



## Burr Alert: Eleventh Circuit Issues Important Carmack Amendment Opinion for Logistics and Transportation Companies

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What is the proper test for distinguishing brokers from carriers under the Carmack Amendment?

On March 28, 2018, the Eleventh Circuit Court of Appeals addressed this question in *Essex Ins. Co. v. Barrett Moving & Storage, Inc.*, No. 16-11526, 2018 WL 1407067 (11th Cir. Mar. 21, 2018), a case of first impression within the Circuit. This opinion offers guidance for transportation and logistics companies on when the Carmack Amendment actually applies to a particular shipment because the Carmack Amendment's strict liability provisions apply to motor carriers but not to brokers.

The facts of the case followed a typical scenario within the industry. Nationwide, a company that buys and sells used medical equipment, contracted with Barrett Moving & Storage, Inc. ("Barrett") to transport an MRI machine from Chicago, Illinois to Dallas Texas. Barrett arranged to transport the components of the MRI machine in two separate shipments, one using its own truck and the other via a third party, Landstar Transportation Logistics, Inc. ("Landstar"). While the components shipped on the Barrett truck arrived intact, the components shipped on the Landstar truck were damaged in transit, rendering the entire MRI inoperable.

Nationwide and its insurer, Essex, brought suit under the Carmack Amendment against both Barrett and Landstar in the United States District Court for the Middle District of Florida. , Nationwide moved for summary judgment against both defendants, arguing that Barrett held itself out as the sole party assuming responsibility to

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ship the MRI. Nationwide argued that Barrett fell within the definition of a "motor carrier" under the Carmack Amendment's strict-liability provision. Nationwide further claimed it was completely unaware that Landstar would participate in the shipment. In response, Barrett contended that it acted as a broker and not a carrier under the Carmack Amendment's definitions and was therefore not subject to the Amendment's strict-liability provision. The trial court granted Nationwide's motion for summary judgment against both Barrett and Landstar, finding as a matter of law that Barrett acted as a carrier with regard to the shipment and entered judgment against both companies in the amount of \$560,000, the full value of the lost MRI.

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