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Admiralty - Jurisdiction - Quasi -Contractual Remedy

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ADMIRALTY — JURISDICTION — QUASI-CONTRACTUAL REMEDY — Petitioners paid money to respondent for prospective passage to Europe on his passenger vessel held out as a common carrier. When respondent failed to make the voyage or return the passage money, petitioners sued in admiralty for breach of contract. The libel was in the nature of *indebitatus assumpsit* for moneys had and received and wrongfully withheld by respondent. The district court held this an action based upon the breach of a maritime contract and therefore within the admiralty jurisdiction.¹ The court of appeals reversed, on the ground that the action was in the nature of the common law *indebitatus assumpsit* for moneys had and received, and therefore the admiralty court had no jurisdiction.² On certiorari to the Supreme Court, *held*, reversed. Even though the libel reads like *indebitatus assumpsit*, admiralty has jurisdiction provided the unjust enrichment arose as a result of the breach of a maritime contract. *Archawski v. Hanioti*, 350 U.S. 532 (1956).

A contract for the transportation of passengers is a maritime contract within admiralty jurisdiction, and an action for damages based on breach thereof will lie in admiralty.³ The question presented in the instant case was whether libellant had placed his bill beyond the domain of admiralty jurisdiction by pleading in the form of *indebitatus assumpsit* in lieu of damages for breach of contract of affreightment. Several earlier decisions in the admiralty courts had so held⁴ under the doctrine that a bill seeking quasi-contractual relief, even though based on a breach of a maritime contract, could not be entertained in admiralty, either because the common law action of *indebitatus assumpsit* was the proper remedy and admiralty was without power to give such relief,⁵ or because the implied promise to repay the money wrongfully withheld was not, in itself, a maritime contract.⁶ These decisions have been vigorously criticized.⁷ Other cases had held, in

¹ *Archawski v. Hanioti*, (S.D. N.Y. 1955) 129 F. Supp. 410.

² *Archawski v. Hanioti*, (2d Cir. 1955) 223 F. (2d) 406.

³ ROBINSON, ADMIRALTY 186 (1939); *The Moses Taylor*, 4 Wall. (71 U.S.) 411 (1866).

⁴ *United Transp. & L. Co. v. New York & Baltimore Transp. Line*, (2d Cir. 1911) 185 F. 386; *Israel v. Moore & McCormack Co.*, (S.D. N.Y. 1920) 295 F. 919; *Home Ins. Co. v. Merchants' Transp. Co.*, (9th Cir. 1926) 16 F. (2d) 372.

⁵ *Home Ins. Co. v. Merchants' Transp. Co.*, note 4 supra.

⁶ *United Transp. & L. Co. v. New York & Baltimore Transp. Line*, note 4 supra; *Israel v. Moore & McCormack Co.*, note 4 supra.

⁷ Chandler, "Quasi Contractual Relief in Admiralty," 27 MICH. L. REV. 23 (1928); Morrison, "The Remedial Powers of the Admiralty," 43 YALE L.J. 1 (1933).

effect, that an admiralty court did have power to grant quasi-contractual relief so long as the action was based on the breach of a maritime contract.⁸ The most recent Supreme Court decision prior to the instant case is *Krauss Bros. Lumber Co. v. Dimon S.S. Corp.*⁹ in which the Supreme Court held that a bill to recover overpayments made on an affreightment contract could be heard in an admiralty court. It was there stated that since the cause of action was essentially maritime, it was immaterial to admiralty's jurisdiction that a suit for money had and received would also lie at common law, and that admiralty is concerned not with the form of the action but with its substance.¹⁰ If the *Dimon* case did not specifically overrule the previous cases denying quasi-contractual relief in admiralty, it at least laid the groundwork for the decision in the principal case.¹¹ As to the contention that the implied promise was not a maritime contract, the Court in the instant case pointed out that it is true that the implied promise is only a fiction and is neither an actual promise to repay the money nor a second contract.¹² However, in salvage and general average admiralty gives relief which, if not quasi-contractual in fact, is closely analogous. Perhaps the major reason behind the previous reluctance of the admiralty courts to grant quasi-contractual relief was the apprehension that it would lead them too far afield from maritime subject matter.¹³ However, denial of admiralty jurisdiction in cases where this relief is sought needlessly restricts the power of the admiralty courts and hampers them in dealing adequately and completely with maritime affairs. The decision in the principal case is a fortunate one, for, since the problem is to prevent an unjust enrichment from a breach of a maritime contract, so long as the claim arises out of such a contract, admiralty courts should have jurisdiction.

Ross Kipka, S.Ed.

⁸ *The Oceano*, (S.D. N.Y. 1906) 148 F. 131 (recovery allowed in admiralty for overpayment of freight by mistake); *Keyser v. Blue Star S.S. Co.*, (5th Cir. 1899) 91 F. 267 (recovery allowed in admiralty for money paid under a mistake of fact); *The Alberto*, (E.D. La. 1885) 24 F. 379 (recovery allowed in admiralty for advancements made on a charter party). See *Sword Line v. United States*, (2d Cir. 1955) 228 F. (2d) 344, decided by a different panel of the Second Circuit than the one which sat in the instant case.

⁹ 290 U.S. 117 (1933).

¹⁰ *Id.* at 124.

¹¹ ROBINSON, ADMIRALTY 190 (1939). The *Dimon* case is noted in 23 CALIF. L. REV. 343 (1935); 34 COL. L. REV. 358 (1934); 47 HARV. L. REV. 519 (1934); 43 YALE L.J. 506 (1934).

¹² Principal case at 535.

¹³ Note 7 *supra*. See also 25 MICH. L. REV. 289 (1927).