



Cross-Claim for Contribution Arising out of Damage to Yacht Sunk by Carmack Preemption

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In *Razipour v. Joule Yacht Transport, Inc.*¹ the United States District Court for the Middle District of Florida sunk a marina service company's cross-claim for contribution against a motor carrier. In so holding, the court affirmed the longstanding rule that most claims for contribution against a motor carrier are preempted by the Carmack Amendment to Interstate Commerce Act.²

The dispute arose from damage that occurred to a yacht while being transported from Florida to California. The plaintiff purchased the yacht in Florida and made arrangements with Molly's Marine Service ("Molly's") to prepare the vessel for interstate shipment to California in accordance with industry standards.³ Molly's maintained a marina and serviced boats but held no authority with the FMCSA. Accordingly, the plaintiff separately contracted with Joule Yacht Transport ("Joule"), a federally licensed interstate motor carrier and freight broker, to transport the vessel by truck from Florida to California. The shipment was to begin immediately. However, there was a delay in Joule picking up the yacht for transport. Molly's maintained the delay was caused by Joule not having the appropriate equipment whereas Joule maintained Molly's had not completed preparing the vessel for transport. Regardless of the cause of the delay, the yacht sat in a shipyard for several weeks and it was exposed to the elements. When the vessel ultimately arrived in California, the plaintiff alleged the drain plugs had not been removed as requested. As a result, there was a substantial amount of water in the galley and engine room, causing damages to the interior and operating systems.

Plaintiff filed a lawsuit seeking an award for the damages to the vessel. The lawsuit included claims against Molly's for breach of contract and negligence and against Joule for breach of contract, negligence, and a claim under the Carmack Amendment.⁴ Molly's filed a cross-claim against Joule for contribution, alleging the plaintiff's damages were solely caused by Joule's negligence in advising the

[1] 2020 U.S. Dist. LEXIS 151023, C.A. No. 8:20-cv-729 (M.D. Fla. Aug. 20, 2020).

[2] 49 U.S.C. § 14706.

[3] This included, amongst other tasks, stowing and securing all loose gear, locking the cabin, draining the fuel and water tanks, removing drain plugs from the hull, removing all external accessories, and sealing the hatches and decks.

[4] In a previous ruling, the court dismissed the negligence and breach of contract claims against Joule on the basis they were preempted by the Carmack Amendment. Thus, the only claim by the plaintiff against Joule was under the Carmack Amendment.

plaintiff how to prepare the yacht for transport and in failing to timely deliver the vessel. Joule thereafter moved to dismiss the cross-claim of Molly's on the basis it failed to state a claim. Specifically, Joule maintained Molly's cross-claim was preempted by the Carmack Amendment.

The court agreed with Joule, finding the cross-claim fell within the Carmack Amendment's broad preemptive scope. The court began its analysis by noting the Carmack Amendment was enacted in order to create a uniform rule for carrier liability anytime goods were shipped in interstate commerce. In order to ensure uniformity, the court explained the Carmack Amendment preempted all causes of action arising under state law for alleged failures in the transportation and delivery of goods. In the court's words, "[t]he crux of Carmack-Amendment preemption is whether the relief requested affects the carrier's liability for losses arising from the delivery, loss of, or damage of the goods." The court then went on to find that Molly's cross-claim was directly related to Joule's alleged failure to properly transport the vessel. It determined holding Joule responsible for contribution to Molly's would affect Joule's potential liability for damages to the vessel. Since this was an interstate shipment of goods (i.e. the vessel), the court found Carmack preemption applied and prevented Molly's from maintaining the cross-claim against Joule.

The court further distinguished this situation from other cases in which a carrier was permitted to maintain a cause of action for contribution against another carrier, specifically noting that Congress provided for this limited carrier versus carrier exception to Carmack preemption. Since Molly's was not a carrier, this limited exception did not apply. Likewise, the court distinguished cases permitting a broker (i.e. non-carrier) to maintain an indemnity cause of action against a carrier, noting that in each of those instances there was a contract between the broker and

carrier expressly providing for indemnification. No such contract existed between Molly's and Joule, and therefore this limited exception to Carmack preemption also did not apply.

Last, the court rejected Molly's argument that its cross-claim arose under admiralty and maritime jurisdiction and therefore escaped Carmack preemption. Without reaching the issue of whether Molly's claim was in fact based in maritime law, the court held any such claim under federal common law likewise would be preempted by the Carmack Amendment. It explained "[j]ust as state contract and tort claims that would enlarge a carrier's liability are preempted under the Carmack Amendment, courts also cannot supplement the Amendment with federal common law remedies."

The court got this decision right on all fronts. The Carmack Amendment's purpose was to ensure a uniform system of liability for damages to goods while in interstate transport. Shippers have the advantage of near strict liability and are absolved from the need from identifying the specific carrier responsible for damage in a multiple carrier situation. Carriers, in turn, benefit from the ability to seek contribution from other carriers whose negligence caused the damages and further benefit from the limitation of liability to the actual loss or damage to the goods (i.e. no punitive or treble damages, no attorneys' fees, etc.). Absent some contractual indemnification agreement, the carrier's liability should be decided solely under the Carmack Amendment. Permitting any expansion of liability under state law or federal common law would upend Congress's intent to create a uniform system of liability. This case illustrates the principle that regardless of creative pleading as a claim for contribution or indemnity under state or federal common law, the key focus is whether the claim seeks damages against a carrier for failing to properly deliver goods; if so, then Carmack preemption applies.