

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. SA CV 19-00865-DOC-DFM

Date: December 17, 2020

Title: IN RE: IN THE MATTER OF FUN ZONE BOAT CO., INC.

PRESENT:

THE HONORABLE DAVID O. CARTER, JUDGE

Kelly Davis
Courtroom Clerk

Not Present
Court Reporter

ATTORNEYS PRESENT FOR
PLAINTIFF:
None Present

ATTORNEYS PRESENT FOR
DEFENDANT:
None Present

**PROCEEDINGS (IN CHAMBERS): ORDER GRANTING PLAINTIFF’S
MOTION FOR EXONERATION [31]**

Before the Court is Plaintiff-in-Limitation Fun Zone Boat Co., Inc. Motion (“Motion”) for Order Granting Exoneration. Dkt. 31. The Court finds this matter appropriate for resolution without oral argument. Fed. R. Civ. P. 78; L.R. 7-15. Having reviewed the papers and considered the parties’ arguments, the Court **GRANTS** Plaintiff’s Motion.

I. Background

Plaintiff-in-Limitation Fun Zone Boat Co., Inc. (“Plaintiff-in-Limitation”) brings this motion pursuant to the Limitation of Vessel Owner’s Liability Act (“the Limitation Act” or “the Act”), 46 U.S.C. § 30501, et seq., seeking exoneration from or limitation of liability for claims arising from a July 21, 2018 incident involving the vessel SHOWBOAT. Mot. Pursuant to this Court’s Order on May 13, 2019, Notice to Claimants was published in the Los Angeles Daily Journal on May 22, May 28, June 4, and June 11, 2019. *See* Dkt. 14, Ex. A. The Order admonished all claimants to file their claims with the Clerk of this Court by June 12, 2019. Dkt. 10.

One claim was filed on behalf of Alex Aguilar. Dkt. 18. No other claims were filed. On July 22, 2019, this Court ordered, “That the default of all persons who may have

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sustained any and all loss or damage of any nature whatsoever occasioned by or resulting from or in any way consequent upon the aforesaid events, on or about July 21, 2018, involving the vessel SHOWBOAT described above, or by reason of any other matters arising out of the above-described events, and have failed to file claims in this action in accordance with the Court-ordered deadlines that have now passed, is confirmed, noted, and entered.” Dkt. 30.

Plaintiff-in-Limitation reached a settlement agreement with the only claimant, Alex Aguilar. Claimant Aguilar stipulated to dismiss his claim with prejudice and did not oppose Plaintiff-in-Limitation’s motion. Mot., Yuan Decl. at ¶ 4.

II. Legal Standard

Article III, § 2, of the United States Constitution vests federal courts with original jurisdiction over all cases of admiralty and maritime jurisdiction. U.S. CONST. art. III, § 2. The Judiciary Act of 1789 codified this grant of exclusive admiralty and maritime jurisdiction, but included a “savings to suitors” clause, which the Supreme Court has since construed as granting state courts concurrent jurisdiction over some admiralty and maritime claims and preserving the right to pursue common law remedies in such actions. *Lewis v. Lewis & Clark Marine, Inc.*, 531 U.S. 438, 439, 121 S.Ct. 993, 148 L.Ed.2d 931 (2001); 28 U.S.C. § 1333(1). Pursuant to the savings to suitors clause, litigants in admiralty and maritime actions are not necessarily limited to pursuing only those remedies recognized by substantive admiralty and maritime law, which may differ from those available under common law. *Lewis*, 531 U.S. at 439, 121 S.Ct. 993. Admiralty and maritime laws also provide unique rights and procedures not available under traditional common law, such as the rights afforded under the Limitation Act. *See* 46 U.S.C. § 30505.

Congress passed the Limitation Act to encourage investment in the ship-building industry by protecting owners from excessive liability for claims related to their vessels. *Lewis*, 531 U.S. at 446, 121 S.Ct. 993. The Act provides that an owner's liability for certain claims related to the vessel “shall not exceed the value of the vessel and pending freight.” 46 U.S.C. § 30505. Claims subject to limitation under the Act are “those arising from any embezzlement, loss, or destruction of any property, goods, or merchandise shipped or put on board the vessel, any loss, damage, or injury by collision, or any act, matter, or thing, loss, damage, or forfeiture, done, occasioned, or incurred, without the privity or knowledge of the owner.” *Id.* The Act authorizes a vessel owner to petition a district court sitting in admiralty jurisdiction for limitation of liability. *Id.*

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The Act further provides that when an owner properly brings a complaint seeking limitation, “all claims and proceedings against the owner related to the matter in question shall cease.” *Id.* Rule F of the Supplemental Rules implements this provision by requiring that “on application of the plaintiff the court shall enjoin the further prosecution of any action or proceeding against the plaintiff or the plaintiff's property with respect to any claim subject to limitation in the action.” Fed. R. Civ. P. F(3).

The Limitation Act and Rule F operate together with 28 U.S.C. § 1333 to give federal courts exclusive jurisdiction to determine whether a vessel owner is entitled to limited liability. *See* 46 U.S.C. § 30511; Fed. R. Civ. P. F(3); 28 U.S.C. § 1333(1).

III. DISCUSSION

A final judgment granting the relief sought in the Complaint in Limitation is required to prevent future claims. *See Complaint of Am. President Lines, Ltd.*, 1980 A.M.C. 1872 (N.D. Cal. Apr. 7, 1980) (court entered final judgment exonerating plaintiff-in-limitation from liability after all claims had been compromised).

Here, the sole appearing claimant’s claims have been settled, and no other parties have timely filed claims. Plaintiff-in-Limitation is therefore entitled to exoneration from liability to protect them from any future assertion of liability based on the incident. *See, e.g., In the of Matter Hechinger*, 890 F. 2d 202, 207 (9th Cir. 1989) (holding that where no liability exists there is nothing to limit). In light of the settlement agreement reached and dismissal of claims with prejudice as supported by stipulation (Dkt. 31), there are no claimants to carry the burden of showing that liability exists, and Plaintiff-in-Limitation is thus entitled to a finding of no liability. *See id.*

IV. DISPOSITION

Accordingly, the Court DISMISSES all claims with prejudice pursuant to the stipulation and exonerates Plaintiff-in-Limitation from any and all claims, losses, and/or injuries that occurred as a result of the alleged incident involving the charter trip on board the vessel SHOWBOAT on or about July 21, 2018.

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Initials of Deputy Clerk: kd