

Court: US Court of Appeals for the Fifth Circuit

Docket: 22-30582

Opinion Date: January 11, 2024

Areas of Law: Admiralty & Maritime Law, Contracts

Source: Justicia Law

In this case before the United States Court of Appeals for the Fifth Circuit, the central issue was whether a contract for the inspection and repair of lifeboats on an oil platform, located on the Outer Continental Shelf, could be considered a maritime contract. The relevance of this classification was that it would determine whether indemnity might be owed by one corporate defendant, Palfinger Marine USA, Inc., to another, Shell Oil Company, for payments to third parties. The lower district court had ruled that the contract was not maritime. However, the Court of Appeals disagreed, finding that the contract was indeed a maritime one. The case was related to a tragic accident in 2019 when a lifeboat detached from an oil platform, resulting in the deaths of two workers and injury to another. The platform was owned and operated by Shell Oil Company and its affiliates. The lifeboats were serviced by Palfinger Marine USA, Inc. under a contract which included indemnity provisions. After the accident, lawsuits were filed against both companies by the injured worker and the families of the deceased workers. These claims were settled separately, but Palfinger's claim for indemnity from Shell under the contract was preserved for appeal. The decision of the district court to classify the contract as non-maritime was reversed and remanded for further proceedings. The court held that the contract was maritime, as it was related to the repair and maintenance of lifeboats facilitating offshore drilling and production of oil and gas, which constituted maritime commerce. The lifeboats were found to play a substantial role in the contract, making it a traditionally maritime contract.