Admiralty Jurisdiction – What Does That Mean?
By Marilyn Raia

Most law students find the study of jurisdiction to be rather boring. Those who later choose to practice admiralty law will find the subject to be a challenge, and an important threshold issue in a case.

Jurisdiction Basics

A court's jurisdiction has been defined as "the power, right, or authority to interpret and apply the law." Stated another way, it is the ability of a court to adjudicate a particular case. Not all courts can adjudicate every kind of case.

The US Constitution gives power to the federal district courts to hear admiralty cases. Under a 1789 act of Congress, state courts were authorized to decide many, but not all, types of maritime cases. State courts can decide admiralty cases if the remedy being sought was available under common law. In that situation, the federal and state courts are said to have concurrent jurisdiction.

Some types of maritime cases can be heard only in federal court such as cases involving the enforcement of a maritime lien or the foreclosure on a preferred ship mortgage. Those types of cases require the arrest of a vessel, which only the U.S. Marshal is empowered to do. Proceedings under the Limitation of Liability Act by which a vessel owner seeks to limit its liability to a group of claimants must be brought in federal court. Admiralty actions against the United States also must be brought in federal court.

Whether a case falls within admiralty jurisdiction must be determined by the court. The parties cannot create admiralty jurisdiction by agreement.

Admiralty Jurisdiction Basics

The determination of whether a case is really an admiralty case that triggers admiralty jurisdiction is not as straightforward as it might seem. Admiralty jurisdiction is not determined by the mere involvement of a vessel in the case or even by the occurrence of an event on a waterway.

As a general rule, a case is within admiralty jurisdiction if it arises from an accident on the navigable waters of the United States and involves some aspect of maritime commerce such as when two vessels collide or when a seaman is injured on a vessel in service. A case is also within admiralty jurisdiction if it involves a contract relating to "the navigation, business or commerce of the sea" such as the charter of a vessel, or the carriage of cargo. Finally, a case is within admiralty jurisdiction if it involves a crime committed on the high seas against a US vessel or a US citizen.

Accidents on the Navigable Waters

Whether an accident on the navigable waters involves an aspect of maritime commerce has not always been an easy question for the courts to answer. Not until 1982 did the United States Supreme Court answer the question of whether admiralty jurisdiction extends to accidents involving private pleasure craft. In Foremost Ins. Co. v. Richardson, 457 U.S. 668 (1982), a case involving the collision between two small pleasure craft, the United States Supreme Court held admiralty jurisdiction existed and was not restricted to cases involving commercial vessels. The court reasoned that commercial and non-commercial vessel owners must follow the same
navigation rules and that most vessel collisions have the potential to affect maritime commerce. Accordingly, there was no reason not to extend admiralty jurisdiction to accidents involving private pleasure craft on the navigable waters.

Maritime Contracts

Similarly, whether a contract involves the navigation, business, or commerce of the sea has not always been an easy question for the courts to answer. For example, a case involving a contract to build a vessel is not within admiralty jurisdiction but a case involving a contract to repair a vessel is. Moreover, the courts have not been consistent when ruling on whether a case involving a contract to sell a vessel is within admiralty jurisdiction. In one case, the court held the purchase of a cargo vessel that had been in operation for some time had a "distinctly salty flavor." Because commerce requires vessels, sailors, and fuel, the court found no justification for contracts involving crew and fuel to fall within admiralty jurisdiction but not contracts involving the vessel itself. In another case, a buyer sued a seller for fraud in connection with the sale of a vessel. The court held there was no admiralty jurisdiction because the fraud was deemed to have occurred on land where the contract was made. The misrepresentations about the vessel actually made aboard the vessel were insufficient to support admiralty jurisdiction.

Cases involving disputes under marine insurance policies are usually held to be within admiralty jurisdiction but a suit for breach of a contract to procure insurance may not be. The Ninth Circuit held a suit for breach of a contract to procure marine insurance is not within admiralty jurisdiction even though a marine insurance policy is a maritime contract. Another court held a suit against a marine insurance broker based on the broker's failure to procure pollution insurance for a tug operator was within admiralty jurisdiction, reasoning pollution accidents at sea can cause devastating consequences to maritime commerce and insurance offers protection to shipowners for cleanup costs.

The Right to Apply Federal Maritime Law

Whether a case falls within admiralty jurisdiction is usually the first issue considered by admiralty lawyers upon receipt of a case. It is a threshold issue because how it is resolved will determine what law will apply to the case.

If a case falls within admiralty jurisdiction, it is mandatorily governed by substantive federal admiralty law if: 1) there is settled federal admiralty law on the issues; and 2) the application of contrary state law would disrupt the desired uniformity of federal maritime law. If there is no settled admiralty rule on a particular issue, state law will govern. The most often cited case about what law applies to a case within admiralty jurisdiction is Wilburn Boat Co. v. Fireman's Fund Insurance Company, 348 U.S. 310 (1955). In that case, a vessel had been owned by two individuals and was destroyed in a fire while moored in an artificial lake bordering Texas and Oklahoma. Fireman's Fund insured the vessel. Policy warranties prohibited the sale of the insured vessel without Fireman's Fund's consent, and limited the vessel to private pleasure use. Fireman's Fund denied the claim under the policy on the grounds the vessel had been sold to Wilburn Boat Company and was being used for commercial purposes in breach of the policy warranties. Wilburn Boat Company sued Fireman's Fund in Texas and admitted the warranties were breached. However, it argued Texas law applied, and under Texas law the loss was covered because the breaches were not a cause of the loss. Fireman's Fund argued federal maritime law applied because the fire occurred on a navigable waterway of the United States, and under federal maritime law strict compliance with policy warranties was required. The US
Supreme Court held there was no federal admiralty rule governing the interpretation of the warranties at issue. Instead of fashioning an admiralty rule, it held Texas state law applied.

**The Importance of Admiralty Jurisdiction**

Applying federal maritime law to a case within admiralty jurisdiction is important because in many respects such law differs from state law. The parties may have different and perhaps more favorable rights under federal maritime law than they would have under state law. Some of these differences were addressed in "Federal vs. State Law in Maritime Cases" [Pacific Maritime Magazine, September 2010] but there are many more.

For example, under California law, a common carrier such as a passenger vessel operator, owes a statutory duty of utmost care to the passengers. Under federal maritime law, a passenger vessel operator owes the passengers only a duty of reasonable care. As another example, the plaintiff who files suit in federal court and invokes the court's admiralty jurisdiction is not entitled to a jury trial and the case will be decided by the judge. If the same suit could be filed in state court under the 1789 Act, it could be tried to a jury. As yet other examples, the statutes of limitations as well as the pre-judgment and post-judgment interest rates available to the winning party may be different under state law and federal admiralty law.

Unfortunately, not all state court judges readily embrace the applicability of federal maritime law to a case pending in their courtrooms, perhaps because they are better versed in the law of the states in which they are judges. The application of the wrong law to a case usually results in the reversal of a judgment by the appellate court unless the result would be the same under the correct law. In that case, the appellate court will affirm the lower court's judgment but base its opinion on the correct law.

If a litigated matter has any connection with maritime commerce or the navigable waterways, it should be reviewed by maritime counsel to determine if the case falls within admiralty jurisdiction. Important rights may be lost otherwise.