

Third Circuit Court of Appeals Affirms Primacy of Shipping Act



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On January 18, 2017, the United States Court of Appeals for the Third Circuit issued an opinion upholding the District Court's dismissal of various shippers' federal antitrust and state law claims against a large group of roll-on/roll-off ocean common carriers, holding that the Shipping Act of 1984 both precluded private plaintiffs from using the federal anti-trust laws for relief from such claims, and pre-empted similar state law claims under the circumstances.

The case had its origins in a September 2012 raid of the defendant carriers' offices, carried out in connection with a federal antitrust investigation. Following the raid, several of the defendant companies pled guilty to antitrust violations based on price-fixing, allocating customers, and rigging bids for vehicle carrier services to and from the United States and elsewhere. Plaintiffs then filed their complaints alleging that defendants entered into "secret" agreements in connection with the carriage of vehicles, including price increase coordination agreements, agreements not to compete by allocating customers and routes, and agreements to restrict capacity by means of agreed-upon fleet reductions, and further alleging that plaintiffs had suffered economic injury as a result. However, the district court dismissed the complaints, holding that the defendants were immune from antitrust liability under the Shipping Act, and that the state law claims were preempted.

The Court of Appeals agreed. The court found that the Shipping Act of 1984 was intended to "create a comprehensive, predictable federal framework" for the regulation of competition in shipping, and that it expressly precluded claims for relief under the antitrust statute such as those of the plaintiffs. Similarly, the court held that the Shipping Act preempted plaintiffs' state law antitrust, consumer protection, and unjust enrichment claims, reasoning that the customary presumption against preemption "does not apply here because our case concerns the regulation of international maritime commerce, an area uniquely in the federal domain," and because the Congress intended that the Shipping Act provide for uniform regulation of common carriers' international maritime activity. In so holding, the court noted that the Federal Maritime Commission provides an avenue for relief under the Shipping Act, and allowing parties to proceed with state law claims would frustrate the Congressional objectives in passing the Shipping Act.

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