Judicial and Regulatory Decisions

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I. COMMENT

In an endeavor to provide our readers with quantitative as well as qualitative coverage of air law and commerce, we are enlarging the scope of the judicial and regulatory decisions section of the Journal.

As in the past, important judicial decisions will be digested. In addition, however, we shall also index these cases under various headings and cite other current decisions so that you will receive full exposure to current adjudication and have a convenient tool to facilitate more exhaustive research.

In addition to judicial decisions, Civil Aeronautics Board awards and decisions will be reported in a similar manner as described above.

To complement the coverage we are extending to judicial and regulatory proceedings, we shall also attempt to keep you abreast of legislative developments by digesting currently enacted statutes and amendments.

We hope that these changes, which have been inaugurated in this issue of the Journal, increase its value to you and we solicit any suggestions and comments you may have in respect to these changes.

—The Editors

II. JUDICIAL DECISIONS

AIR CARGO:

Conversion — Wrongful Delay in Delivery


The carrier, by terms of the shipping contract, was to deliver its cargo to the consignee before receiving payment for its services. The cargo was placed in storage, however, and the carrier refused to release it until payment was made. The court held that this action amounted to a conversion of the shipment.

AIRPORTS:

Lease — Rule Against Perpetuities


An airport lease arrangement between the carrier and the county was declared void because it violated the rule against perpetuities. The lease was not to become effective until the airport was completely and officially open for business, an event which might not occur within twenty-one years.

Taxi Operations — Violation of City Ordinance


The taxi operator, licensed by a different city, by picking up passengers at another city's municipal airport and transporting them within the same city, was held to be in violation of that city's ordinance which prohibited foreign licensed cabs from operating wholly within its limits. Although the
airport is considered a quasi-municipal corporation, the ordinances of the city embracing it do not become inoperative unless the said airport enacts legislation of its own.

Racial Discrimination — Segregation at Airport Restaurant


The refusal to serve the plaintiff, a Negro air passenger, except behind a screened table in a corner of an airport restaurant constituted discrimination entitling the plaintiff to injunctive relief. Although the restaurant was privately owned, its operations under a lease agreement with the airport authority constituted it as property being used for a state or city purpose and subject to the equal protection provision of the Fourteenth Amendment of the Federal Constitution.

CONDEMNATION:

Federal Airport — Passage of Fee Simple


Complainants, former owners of the disputed property, contended that they were entitled to reclaim land which had been condemned by the federal government for airport or military purposes and which had now been conveyed to the defendant city for other uses. Although such a contention might have been valid under state law, the condemnation in this instance was pursuant to federal law under which full fee simple title passed; therefore, no reversionary interest remained with the complainants.

Road Frontage on Airport Parkway — Prejudicial Evidence


The trial court made a series of prejudicial errors in a condemnation proceeding of land for airport purposes necessitating the remanding of the case for a new trial. Among the errors committed were the court's disparaging of the expert witnesses called to testify concerning the value of the property, the failure of the court to instruct the jury properly as to fair market value, and admitting evidence that at the time of the taking, a cloud on the title of the condemned property existed because the road frontage of the property would become part of a limited access highway. In respect to the last point, the court noted that at the time of the trial no steps had been taken by the municipality to make such a road into a limited access highway.

EASEMENTS:

Take-offs Over Property — Air Force Lease — Sub-lease to Air National Guard

*Wright et ux. v. United States*, 279 F. 2d 517, 6 Av. Cas. 18,075 (U.S. Ct. Cl. 1960).

The plaintiff sued the federal government for the taking of an avigation easement under which it asserted the right to fly its planes over the plaintiff's property at an altitude of 250 feet or above. The Air Force operated at the adjacent city-owned airport under a lease arrangement. The lease was subsequently modified whereby the Air Force suspended operations and the Air National Guard simultaneously began operations. The Air Force retained the right to reuse the field when so desired. Such a modification of the lease did not amount to an abandonment of the easement; it was merely a suspension of Air Force use with permission to the Air National Guard to use the easement. The Government was therefore liable to pay compensation for the easement.
LABOR RELATIONS:

Railway Labor Act — Strike Threat — Injunctions


A strike threat arose out of a “major labor dispute” caused by the plaintiff seeking to abolish unilaterally certain jobs of the members of defendant union. The National Mediation Board entered the dispute, but concluded its services, and the Railway Labor Act’s statutory waiting period had expired. The court ruled that the motion of the plaintiff for injunctive relief could not be granted as the anti-injunction provisions of the Norris-LaGuardia Act barred such action.

