
Hughes Hubbard & Reed

Firm Wins Appeal Upholding Dismissal of Spain's \$1 Billion Oil Spill Suit

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On Aug. 29, 2012, a federal appeals court upheld the dismissal of Spain's \$1 billion lawsuit against Hughes Hubbard & Reed client American Bureau of Shipping (ABS) over a 2002 oil spill off the coast of Spain.

A three-judge panel of the United States Court of Appeals for the Second Circuit unanimously affirmed a lower court ruling that ABS was entitled to summary judgment, holding that Spain did not meet its burden of establishing a genuine issue of material fact warranting a trial on the issue of alleged recklessness by ABS.

In its lawsuit, Spain claimed that Houston-based ABS, which certifies ships as meeting its standards for design, structure and condition, was negligent and reckless in certifying the single-hulled oil tanker M.T. Prestige as fit to carry fuel (although Spain conceded during oral argument before the district court that ABS could not be liable for negligence).

In November 2002, the Prestige discharged millions of gallons of oil into Spanish territorial waters after the ship broke in two and sank 140 miles off the country's coast.

The appeals court did not address the issue addressed by the district court: whether a classification society can be held responsible to a third party like Spain for reckless certification-related conduct. Instead, consistent with the defense team's strategy on appeal, the court focused on the merits. The court held that Spain did not introduce sufficient evidence to show that ABS' conduct was reckless or that its conduct caused the sinking of the Prestige, affirming the district court's decision on alternative grounds.

The ruling marks the latest victory Hughes Hubbard has achieved for ABS over nine years of litigation in what, at the time, had been reported as "the biggest lawsuit in maritime history."

The current victory made headlines in Law360 and several prominent maritime publications, including Lloyds

List, Tradewinds and Fairplay. Both Law360 and Tradewinds noted Jeff Coleman represented ABS. Both publications also quoted him as saying, "The decision reflects a sound application of the relevant law and we are delighted with the successful outcome."

In addition to Coleman, who argued the appeal, the Hughes Hubbard team representing ABS included Norman Kleinberg, Steven Hammond, Dan Weiner, