UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

Natasha, Inc. v. Evita Marine Charters, Inc.

1986 A.M.C. 490 (1st Cir. 1985) · No. No. 84-1881 · Decided May 30, 1985

SUMMARY

The First Circuit held that admiralty jurisdiction extends to the maritime charter provisions of a combined vessel sale and charter agreement when those provisions are readily separable from the nonmaritime sale terms. The court affirmed an award of damages for breach of the charter agreement and imposed double costs and $10,000 in counsel fees because the appeal was frivolous.

CASE DETAILS

COURT	United States Court of Appeals for the First Circuit
WRITING FOR THE COURT	Breyer, Circuit Judge; Torruella, Circuit Judge; Re, Chief Judge of the United States Court of International Trade, sitting by designation
JURISDICTION	Federal
DECIDED	May 30, 1985
DOCKET	No. 84-1881
DISPOSITION	affirmed
PROCEDURAL POSTURE	Natasha sued Evita Marine Charters for breach of a post-sale yacht charter agreement. The case was tried to a federal district judge sitting in admiralty, who entered judgment for Natasha and awarded $91,254.61 in damages. Evita appealed, arguing principally that the case was not within admiralty jurisdiction and therefore should have been tried to a jury.
STANDARD OF REVIEW	The court reviewed the legal issue of admiralty jurisdiction and the propriety of sanctions on appeal; it accepted the district court's supported factual findings.
PRECEDENTIAL VALUE	Published First Circuit opinion; precedential
PARTIES	Evita Marine Charters, Inc. v. Natasha, Inc.

TOPICS

admiralty jurisdiction · charter parties · breach of contract · appellate procedure · remedies

PRACTICE AREAS

Admiralty | Contracts | Appellate procedure | Remedies

QUESTIONS PRESENTED

1. Whether admiralty jurisdiction exists over the charter portion of a contract that also provides for the sale of a vessel when the charter obligations are readily separable from the nonmaritime sale obligations.
2. Whether the appeal was frivolous and warranted an award of double costs and counsel fees under Federal Rule of Appellate Procedure 38 and 28 U.S.C. § 1912.

HOLDINGS

1. Admiralty jurisdiction exists when the maritime charter obligations in a contract that also contains nonmaritime vessel-sale provisions are divisible and can be separately adjudicated and enforced without prejudice to the nonmaritime provisions.
2. A court of appeals may award double costs and counsel fees when an appeal is frivolous, meaning that the result is obvious or the arguments are wholly without merit.

KEY QUOTATIONS

> *"But where the respective provisions of the contract are divisible and the maritime obligations may be separately adjudicated, admiralty may take jurisdiction and enforce them."* (¶ 27)

> *"An appeal is frivolous when the result is obvious, or the arguments are 'wholly without merit.'"* (¶ 36)

> *"For the reasons set forth above, the judgment of the district court is affirmed with double costs and counsel fees in the amount of $10,000 to appellee."* (¶ 38)

FACTUAL BACKGROUND

In 1982, Natasha sold its yacht, EVITA, to Evita Marine Charters for $1.4 million plus a promise that Natasha could use the boat for four weeks after delivery, including by chartering it and retaining proceeds above operating expenses. The parties later agreed by telephone on specific dates for Natasha's use, but Evita attempted to reduce the available period, impose deposits and insurance requirements, prohibit subchartering, and condition use on acceptance of those new terms. Evita then refused to provide the yacht for the first agreed dates, prompting Natasha's breach-of-contract action.

PROCEDURAL HISTORY

Natasha sold the yacht EVITA to Evita Marine Charters while retaining the right to use the vessel for four weeks after delivery. After the parties agreed on charter dates, Evita attempted to impose additional conditions, refused to provide the yacht for the first agreed period, and claimed that the crew needed a vacation. The district court found that Evita repudiated the charter agreement, awarded damages to Natasha, and the First Circuit affirmed with double costs and $10,000 in counsel fees.

DISPOSITION

affirmed

CASES CITED

- Eastern Massachusetts Street Railway Co. v. Transmarine Corp., 42 F.2d 58, 63-64 (1st Cir.), cert. denied, 282 U.S. 883 (1930)
- Compagnie Francaise de Navigation a Vapeur v. Bonasse, 19 F.2d 777, 779 (2d Cir.), cert. denied, 275 U.S. 551 (1927)
- The Eclipse, 135 U.S. 599 (1890)
- Morewood v. Enequist, 23 How. 491, 64 U.S. 491 (1860)
- The Ada, 250 F. 194 (2d Cir. 1918)
- Grand Banks Fishing Co. v. Styron, 114 F. Supp. 1 (D. Me. 1953)
- Jack Neilson, Inc. v. Tug Peggy, 428 F.2d 54 (5th Cir. 1970), cert. denied, 401 U.S. 955 (1971)
- Flota Maritima Browning v. The Ciudad de la Habana, 181 F. Supp. 301, 307-10 (D. Md. 1960)
- Outbound Maritime Corp. v. P.T. Indonesian Consortium, 582 F. Supp. 1136, 1142 (D. Md. 1984)
- Alaska Barge and Transport, Inc. v. United States, 373 F.2d 967, 972, 179 Ct. Cl. 216 (1967)
- NLRB v. Catalina Yachts, 679 F.2d 180, 182 (9th Cir. 1982)
- Commonwealth Electric Co. v. Woods Hole, Martha's Vineyard and Nantucket Steamship Authority, 754 F.2d 46, 49 & n. 5 (1st Cir. 1985)
- Oscar Gruss & Son v. Lumbermens Mutual Casualty Co., 422 F.2d 1278, 1284 (2d Cir. 1970)
- NLRB v. Catalina Yachts, 679 F.2d 180, 182 (9th Cir. 1982)
- Good Hope Refineries, Inc. v. Brashear, 588 F.2d 846, 848 (1st Cir. 1978)
- Johnson v. Allyn & Bacon, Inc., 731 F.2d 64, 74 (1st Cir.), cert. denied, 469 U.S. 857 (1984)
- NLRB v. Smith & Wesson, 424 F.2d 1072, 1073 (1st Cir. 1970) (per curiam)
- Surowitz v. Hilton Hotels Corp., 383 U.S. 363, 371 (1966)
- Local Union No. 251 v. Narragansett Improvement Co., 503 F.2d 309, 313 (1st Cir. 1974)