Airline Employee Overseas — Railway Labor Act Inapplicable — Writ of Certiorari Denied


Air Carrier Pilots — Compulsory Retirement at Age 60 — Suit to Declare Requirement Invalid — Dismissed — All Facts Alleged Previously Rejected by Federal Appellate Court


Threatened Strikes — Protest Against Regulation Issued by The Administrator of the Federal Aviation Agency — Agency Inspector in Pilot Seat for En Route Inspection of Turbo Jet Aircraft — Injunctive Relief


PERSONAL INJURIES:

Injury of Passenger Debarking From Airplane — Failure to Prove Negligence

Adam v. Trans World Airlines, 6 Av. Cas. 18,028 (N.Y. Sup. Ct., N.Y. County 1960).

PROCEDURE:

Evidence of Proper Party Defendant — Admission of Letter


Plaintiffs left their airplane with defendant having his assurance that it would be stored inside a hangar. The plane was subsequently damaged during a wind storm while outside of the hangar and, upon adjudication, the plaintiffs recovered damages. The defendant appealed the judgment assigning as error the admissibility of a letter signed by his insurance adjuster to the plaintiffs which established the defendant as the proper party defendant. The reviewing court held that such letter was properly admitted as a writing in the regular course of business and that the evidence did not preponderate against the judgment of the trial court.
License Suspension — Late Filing of Petition for Review

*Clinton v. Civil Aeronautics Board*, 278 F. 2d 506, 6 Av. Cas. 18,034 (9th Cir. 1960).

The Civil Aeronautics Board properly refused to review the petition of the appellant concerning the revocation of his temporary flight navigator's license since such petition was untimely filed. The Board was under no duty to inform the petitioner of the rules in respect to such appeals and the petitioner's own ignorance of such rules did not toll the time limitation.

Interrogatories — Refusal to Answer — Personal Knowledge Not Required


An altimeter manufacturer may not refuse to answer interrogatories concerning knowledge it might have of acts of an airline or a plane manufacturer which might have contributed to a particular airplane crash. The contention that such is a question of fact for the jury and that the manufacturer's president had no personal knowledge of the events surrounding the accident or the manner in which it occurred was rejected. Knowledge from any source should be given and if the defendant so desires, it may state the source of such knowledge.

Instructions to Jury — Amount of Award — Influence of Income Tax


Plaintiff objected to the defendant's requested instruction to the jury that they refrain from considering the consequences of the federal income tax on any award of damages. This memorandum of the court informed plaintiff's counsel that the instruction would be given as it would be a cautionary instruction which could do no harm and it would foreclose an area which the jury might conceivably enter unless directly forbidden by an instruction.

Rehearing Following Remand — Mail Rates — Power of Board to Reconsider Entire Rate Question


When a final rate order is reversed and remanded to the Board following appeal to the courts, the Board may consider the entire rate question anew, particularly when new data becomes available during the pendency of appeal. Although the carrier was awarded lower rates to its detriment, the public interest demanded such action.

Claim for Wrongful Death — Alternate Statements — Sufficiency


Defendant moved to dismiss the wrongful death action filed against it because of the lack of privity. The motion was denied since, although the allegation of breach of warranty was not supported, the complaint alleged negligence in the alternative and an action may not be dismissed if one of the alternate statements of claim is sufficient while the other is not.

