

LEGAL UPDATES

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Husch Blackwell Secures Summary Judgment in Cargo Loss Case, Reinforcing That Transportation Brokers Generally Lack Standing to Sue Under the Carmack Amendment

On May 27, 2026, Husch Blackwell secured a significant win for client Continuum Transportation Services Ltd. (Continuum) in the U.S. District Court for the Central District of California. The court granted summary judgment in favor of Continuum, reinforcing Ninth Circuit law that a transportation broker generally cannot bring a claim under the Carmack Amendment against a motor carrier unless it constitutes a “person entitled to recover under the receipt or bill of lading” within the meaning of 49 U.S.C. § 14706(a)(1), or otherwise obtains an assignment or right in subrogation, further clarifying the standing requirements for Carmack Amendment claims in the Ninth Circuit.

Case Background and Court’s Ruling

The dispute arose in 2023 when Rayem Investments (Rayem) retained Quaker Transportation (Quaker) to transport a shipment of yarn. In turn, Quaker, acting as a broker, hired Continuum, a motor carrier, to handle the transportation of the yarn. However, during transportation the truck carrying the load rolled over, resulting in damage to the yarn and losses to Rayem.

Rayem filed suit against Quaker, asserting claims for breach of contract and negligence. Quaker then filed a third-party complaint against Continuum, asserting a single cause of action under the Carmack Amendment, 49 U.S.C. § 14706, and sought to hold Continuum liable for any damages Quaker may potentially owe to Rayem. Continuum then moved for summary judgment,

arguing that as a broker, Quaker did not have standing to sue a motor carrier under the Carmack Amendment.

In granting Continuum's motion, the court rejected Quaker's effort to impose liability on Continuum under the Carmack Amendment based on Quaker's mere potential for liability to Rayem, holding that Quaker failed to establish standing as a matter of law. Specifically, the court found that Quaker, acting as a broker, did not demonstrate that it was a "person entitled to recover under the receipt or bill of lading" within the meaning of Carmack. First, Quaker failed to identify a receipt or bill of lading under which it was entitled to recover. Second, the court found Quaker's argument that it may potentially be held liable to Rayem as unpersuasive because it "impermissibly expands Ninth Circuit precedent" as enunciated in *OneBeacon Ins. Co. v. Hass Indus., Inc.*, 634 F.3d 1092 (9th Cir. 2011). Third, the court found the cases upon which Quaker relied in support of its standing argument inapposite, as each case was a non-binding case in which the plaintiff-broker either obtained an assignment from the shipper or otherwise paid for the shipper's losses and therefore had a right in subrogation to assert a Carmack claim against the motor carrier. But in this case, Quaker did not have an assignment, nor did it pay Rayem's losses.

Takeaways and Impact

This decision provides important clarity for motor carriers, freight brokers, shippers, and logistics companies navigating cargo loss disputes in the Ninth Circuit:

A receipt or bill of lading is the threshold requirement for Carmack Amendment standing, as the Carmack Amendment limits recovery to the person entitled to recover under the receipt or bill of lading.

A broker cannot establish Carmack Amendment standing simply by pointing to its potential exposure to the shipper. The Ninth Circuit's direct approach to standing forecloses expansive interpretations that disregard the role of the receipt or bill of lading. That said, assignment and indemnification arrangements can preserve standing. Specifically, brokers may be able to establish standing if they have paid the shipper's damages or obtained a formal assignment of recovery rights, but they must have documentary evidence to prove it.

The ruling reinforces the importance of careful documentation in transportation transactions and provides motor carriers with a procedural pathway to defeat Carmack claims by brokers who lack the requisite standing to assert the claim.

The Husch Blackwell litigation team was composed of partner Julie Maurer, senior counsel Andy Kleiner, senior counsel Dan Thiel, and associate Serena Tang.

Contact us

For questions about this case, the Carmack Amendment, or federal transportation law, please contact Julie Maurer or a member of your Husch Blackwell Transportation team.