

UNITED STATES CLAIMS COURT

McDonnell Douglas Corp. v. United States

25 Cl. Ct. 342 (1992) · Decided February 20, 1992

SUMMARY

The United States Claims Court considered whether it had jurisdiction over claims arising from the Navy’s A-12 aircraft development contract, including a default termination and demand for repayment of progress payments. The court held that McDonnell Douglas and General Dynamics were dual prime contractors in privity with the Government, that their claim certifications substantially complied with the Contract Disputes Act, and that their submissions provided adequate notice of the claims. The court denied the Government’s motion to dismiss in part and concluded that the termination and related monetary claims could proceed together.

CASE DETAILS

COURT	United States Claims Court
WRITING FOR THE COURT	Hodges
JURISDICTION	USA
DECIDED	February 20, 1992
DISPOSITION	other
PROCEDURAL POSTURE	The United States moved to dismiss the contractors' Contract Disputes Act claims for lack of jurisdiction, asserting lack of privity, defective certifications, inadequate supporting data, and the absence of a reviewable final decision concerning the Government's demand for repayment of progress payments and the termination for default.
STANDARD OF REVIEW	The court considered whether the complaint and the underlying submissions satisfied the jurisdictional requirements of the Contract Disputes Act and whether the Government's demand and termination constituted reviewable claims and final decisions.
PRECEDENTIAL VALUE	Published opinion of the United States Claims Court addressing CDA jurisdiction and Government-contract claims.
PARTIES	McDonnell Douglas Corporation, General Dynamics Corporation v. United States

TOPICS

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether McDonnell Douglas and General Dynamics were in privity of contract with the Government despite having submitted a joint proposal and performed as a team.
2. Whether the contractors' separate certifications substantially complied with the Contract Disputes Act's certification requirements for claims exceeding \$50,000.
3. Whether the contractors' equitable-adjustment requests contained sufficient factual and financial information to constitute claims under the Contract Disputes Act.
4. Whether the Navy's demand for return of unliquidated progress payments, together with the deferment agreement, constituted a final decision supporting Claims Court jurisdiction.
5. Whether the Claims Court had jurisdiction to review the termination for default when the contractors also presented monetary claims and the Government demanded repayment of progress payments.

HOLDINGS

1. McDonnell Douglas and General Dynamics were dual prime contractors in privity with the Government; the teaming relationship did not create a separate entity whose presence as a plaintiff was necessary to establish jurisdiction.
2. The contractors' separate certifications substantially complied with the Contract Disputes Act, and the corporate officials who signed them had authority to bind and certify claims for their respective corporations.
3. The contractors' December 31 requests constituted claims because, viewed as a whole, they gave the Contracting Officer clear and unequivocal notice of the basis and amount of the claims sufficient to permit meaningful review.
4. The Navy's demand for repayment of unliquidated progress payments, together with the parties' Deferment Agreement, constituted a final decision and exhausted the contractors' administrative remedies for purposes of Claims Court jurisdiction.
5. The Claims Court could review the termination for default because the contractors presented monetary claims and the Government's demand for return of progress payments was integral to and intertwined with the termination.

KEY QUOTATIONS

“Plaintiffs were prime contractors, and they were in privity with the Government; it is not necessary for ‘The Team’ to be a party.” (at 347)

“The requests gave the Contracting Officer enough information to conduct a meaningful review of plaintiffs’ requests, and thus complied with the CDA.” (at 348)

“The Deferment Agreement constituted a final decision under the facts of this case.” (at 349)

“This case is one which Congress and the Federal Circuit direct us to “appeal all issues together.”” (at 350)

FACTUAL BACKGROUND

The Navy awarded McDonnell Douglas and General Dynamics, which had formed a team while retaining separate corporate identities, an A-12 Full Scale Engineering Development contract. The contract expressly imposed joint and several liability on the two contractors and contemplated that they would later compete against each other in production. After performance problems, the contractors submitted equitable-adjustment requests exceeding \$50,000, the Navy terminated the contract for default, and the Navy demanded repayment of more than \$1.35 billion in unliquidated progress payments. The contractors disputed the demand, entered into a deferment agreement, submitted revised certifications, and filed suit under the Contract Disputes Act.

PROCEDURAL HISTORY

McDonnell Douglas and General Dynamics filed joint equitable-adjustment and termination-related claims arising from the A-12 aircraft development contract. After the Navy issued a termination for default and demanded repayment of unliquidated progress payments, the contractors filed suit in the United States Claims Court under the Contract Disputes Act. The court denied the motion to dismiss in part, required briefing on jurisdiction over post-complaint claims, and indicated that the added team entity might be removed as a plaintiff.

DISPOSITION

other

CASES CITED

- United States v. Johnson Controls, Inc., 713 F.2d 1541, 1550-51 (Fed. Cir. 1983)
- Erickson Air Crane Co. v. United States, 731 F.2d 810, 813 (Fed. Cir. 1984)
- Thoen v. United States, 765 F.2d 1110, 1116 (Fed. Cir. 1985)
- United States v. General Electric Corp., 727 F.2d 1567, 1569 (Fed. Cir. 1984)
- Contract Cleaning Maintenance, Inc. v. United States, 811 F.2d 586, 592 (Fed. Cir. 1987)
- Tecom, Inc. v. United States, 732 F.2d 935, 936-37 (Fed. Cir. 1984)
- Metric Construction Co. v. United States, 1 Cl. Ct. 383, 392 (1983)
- R & R Enterprises, ASBCA No. 41,382, 91-2 B.C.A. (CCH) ¶ 23,707 at 118,677, 1992 WL 30189
- Dawco Construction, Inc. v. United States, 930 F.2d 872, 877-78 (Fed. Cir. 1991)
- Dynalec Corporation, ASBCA No. 40860, 91-1 B.C.A. (CCH) ¶ 23,553, 1990 WL 235592 (1990)
- Crippen & Graen Corp. v. United States, 18 Cl. Ct. 237 (1989)
- Placeway Construction Corp. v. United States, 920 F.2d 903, 906-07 (Fed. Cir. 1990)
- Austin v. United States, 206 Ct. Cl. 719, 721, 723 (1975)

- Overall Roofing & Construction, Inc. v. United States, 929 F.2d 687, 687-90 (Fed. Cir. 1991)
- Sharman Co. v. United States, 24 Cl. Ct. 763, 767 (1991)

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