Jurisdiction — Warsaw Convention — Monetary Limitations

Plaintiff sought to remove the action to the state court contending that the federal court lacked jurisdiction since the amount in controversy was less than $10,000. The motion was denied as the amount in controversy exceeded $10,000 when the suit was instituted. The subsequent finding that the Warsaw Convention with its monetary limitations applied did not affect federal court jurisdiction once it had attached.

Change of Venue — Mandamus to Force Action

United States v. Wright, 6 Av. Cas. 18,085 (3rd Cir. 1960).

After the government had been denied its motion for a change of venue in a case involving an aircraft collision, it petitioned the court of appeals for a writ of mandamus contending that the denial of the motion was an abuse of discretion. The petition was denied as the court held that to issue such a writ would be to assume original jurisdiction and substitute the use of the writ for an appeal.

Triable Issue of Fact — Warranties of Fitness


Circumstances surrounding prior repairs to an airplane which crashed, received in light of defendant's representation that a reliable concern was employed to do the work, did not conclusively sustain the claim that the defendant should have known of the defect. This was an issue requiring a trial and therefore the plaintiff's motion for a summary judgment was denied.

Voluntary Dismissal of a Wrongful Death Action Allowed — Conditioned on Plaintiff Paying Portion of Defendant's Costs — Action Based on Same Accident Instituted in State Where It Took Place and Where Most Witnesses Reside


ROUTE AWARD:

Undue Influence — Judicial Review — Remanded for Investigation

United Air Lines v. Civil Aeronautics Board, 6 Av. Cas. 18,053 (D.C. Cir. 1960).

The court remanded the route award case to the Civil Aeronautics Board so that it could make further inquiry into the alleged activities of the successful applicant after it had been contended that said carrier had engaged in certain ex parte activities designed to influence or bring pressure on the Board in violation of the Board's Rules of Practice. Without intimating a view as to the validity of the charge of such violations, the court felt that the Board should investigate such alleged activities.

"Catch-All" Clause — Application for Service — Unwilling Carrier

North Central Airlines, Inc. v. Civil Aeronautics Board, 6 Av. Cas. 18,049 (D.C. Cir. 1960).

After the carrier, in an area route proceeding, had been awarded service to various cities under a "catch-all" clause in its application, it expressed an unwillingness to serve such cities and contended that section 401 (g) of the Federal Aviation Act allowed it to do so. The Board rejected this contention and, upon adjudication, was upheld by the court which stated that
the Board has the authority to order new service or extensions of routes where such modification does not amount to a substantial change in the carrier's system.

TARIFFS:

Liability Limitations — Misdelivery of Baggage


Defendant's motion for a summary judgment in accordance with its tariff provision was granted. Where there has been no willful wrongdoing by or unjust enrichment of the defendant carrier, plaintiff cannot avoid the contractual limitations of defendant's liability by characterizing a misdelivery caused by negligence or mistake as a conversion.

WRONGFUL DEATH ACTIONS:

Earning Ability of Deceased — Personal Habits and Character as Evidence

*St. Clair v. Eastern Air Lines, Inc.*, 279 F. 2d 119, 6 Av. Cas. 18,065 (2d Cir. 1960).

The trial court committed error in admitting evidence that deceased, who had been killed in an airplane collision, had lived with his second wife prior to his divorce from his first wife and that he was given to excessive drinking. The court of appeals held that although personal habits are to some degree relevant considerations in determining earning capacity, these particular factors were not. The case was remanded on the ground that the jury may have been influenced by such testimony in awarding damages.

III. C.A.B. AWARDS AND DECISIONS

AIRMAN CERTIFICATES:

Civil Air Regulation — Adoption After Filing — Bar to License


The petitioner was refused a license because of a civil air regulation forbidding their issuance to persons with diabetes mellitus. Although the regulation was promulgated after the petitioner had applied for the license, it was still controlling as being in the interest of safety in air commerce.

Suspension of Certificate — Careless and Reckless Operation


A commercial pilot's certificate was suspended where the evidence showed that he flew the aircraft at such low altitude that he either stalled the engine or struck utility wires. Entries in the aircraft's log book showing that required inspections had been made disputed the contention that the crash was due to an engine failure.

