

ReductoNox Corp. v Siemens Energy, Inc.

2025 NY Slip Op 32614(U)

July 11, 2025

Supreme Court, New York County

Docket Number: Index No. 659329/2024

Judge: Alexander M. Tisch

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**SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY**

PRESENT: HON. ALEXANDER M. TISCH PART 18

Justice

-----X INDEX NO. 659329/2024

REDUCTONOX CORP.,
Petitioner, MOTION DATE 11/26/2024,
01/24/2025

- v - MOTION SEQ. NO. 004 005

SIEMENS ENERGY, INC., DRESSER-RAND COMPANY
Respondents. **DECISION + ORDER ON MOTION**

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The following e-filed documents, listed by NYSCEF document number (Motion 004) 2, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 42, 63, 64, 65, 66, 67, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85

were read on this motion to/for VACATE - DECISION/ORDER/JUDGMENT/AWARD.

The following e-filed documents, listed by NYSCEF document number (Motion 005) 68, 69, 70, 71, 72, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99

were read on this motion to/for DISMISS.

According to the petition, petitioner ReductoNox Corp. is the assignee of Ener-Core, Inc. and Ener-Core Power, Inc. (together, EnerCore). Ener-Core entered into a Commercial and Manufacturing License Agreement with respondent Siemens Energy, Inc, so that Siemens could have exclusive use of Ener-Core’s Power Oxidizer technology. ReductoNox alleges it was fraudulently induced to enter into this agreement and that Siemens breached the agreement by using defective turbines. ReductoNox claims respondent Dresser-Rand Company (DresserRand), failed to provide adequate gas turbines for the project.

ReductoNox was formed by the holders of EnerCore’s secured notes, sued EnerCore for failure to pay the notes, received a judgment against EnerCore, and foreclosed on EnerCore’s assets, including its rights against respondents, finally purchasing the assets at auction.

ReductoNox demanded arbitration before the American Arbitration Association in June of 2023.

Hearings took place April 22-26, 2024. The AAA tribunal issued their award on August 29, 2024, deciding in favor of respondents.

Now, ReductoNox seeks to vacate the arbitration award and contends the AAA tribunal erred in making its decision. ReductoNox argues the decision disregarded contract law when it found the agreement provision requiring Siemens to provide “industrial gas turbine[s] type KG-2 3G externally fired suitable for connection to the E-C Power Oxidizer” was “far too vague” on which to grant breach of contract damages of \$59,000,000, and that ReductoNox had failed to show the provided turbine was unsuitable to attempt to use with the Power Oxidizer, when it should have considered whether the turbine was suitable to use with the product, not attempt to use it. ReductoNox argues the decision disregarded the law related to fraudulent inducement and puffery when it found Siemens’ statements that the turbines were workhorse machines and selling well were not fraudulent, when all they actually had was a prototype with limited functionality and no successful sales. ReductoNox also takes the position the tribunal ignored the law on damages, by finding ReductoNox could not seek damages from the failure of the project, as there was always risk the project would fail.

Respondents move to dismiss the petition on the grounds that the tribunal did not manifestly ignore the law, petitioner merely disagrees with the tribunal’s conclusions. This is effectively a cross-motion to affirm the arbitral award, rather than a motion to dismiss, and the Court will consider it as such (CPLR § 103[c]).

“It is a bedrock principle of arbitration law that the scope of judicial review of an arbitration proceeding is extremely limited. Indeed, [c]ourts are reluctant to disturb the decisions of arbitrators lest the value of this method of resolving controversies be undermined” (*Frankel v Sardis*, 76 AD3d 136, 139 [1st Dept 2010] [internal citations omitted]). “Therefore, the showing

required to avoid summary confirmation of an arbitration award is high, and a party moving to vacate the award has the burden of proof” (*U.S. Elecs., Inc. v Sirius Satellite Radio, Inc.*, 73 AD3d 497, 498 [1st Dept 2010]). Generally, arbitrators are “not bound by principles of substantive law or by rules of Evidence” but may “do justice as [they] see it, applying [their] own sense of law and equity to the facts and making an award reflecting the spirit rather than the letter of the agreement” (*Silverman v Benmor Coats, Inc.*, 61 NY2d 299, 308 [1984]). An award will stand, even if “the court concludes that [the arbitrators’] interpretation of the agreement misconstrues or disregards its plain meaning or misapplies substantive rules of law, unless it is violative of a strong public policy, or is totally irrational, or exceeds a specifically enumerated limitation on his power” (*id.* citing *Local Div. 1179, Amalgamated Tr. Union, AFL-CIO v Green Bus Lines, Inc.*, 50 NY2d 1007 [1980]; *Rochester City School Dist. v Rochester Teachers Assn.*, 41 NY2d 578, 582 [1977]).

The decision of the tribunal may be set aside if the determination was in manifest disregard of the law (*Wien & Malkin LLP v Helmsley-Spear, Inc.*, 6 NY3d 471, 475 [2006]). However, “an award must be upheld when the arbitrator offers even a barely colorable justification for the outcome reached. Indeed, [the New York State Court of Appeals has] stated time and again that an arbitrator’s award should not be vacated for errors of law and fact committed by the arbitrator and the courts should not assume the role of overseers to mold the award to conform to their sense of justice” (*Wien & Malkin LLP v Helmsley-Spear, Inc.*, 6 NY3d 471, 479-80 [2006]; see *Matter of Sprinzen [Nomberg]*, 46 NY2d 623, 629 [1979]; *Matter of New York State Correctional Officers & Police Benevolent Assn. v State of New York*, 94 NY2d 321, 326 [1999] [“A court cannot examine the merits of an arbitration award and substitute its judgment for that of the arbitrator simply because it believes its interpretation would be the better

one”]). Further, the burden lies on the petitioner “to establish grounds for vacatur by clear and convincing evidence” (*Long Beach Professional Firefighters Assn. v City of Long Beach*, 214 AD3d 735, 736-37 [2d Dept 2023]). Plaintiff has not done so here. The arbitral award will be affirmed.

Accordingly, it is hereby

ORDERED AND ADJUDGED that the motion to dismiss (Motion Sequence No. 005), interpreted as a motion to affirm the arbitral award, is hereby GRANTED and the arbitral award affirmed; and it is further

ORDERED AND ADJUDGED that the petition (Motion Sequence No. 004) is hereby DENIED and the Clerk is directed to enter judgment in favor of respondent dismissing this action, together with costs and disbursements to respondent, as taxed by the Clerk upon presentation of a bill of costs.

7/11/2025

DATE

ALEXANDER M. TISCH, J.S.C.

CHECK ONE:

CASE DISPOSED
GRANTED DENIED
SETTLE ORDER
INCLUDES TRANSFER/REASSIGN

NON-FINAL DISPOSITION
GRANTED IN PART
SUBMIT ORDER
FIDUCIARY APPOINTMENT

OTHER
REFERENCE