LEGAL INTELLIGENCE SERIES · JOYVIO V. QUIROGA

Annulment of a CAM *Award*

A shift in Chilean international commercial arbitration doctrine?

An analysis of the Santiago Court of Appeals' judgment of 24 June 2026 setting aside, in full, the arbitral award rendered in the Australis Seafoods share-purchase dispute (CAM Rol A-5.484-2023) — and why this divided, fact-bound decision should *not* be read as a shift in Chilean international commercial arbitration doctrine.

PREPARED BY	COURT	DATE
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CONTENTS

Table of Contents

This note examines a single Court of Appeals judgment on a petition to set aside an award under Law No. 19,971. It is offered as analysis, not as legal advice, and reflects the ruling as issued on 24 June 2026, including the dissenting opinion.

Executive *Summary*

I

2–1	34(2)(a)(iii)	In full
DIVIDED DECISION	SOLE GROUND UPHELD	AWARD SET ASIDE

What Happened

By a two-to-one vote, the Santiago Court of Appeals annulled the entire arbitral award that the CAM tribunal had rendered in the Australis Seafoods share-purchase dispute. The Court did not review the merits. It held that the tribunal decided a **different action** from the one the parties actually pleaded and debated — granting a partial restitution of the price (a *quanti minoris*-style price reduction) when the claimants had sought contractual **damages** for fraudulent breach of representations and warranties.

That mismatch engaged Article 34(2)(a)(iii) of Law No. 19,971: an award that decides matters exceeding the terms of the arbitration agreement.

Why It Should Not Be Over-Read

This is a **divided, fact-bound ruling** — not a new precedent or a change of course in Chilean international commercial arbitration. The majority took pains to reaffirm minimal judicial intervention; the vice it found was specific to *this* award's internal incoherence, and a dissenting Minister would have rejected the petition outright.

> THE CORE MESSAGE
>
> The award was undone not because a tribunal cannot reason its own way to a result, but because **this** tribunal rejected fraud — leaving every contract clause, including the liability cap, in force — yet still neutralized that cap by relabeling damages as restitution. The defect lies in the inconsistency, not in a broad new rule policing arbitral reasoning.

SECTION II

The Transaction *& the Dispute*

II

BACKGROUND

On **28 February 2019**, the Joyvio parties — Food Investment SpA, Joyvio Group Co. Ltd. and BJ Joyvio Zhencheng Co. Ltd. — acquired shares in **Australis Seafoods S.A.** under a Stock Purchase Agreement (the "SPA"), with share transfers completed on 1 July 2019. The sellers were the Quiroga-controlled entities: Inversiones ASF Ltda., Asesorías e Inversiones Benjamín S.A., Inversiones Arlequín Dos Ltda. and Inversiones Ruiseñor Dos Ltda.

Clause 4.2 of the SPA contained the sellers' **representations and warranties** — including compliance with environmental regulation and the sufficiency of permits to operate. The buyers later alleged those representations were knowingly false: that Australis was over-producing beyond its authorizations and that the sellers concealed the imminence of regulatory action.

THE ARBITRATION

Joyvio commenced arbitration before the Santiago Chamber of Commerce's Centre for Arbitration and Mediation (**CAM, Rol A-5.484-2023**) on 26 January 2023, under Law No. 19,971 on International Commercial Arbitration.

THE TWO CLAIMS — AS PLEADED

Principal: rescission of the SPA plus damages, on the basis of the sellers' *fraudulent* breach of the clause 4.2 warranties.

Subsidiary: a stand-alone action for *damages* (indemnización de perjuicios) for the same fraudulent breach.

WHY FRAUD MATTERED

Both claims were built on *dolo*. The reason was structural: SPA clause 8.2 capped the sellers' indemnity liability — a 5% threshold, a 12-month limitation period, and an exclusion for later changes in regulatory criteria. The buyers argued that a debtor's fraud strips it of the benefit of any limitation-of-liability clause, so proving *dolo* was the key that unlocked full recovery.

USD 920.1M	Price restitution sought on rescission (principal claim).
USD 620.5M	Alleged over-price on the subsidiary claim — real enterprise value put at USD 299M by the FK Economics report.
USD 330.1M	Claimed cost-of-opportunity of the over-price.