Suspension of Certificate — Flying Plane With Bent Rudder


The pilot's certificate was suspended because he operated a plane with a bent rudder. Although the rudder had been bent back in place by hand, this did not make the plane airworthy. The suspension was vacated, however,
because an F.A.A. inspector witnessed the action and made no move to prevent the flight.

CARRIER CERTIFICATES:

Certificate Renewal — Resort Area — Profitable Operations Between Florida and Grand Bahama Island

*Mackey Airlines, Inc., Renewal Proceeding; Docket No. 9941 (Order Serial No. E-15350), May 24, 1960, approved by the President, June 8, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,398.

Cincinnati-Detroit Service — Local Carrier Substituted for Trunkline Carrier — Profitable Route to Strengthen Carrier

*Cincinnati-Detroit Suspension Investigation; Docket No. 9891 (Order Serial No. E-15365), June 10, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,396.

Local Service Awards — Southeastern States Area — Petition for Reconsideration — Rejected Except for Minor Changes

Southeastern Area Local Service (Supplemental Opinion and Order); Docket No. 7038 et al. (Order Serial No. E-15169), April 29, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,380.

FOREIGN AIR CARRIERS:

Amendment to Air Transport Agreement Between U. S. and Brazil — Brazilian Air Carrier Allowed to Omit New Orleans as Terminal Point — Conformity with Agreement

*Empresa de Transporte Aerovias Brasil, S.A.—Amendment of Foreign Air Carrier Permit; Docket No. 10963 et al. (Order Serial No. E-15232), April 22, 1960, approved by the President, May 13, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,378.

Service by Canadian Carrier — Chatham, Canada and Points in the U. S. — Permit Issued for Casual, Occasional or Infrequent Operations

*McKay Airways—Foreign Air Carrier Permit; Docket No. 11123 (Order Serial No. E-15269), May 6, 1960, approved by the President, May 24, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,388.

Service by Canadian Carrier — Montreal to Certain Points in Eastern and Mid-Western U. S. — Permit Issued for Casual, Occasional or Infrequent Operations

*Laurentide Aviation Limited—Foreign Air Carrier Permit; Docket No. 11213 (Order Serial No. E-15311), May 12, 1960, approved by the President, June 1, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,389.

FREIGHT FORWARDERS:

Violation of Tariff — Delivery Service — False Advertising

*Complaints v. American Shippers, Parcel Air Service; Docket No. 9559 et al. (Order Serial No. E-15170), April 29, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,381.

The air freight forwarder was found guilty of providing and charging for delivery services within the terminal area of the city of air destination without having a CAB tariff for such service. It was also found guilty of
false advertising in that it advertised free insurance of $50 on all shipments, when, in fact, this figure appeared in its tariff as a declared valuation charge.

MAIL RATES:

Sale of Flight Equipment — Capital Gains — Reinvestment

New York Airways, Inc.—Mail Rates and Order Amending Final Rate Order; Docket No. 7716 (Order Serial Nos. E-13800, E-15307), April 28, 1959, June 1, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,392.

In accordance with section 406 (d) of the Federal Aviation Act, New York Airways, Inc. had its mail rate adjusted in order to exclude capital gains derived from the sale of flight equipment where such gains had been reinvested in other flight equipment.

Mail rates were also established in the following proceedings:

Chicago Helicopters Airways, Inc.—Mail Rates; Docket No. 11061 (Order Serial No. E-15243), May 18, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,386.

Lake Central, Inc.—Temporary Mail Rates (Tentative Decision and Order); Docket No. 8444 (Order Serial No. E-15196), May 6, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,383; (Opinion and Order Fixing Temporary Mail Rates) (Order Serial No. E-15367), June 10, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,397.

MISCELLANEOUS:

Failure to Secure Certificate or Exemption Order — Hertz Rent-A-Plane System — Violation of Federal Aviation Act


Hertz Rent-A-Plane System by conducting a plane rental service under a licensing arrangement with plane owners was in violation of the Federal Aviation Act as the arrangement resulted in its acting as an indirect carrier without a certificate or exemption order. A further violation of the Act was found in that the licensing agreement severely restricted the operations of the plane owners in violation of section 408 (a) (5) which forbids a person engaged in aeronautics to exercise control over an air carrier.

