

SUPREME COURT OF THE UNITED STATES

Nader v. Allegheny Airlines, Inc.

426 U.S. 290 (1976) · No. No. 75-455 · Decided June 7, 1976

SUMMARY

The Supreme Court held that a common-law fraudulent-misrepresentation action against an airline based on nondisclosure of overbooking practices did not need to be stayed for an initial determination by the Civil Aeronautics Board under the primary-jurisdiction doctrine. The Court concluded that the Federal Aviation Act preserved common-law remedies and that the Board's authority to address unfair or deceptive practices did not immunize the carrier from tort liability.

CASE DETAILS

COURT	Supreme Court of the United States
WRITING FOR THE COURT	Justice Powell
JURISDICTION	Federal
DECIDED	June 7, 1976
DOCKET	No. 75-455
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Petitioner brought common-law fraudulent-misrepresentation and statutory claims arising from an airline's overbooking and refusal to honor his confirmed reservation. The District Court entered judgment for petitioner on both claims. The Court of Appeals reversed in relevant part and ordered the misrepresentation claim stayed pending primary-jurisdiction reference to the Civil Aeronautics Board. The Supreme Court granted certiorari on the stay issue.
STANDARD OF REVIEW	De novo review of the Court of Appeals' legal determination concerning primary jurisdiction, agency referral, and the effect of the Federal Aviation Act's remedial provisions.
PRECEDENTIAL VALUE	Published Supreme Court opinion; binding precedent
PARTIES	Nader v. Allegheny Airlines, Inc.

TOPICS

- judicial review of agency action
- administrative law
- fraud
- consumer protection
- remedies

PRACTICE AREAS

administrative law

consumer protection

torts

remedies

QUESTIONS PRESENTED

1. Whether a common-law fraudulent-misrepresentation action against an air carrier based on nondisclosure of deliberate overbooking must be stayed pending a Civil Aeronautics Board determination under § 411 of the Federal Aviation Act.
2. Whether § 411 authorizes the Civil Aeronautics Board to approve or immunize an airline practice from common-law liability.
3. Whether the Federal Aviation Act's saving clause preserves common-law remedies for private injuries arising from regulated airline practices.

HOLDINGS

1. A stay pending reference to the Civil Aeronautics Board was inappropriate because the claim concerned conventional fraudulent-misrepresentation standards, did not challenge a tariff or agency-regulated rate or practice, and did not require the Board's technical expertise or a determination of the reasonableness of an airline practice.
2. Section 411 did not authorize the Civil Aeronautics Board to approve practices or immunize air carriers from common-law liability.
3. The Federal Aviation Act and the common-law fraudulent-misrepresentation action could coexist because imposing tort liability for nondisclosure of overbooking did not directly conflict with any Board-required rate, tariff, or practice.

KEY QUOTATIONS

“Under the circumstances, the common-law action and the statute are not “absolutely inconsistent” and may coexist, as contemplated by § 1106.” (426 U.S. at 300-301)

“As such, § 411 provides an injunctive remedy for vindication of the public interest to supplement the compensatory common-law remedies for private parties preserved by § 1106.” (426 U.S. at 301-302)

“The doctrine of primary jurisdiction “is concerned with promoting proper relationships between the courts and administrative agencies charged with particular regulatory duties.”” (426 U.S. at 303-304)

“The standards to be applied in an action for fraudulent misrepresentation are within the conventional competence of the courts, and the judgment of a technically expert body is not likely to be helpful in the application of these standards to the facts of this case.” (426 U.S. at 305-306)

FACTUAL BACKGROUND

Nader held a confirmed reservation on Allegheny's flight from Washington, D.C., to Hartford but was denied boarding because Allegheny had confirmed 107 reservations for 100 available seats. He alleged that the airline

fraudulently failed to disclose its deliberate overbooking practice and also violated statutory boarding-priority requirements. He rejected denied-boarding compensation and sought compensatory and punitive damages.

PROCEDURAL HISTORY

The District Court awarded petitioner compensatory and punitive damages on his claims against Allegheny Airlines. The Court of Appeals reversed the relevant judgment, holding that the Civil Aeronautics Board should first determine whether the airline's nondisclosure of overbooking was deceptive under Federal Aviation Act § 411, and directed a stay of the common-law claim. The Supreme Court reversed that determination and remanded for consideration of whether petitioner had introduced sufficient evidence to sustain the claim and for further proceedings.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand for the Court of Appeals to address whether petitioner introduced sufficient evidence to sustain the fraudulent-misrepresentation claim and for further proceedings consistent with the opinion. The Supreme Court did not decide ultimate liability or damages.

CASES CITED

- Texas & Pacific R. Co. v. Abilene Cotton Oil Co., 204 U.S. 426 (1907)
- Pennsylvania R. Co. v. Puritan Coal Mining Co., 237 U.S. 121, 129-130 (1915)
- American Airlines, Inc. v. North American Airlines, Inc., 351 U.S. 79, 82-86 (1956)
- United States Navigation Co. v. Cunard S. S. Co., 284 U.S. 474, 485 (1932)
- Far East Conference v. United States, 342 U.S. 570, 574-575 (1952)
- Rosado v. Wyman, 397 U.S. 397, 406 (1970)
- Federal Trade Commission v. Klesner, 280 U.S. 19, 25-26 (1929)
- Holloway v. Bristol-Myers Corp., 158 U.S. App. D.C. 207, 212, 485 F.2d 986, 991 (1973)
- United States v. Western Pacific R. Co., 352 U.S. 59, 63-67 (1956)
- Danna v. Air France, 463 F.2d 407 (2d Cir. 1972)
- Southwestern Sugar & Molasses Co. v. River Terminals Corp., 360 U.S. 411, 417-418 (1959)
- Lichten v. Eastern Airlines, Inc., 189 F.2d 939 (2d Cir. 1951)
- Ricci v. Chicago Mercantile Exchange, 409 U.S. 289 (1973)
- Chicago Mercantile Exchange v. Deaktor, 414 U.S. 113 (1973)
- Delta Air Lines, Inc. v. CAB, 147 U.S. App. D.C. 272, 455 F.2d 1340 (1971)