

SUMMARY STATEMENT

Khalsa v. Ridnour

Docket No. 52009

This appeal concerns a district court's denial of a motion to vacate an arbitration award. Leon Khalsa ("Khalsa") and Donna Ridnour ("Ridnour") are neighbors with a contentious history involving access rights to Priest Lake and the surrounding beach area located in Bonner County, Idaho. After a dispute arose in 2019 regarding various easements affecting Khalsa's and Ridnour's properties, litigation ensued. The parties eventually entered into a Stipulated Agreement (the "Agreement"). The Agreement provided for mediation and arbitration "in the event a dispute arises between the parties relating to the use of the Joint Beach Property or in relation to the various rights, agreements, and easements established by th[e] Order. . . ."

After a dispute arose regarding rights and obligations under the Agreement, an eight-day arbitration occurred and the arbitrator largely found in Ridnour's favor. Khalsa filed a motion to vacate the arbitration award in the district court, arguing that the award did not comply with the Uniform Arbitration Act ("UAA") because (1) the arbitrator was biased against Khalsa and (2) the arbitrator exceeded his powers. *See* I.C. § 7-912(a)(2), (3). The district court denied Khalsa's motion and Khalsa timely appealed.

The Idaho Supreme Court affirmed the district court's denial of the motion to vacate and awarded attorney fees to Ridnour. The Court began by noting that trial courts may only vacate an arbitration award if a party establishes one of the grounds specified in Idaho Code section 7-912(a) of the UAA; an arbitration award may not be vacated due to erroneous legal or factual findings.

Addressing the statutory grounds, the Court first held that Khalsa failed to establish that the arbitrator acted with partiality. As the Court has stated many times, an undesirable outcome is not sufficient to prove bias—a party must support the claim with tangible evidence. Second, the Court held that the arbitrator's findings all fell within the scope of authority outlined in the Agreement. Under the UAA, arbitrators only exceed their authority when they consider an issue not submitted to them or go beyond the bounds of the contract between the parties. The Court concluded that all the arbitrator's findings of fact and conclusions of law remained within the scope of the broad authority given by the Agreement and did not extend beyond contract interpretation.

Finally, the Court awarded attorney fees on appeal to Ridnour as the prevailing party under Idaho Code section 12-121 and costs pursuant to Idaho Appellate Rule 40(a). The Court concluded that Khalsa pursued the appeal frivolously and without foundation by merely inviting the Court to second-guess the arbitrator's findings, which does not give him grounds under the UAA to overturn the arbitrator's award.

******This summary constitutes no part of the opinion of the Court, but has been prepared by court staff for the convenience of the public.******