PERSONNEL AND LABOR RELATIONS:

Management Salaries — Public Disclosure

Allegheny Airlines, Inc.—Order Denying Motion to Withhold From Public Disclosure (Order Serial No. E-15153), April 26, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,382.

Despite the carrier's protest that the public disclosure of the salaries paid its officers and management personnel was harmful from a labor bargaining standpoint, embarrassed employees, and provided fuel for gossip and discontent, the Board found that such a disclosure is common practice among agencies for regulated industries and that such matters were legitimate information for the public.

PROCEDURE:

Staff Report — Availability to Parties — Due Process

New York-San Francisco Nonstop Service Case (Supplemental Opinion on Reconsideration Regarding Order E-14586); Docket No. 9214 et al.
The Board found that it could properly refuse to allow parties to an investigation to inspect a staff report which had been used to determine whether a hearing was warranted. Such a refusal is not in violation of due process.

Board Investigation — Subpoena of Documents — Attorney-Client Privilege

Air Transport Association of America—In the Matter of an Inspection and Review of the Act of ATA and Its Instrumentalities (Order Denying Motion to Quash Subpoena); Docket No. 10281 (Order Serial No. E-15360), June 9, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,394.

The Board denied a motion of ATA to quash a subpoena issued for the production of certain documents relative to an investigation being conducted of its activities. The Association's contention that the documents fell under the attorney-client privilege was rejected on that basis that no such relationship existed between the Association and the airline members and, if such a relationship did exist, Congress never intended the privilege to extend to regulated carrier industries.

Supplemental Air Carriers — Transfer of Certificate — No Need for Evidentiary Hearing

California Eastern Aviation, Inc. and President Airlines, Inc.—Certificate Transfer; Docket No. 11044 (Order Serial No. E-15328), June 3, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,399.

Passenger Fares — More Reliable Data Available — Consolidation of Cases Even Though One Had Proceeded to an Initial Decision

Puerto Rico Passenger Fare Investigation; Docket No. 9523 (Order Serial No. E-15371), Proposed Fares to Puerto Rico; Docket No. 11211 (Order Serial No. E-15371), June 10, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,398.

TARIFFS:

Transportation Between Airports — Furnished by Air Carriers

Ground Transportation Between Airports (Opinion and Order Dismissing Complaint); Docket No. 10958 (Order Serial No. E-15220), May 12, 1960 reported in 1A CCH Av. L. Rep. ¶ 22,385.

The Board found that the furnishing of free transportation between airports by a group of air carriers was not in violation of the carriers' tariffs. An exception to the tariff rule permitted the practice and it was considered a part of air transportation and, therefore, not discriminatory.

IV. STATUTES AND AMENDMENTS

ALASKA:


This act provides for the Public Service Commission to administer and regulate civil aeronautics within the state, including the certification of aircraft and the filing of tariffs.
MASSACHUSETTS:


Sound barriers and the designation of aircraft engine run-up areas are authorized to be established at Logan International Airport.

MICHIGAN:


Supplemental moneys are appropriated to facilitate the matching of federal funds for airport purposes by political entities and subdivisions.

MISSISSIPPI:


Certain aviation fuel tax moneys are to be placed in a special Aeronautics Commission Fund to be used to support the Aeronautics Commission and to aid municipalities in the operation of their airports, if any such financial aid is matched by the municipalities.


A retail sales tax of two percent is imposed on all retail dealers who engage in the sale of aircraft.

NEW YORK:


Section 292 of the Executive Laws is amended to include airdromes as places of public accommodation where discrimination is forbidden.

RHODE ISLAND:


The fee for obtaining an air carrier certificate is now $20.

SOUTH CAROLINA:


The guest statute, which controls the liability of the owner of an airplane to a non-paying guest, was amended by changing the word "airships" to "aircraft."