

from enacting or enforcing a law related to price, route, or service of any motor carrier that transports property.

Using the language of the Act, the Court distinguishes state laws that significantly relate to a motor carrier's price, route, or service, from state laws that only tenuously or remotely relate to a motor carrier's price, route, or service. The former is preempted, and the latter is not. The Court analyzes the legal history of the Act to conclude Congress did not intend to preempt state laws generally applicable to transportation, safety, welfare, or business that do not otherwise regulate prices, routes, or services. Further, the Court notes it has upheld state wage laws from being preempted by the Act because laws regulating wage, health, and safety are too remotely related to prices, routes, or services to be preempted by the Act.

Turning to California's meal and rest break laws, the Court finds those laws are not the kind that Congress intended to preempt. The meal and rest break laws are too tenuously related to prices, routes, or services to have any significant impact; they do not require defendants to offer specific prices, routes, or services. The Court compares the meal and rest break laws to other laws within the state's police power such as wage and safety laws.

Accordingly, the Court finds for the plaintiffs and holds the Federal Aviation Administration Authorization Act of 1994 does not preempt California's meal and rest break laws. Because the Court does not consider the case on its merits, it remands the case back to the district court for further proceedings.

A concurring opinion finds that defendants did not meet the burden of proof associated with a preemption argument, but that it might be possible for a party to do so. If a defendant can prove that California's meal and rest break laws significantly relate to prices, routes, or services, it may be possible they are preempted by the Act.

Ethan Wilson

UPS Supply Chain Solutions, Inc. v. Megatrux Transp., Inc., 750 F.3d 1282 (11th Cir. 2014) (holding that Megatrux was liable for the full loss of freight; UPS sufficiently established evidence of the loss; and the Carmack Amendment did not preempt UPS's claims for attorney's fees under the indemnification clause of the MTSA.)

Seagate Technology, LLC ("Seagate") contracted with plaintiff, UPS Supply Chain Solutions, Inc. ("UPS"), as its exclusive logistics provider for shipping, warehousing, and brokerage services. The parties signed a

Global Logistics Service Provider Agreement (“GLSPA”) that allowed UPS the right to subcontract its services with third parties and limited liability to \$100,000 for both UPS and its subcontractors except in situations of gross negligence.

Defendant, Megatrux Transportation, Inc. (“Megatrux”), provided ground transportation services for UPS as a subcontractor. Both parties signed a non-exclusive service contract called the Master Transportation Service Agreement (“MTSA”), which stated that Megatrux could not subcontract its work without UPS’s consent. The MTSA included a section indemnifying UPS from and against losses, damages, injury, and attorney’s fees in connection with Megatrux’s performance obligations. Also, the MTSA stated that it superseded any other agreement and that Service Recipients have the right to enforce it.

Without the consent of UPS, Megatrux subcontracted with associates presumed to work for Stallion Carrier Corporation (“Stallion”) to ship Seagate’s merchandise. These associates stole the freight while in transit. UPS agreed to pay Seagate \$246,022. In return, Seagate assigned its rights, claims, and causes of action against Megatrux to UPS. UPS brought suit against Megatrux for breach of contract seeking attorney’s fees and punitive damages. Also, UPS sued for liability pursuant to the Carmack Amendment, a strict liability statute governing interstate shipments.

The district court ruled in favor of UPS for its claim brought under the Carmack Amendment and awarded damages totaling \$461,849.82. The district court held the Carmack Amendment preempted the other state law claims for breach of contract and negligence and denied attorney’s fees and punitive damages. Megatrux appealed the decision and argued that damages should not exceed \$100,000 under the GLSPA, or damages should not exceed the actual loss of goods totaling \$32,213.68 pursuant to the bills of lading. Also, the defendant argued the district court erred in accepting certain evidence as sufficient proof of the stolen freight. Plaintiff cross-appealed and argued the Carmack Amendment does not preempt from seeking attorney’s fees under the MTSA.

The Court reviewed this case under two different standards of review: *de novo* and a finding of fact for clear error.

First, the Court addressed UPS’s claim against Megatrux for full liability pursuant to the Carmack Amendment. The Court finds a *prima facie* presumption of liability arises and that carriers of property are generally liable for actual loss or injury. If a shipper agrees with a carrier to limit the carrier’s liability then there is an exception to this rule. The Carmack Amendment allows the exception as long as the reduced value is reasonable and is evidenced by a written agreement.

Courts use a four-step inquiry to determine if a carrier correctly lim-

ited its liability under the Carmack Amendment. A carrier must: (1) maintain a tariff with the prescribed guidelines of the ICC; (2) give the shipper a reasonable opportunity to choose between different levels of liability; (3) obtain the shipper's agreement as to choice of liability; and (4) issue a receipt or bill of lading.

Using this test, the Court found that the present case mirrored *Werner Enters., Inc. v. Westwind Maritime Int'l, Inc.*, in which a logistics provider entered into a Broker Transportation Agreement ("BTA") with a common carrier to ship another company's goods. The goods were stolen and the court held the BTA controlled. Here, the Court found no reason to depart from the holding in *Werner*; thus, the MTSA controlled and Megatrux remained fully liable for the loss.

Secondly, the Court addressed whether UPS sufficiently established proof of the stolen contents through invoices, photos, and recovered disk drives. A *prima facie* case requires direct evidence of contents and condition of shipment. The Court found the district court's reliance on another case, involving a plaintiff who relied upon packing invoices with serial numbers, sufficient to meet the burden of proof and was adequate to establish UPS met its burden of proof.

Next, the Court addressed UPS's contention that the Carmack Amendment did not preempt its claim for recovery of attorney's fees. Sparse case law pertains to whether the Carmack Amendment preempts an intermediary's contract-based indemnity claim for attorney's fees. The generally accepted rule provided that the preemptive effects of Carmack were quite broad; separate and distinct conduct had to exist for a claim to fall outside its purview. However, the Court relied on the Supreme Court holding in *Missouri, Kansas, & Texas Railway Company of Texas v. Harris* to determine that attorney's fees did not enlarge or limit the responsibilities of the carrier for loss of property and the claim for indemnification arising from the MTSA did not fall under Carmack's field of implied preemption.

Accordingly, the Court affirmed the district court's ruling that Megatrux was fully liable for the lost merchandise and found sufficient evidence proving the loss. The Court reversed the lower court's holding against UPS's claim for attorney's fees and remanded the case for further proceedings.

Chris Swigert