SECTION III

What the Tribunal *Actually Decided*

III

The Court's reasoning turns on a sequence inside the award itself. Read in order, the tribunal's own findings are what created the problem.

1

It rejected fraud — and kept every clause alive

At paragraph 293 the tribunal anticipated that there was **no fraudulent scheme** and the contract was not vitiated by *dolo*. Consequence: all SPA clauses remained in force, **including the indemnity cap**.

2

It rejected rescission — the principal claim fell

Because the principal claim rested on the sellers' fraudulent breach, and fraud was not made out, the tribunal declined to rescind the SPA.

3

It granted "compensation" — but relabeled it as restitution

On the subsidiary petition, the tribunal ordered that the buyers recover the part of the price exceeding the company's true value (paras. 648–651). Crucially, at paragraph 293 it declared it was **not** awarding damages but deciding that "the amount paid should not have been that sum" — recasting the relief as a **partial price restitution / price reduction**.

THE PIVOT THE COURT SEIZED ON

By characterizing the relief as restitution rather than damages, the tribunal reached a result the contract's damages regime would not permit — sidestepping the very liability cap it had just confirmed was valid and in force. The buyers had never pleaded a price-reduction action; they pleaded damages for fraud.

SECTION IV

The Annulment *Triggers*

IV

Five interlocking findings drove the majority. None, standing alone, is a general rule against arbitral reasoning — together they describe one incoherent award.

TRIGGER 01

A SURPRISE RECHARACTERIZATION

The tribunal recast the claim into a different legal action on its own initiative, without flagging the shift before issuing the award — a *decisión sorpresiva*.

TRIGGER 02

NOMINATE VS. INNOMINATE ACTION

It swapped a nominate damages action for an unnamed restitutory price-reduction claim. Chilean law recognizes no general action of restitution — only nominate actions, each with its own elements and time-bars.

TRIGGER 03

INTERNAL INCOHERENCE

Having rejected *dolo* and confirmed all clauses in force, the tribunal nonetheless neutralized the liability cap — an outcome its own findings could not support.

TRIGGER 04

A CONCRETE CONSEQUENCE, NOT A LABEL

The Court rejected the "mere nomenclature" defense: the recharacterization had real effects — it evaded the 5% threshold, the 12-month limitation and the regulatory-change exclusion the parties had negotiated.

TRIGGER 05

BREACH OF CONGRUENCE

A tribunal may reason its own way (*iura novit curia*), but cannot abandon the sense, scope and contours of the parties' pleadings. There was no legal identity between what was decided and what was submitted.

READ TOGETHER

ONE DEFECT, NOT FIVE RULES

The triggers are facets of a single problem: relief that departed from the pleaded action and, in doing so, suppressed freely bargained contract terms.

The Ground of Nullity *Art. 34(2)(a)(iii)*

V

The petition invoked three grounds under Article 34 of Law No. 19,971. The Court upheld only one — and was explicit about why. These grounds are drawn under a principle of **specialty and strict law**: where the vice matches a specific ground, that is the ground that must be applied.

The vice here — deciding an action other than the one pleaded and debated — maps precisely onto **Article 34(2)(a)(iii)**: the award "deals with a dispute not contemplated by or falling within the terms of the submission to arbitration, or contains decisions on matters beyond the scope of the submission." The Court therefore declined the two residual grounds also raised: (a)(ii) (a party unable to present its case) and (b)(ii) (award contrary to Chilean public policy).

NOT A MERITS REVIEW

The majority repeatedly framed its role narrowly: this is not an appeal or a cassation on the substance. It asked only whether the award ruled on what was submitted — and found it did not.

FEATURE	ACTION PLEADED	ACTION DECIDED
Nature	Damages (indemnización)	Price reduction / restitution
Legal basis	Contractual liability for breach of R&W (cl. 4.2 / 8.2)	Unnamed restitutory principle (analogy to *quanti minoris*, arts. 1857 ff. CC)
Fault required	Yes — fraud / fault of the debtor	No — value gap suffices
Liability caps	Apply unless fraud defeats them	Bypassed entirely
Pleaded & debated?	Yes	No

The Court stressed that these are legally distinct actions with different elements, requirements and limitation periods — the substitution was not a harmless relabeling.

