. The CBA does not support for the Union’s argument either. Section
8 11’s small claims procedure says nothing about waiver of defenses. (Docket No. 8-1, at 15-17.)
9 Accordingly, this argument fails.

10 Second, the Union argues the arbitrator failed to provide the brief, written judgment, as
11 required by the CBA. (Docket No. 18 at 9.) The record contradicts this argument. Attached to the
12 Union’s petition are three documents—each titled “Settlement of Small Claim”—which explain the
13 basis of the judgment: each claim was “not procedurally arbitrable.” (Docket No. 8-1 at 20-22.)
14 Although the Union may desire a more detailed explanation, the CBA does not require detail. The
15 CBA requires only a “brief, written judgment.” This argument fails as well.

16 **B. Attorney’s Fees**

17 Cadillac seeks attorney’s fees and costs resulting from this litigation. (Docket No 17 at 9-11.)
18 Under the traditional American rule, litigants bears their own costs. Alyeska Pipeline Serv. Co. v.
19 Wilderness Soc’y, 421 U.S. 240, 257 (1974). However, a prevailing party may be awarded
20 attorney’s fees when the losing party “acted in bad faith, vexatiously, or for oppressive reasons.” Id.
21 at 258-59 (citation omitted). Vexatious litigation is frivolous, unreasonable, or without foundation,
22 even if the litigation is not the product of bad faith. Local 285, Serv. Emps. Intern. Union, AFL-
23 CIO v. Nonotuck Res. Assoc., Inc., 64 F.3d 735, 737 (1st Cir. 1995) (citations omitted).

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1 As explained above, the Union’s claims are entirely meritless. The facts, as alleged in the
2 Union’s petition, contradict the arguments against dismissal. For example, the Union attached the
3 written arbitral judgments to its petition, yet somehow argues that the lack of any such written
4 judgment requires vacating the award. (Compare Docket No. 8-1 at 20-22 with Docket No. 18 at
5 9.) The law does not support the Union’s petition either.² Though the Union’s petition hinges on
6 procedural arbitrability, it ignores the basic proposition that “issues of procedural arbitrability are
7 for the arbitrator to decide.” John Wiley & Sons v. Livingston, 376 U.S. 543, 557 (1964); Local
8 285, 64 F.3d at 739; UMass, 527 F.3d at 5.

9 Moreover, the Union ignores the text CBA’s provision barring small claims appeals: “The
10 arbitrator’s decision in small claims shall be final and binding for both Parties. It may not be
11 appealed or used as a precedent for future claims, arbitrations or litigation.” (Docket No. 8-1 at 17.)
12 Finally, when confronted with the request for attorney’s fees, the Union doubled-down, reiterating
13 its conclusory position that the petition is “not baseless nor frivolous.” (Docket No. 18 at 10.)

14 Altogether, it seems the Union filed this petition either without conducting adequate
15 preliminary legal research, or in an effort to punish Cadillac by imposing additional post-arbitration
16 legal fees. The former is vexatious because the petition lacks foundation; the latter is an oppressive
17 reason for filing suit. See FED. R. CIV. P. 11(b) (by filing a pleading, an attorney certifies its contents
18 are not “presented for an improper purpose,” that factual claims have “evidentiary support,” and that
19 legal claims are “warranted by existing law or by a nonfrivolous argument” to change the law).
20 Either way, the Court finds—in its discretion—that an award of attorney’s fees and costs in favor of
21 Cadillac is appropriate.

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24 ² The petition and the Union’s opposition dismissal cite a handful of Puerto Rico Supreme Court cases,
but never indicate why Puerto Rico law, rather than federal law, should apply to this labor arbitration dispute.

1 **IV. Conclusion**

2 For the reasons set forth above, Respondent's motions to dismiss failure to state a claim at
3 Docket No. 17 is hereby **GRANTED**. Respondent's motion for attorney's fees and costs is
4 **GRANTED**. Respondent shall file proof of attorney's fees costs arising from this litigation for the
5 Court's review on or before **July 26, 2017**.

6 **SO ORDERED.**

7 In San Juan, Puerto Rico, on this 5th day of July, 2017.

8 *s/ Gustavo A. Gelpí*
9 GUSTAVO A. GELPI
United States District Judge

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