SECTION VI

Total Nullity *& the Dissent*

VI

WHOLE AWARD, NOT PART

Article 34(2)(a)(iii) allows partial annulment where the affected portions are severable. The majority declined to sever. It held that the vice touched **basic premises of the arbitration's validity**, so the nullity had to reach the entire award. The claimant-respondents' request for partial invalidation was rejected; the award was set aside **in full**, each party to bear its own costs.

> PRACTICAL EFFECT
>
> Annulment does not resolve the dispute. It returns the parties to square one on a high-value, multi-year controversy — a reminder that a set-aside is a procedural outcome, not a decision on who was right.

THE DISSENT — MINISTER FERNANDO VALDERRAMA

One Minister would have **rejected the petition entirely**. His reasoning is the counterweight that makes this a genuinely divided decision:

- The set-aside remedy under Law No. 19,971 is **extraordinary and strictly construed**; Article 5 enshrines minimal intervention.
- The Article 34 grounds concern **formal** aspects of the award, not its substance; this is not a second instance to re-weigh the merits.
- Awards enjoy a **presumption of validity** aligned with Article V of the New York Convention — a presumption he read as unrebutted here.

> WHY THIS IS NOT A PRECEDENT SHIFT
>
> A 2-1 split, an express reaffirmation of minimal intervention by the very majority that annulled, and a vice rooted in one award's internal contradiction: these are the marks of a fact-specific decision, not a doctrinal turn. Read narrowly, the case restates an existing boundary — tribunals decide the action before them — rather than expanding judicial control over arbitral awards.

Practical *Takeaways*

VII

FOR TRIBUNALS

01

STAY WITHIN THE PLEADED ACTION

Grant relief that corresponds to the cause of action actually advanced. If a different legal characterization seems apt, put it to the parties before deciding — a recharacterization sprung in the award is what triggered nullity here.

02

KEEP FINDINGS INTERNALLY CONSISTENT

If fraud is rejected and every clause is confirmed in force, the remedy must respect those clauses. The fatal move was neutralizing a cap the award itself had validated.

FOR CLAIMANTS

01

PLEAD THE RIGHT NOMINATE ACTION

Chilean law has no general restitution action. Choose the correct nominate claim and its legal basis — do not rely on the tribunal to reframe your theory into something you did not ask for.

FOR RESPONDENTS

01

MAP EVERY PETITION TO ITS LEGAL BASIS

Congruence objections succeed when you can show the decided action differs in nature, elements and consequences from the pleaded one — as the seller-side did here.

02

PRESERVE THE RECORD ON CHARACTERIZATION

Flag any drift between the claim as framed and the relief being explored, so the set-aside ground is properly built.

FOR DEAL DRAFTERS

01

R&W AND INDEMNITY ARCHITECTURE HOLDS

Caps, thresholds, limitation periods and exclusive-remedy provisions retained their force — the Court policed an attempt to bypass them. Draft them clearly, and tie the availability of full recovery to a fraud carve-out that must be proven, not assumed.

SECTION VIII

Conclusions & *Key Takeaways*

VIII

- The Santiago Court of Appeals annulled the CAM award **in full** on the single ground of Article 34(2)(a)(iii) of Law No. 19,971 — the award decided a matter beyond the terms of the submission by granting a price-reduction / restitution the claimants never pleaded, in place of the fraud-based damages action they did plead.

- The decisive defect was **internal incoherence**: the tribunal rejected fraud and confirmed all SPA clauses in force, then neutralized the negotiated liability cap by relabeling damages as restitution. The Court treated that as a substantive departure with concrete consequences, not a semantic quibble.

- The judgment reaffirms, rather than expands, the boundaries of judicial review: the majority repeatedly disclaimed any merits examination, and confined itself to the fit between the award and the pleaded case.

- **This is a divided, fact-bound ruling and should not be read as a new precedent or a change of direction in Chilean international commercial arbitration.** It was decided 2-1, over a dissent that would have upheld the award on minimal-intervention and presumption-of-validity grounds, and it turns on the particular contradiction in this award.

- Practical lesson: the strength of a Chilean-seat award lies in staying congruent with the pleaded action and internally consistent with its own findings — and the strength of an M&A liability regime lies in drafting that ties any escape from its caps to a fraud that must actually be proven.

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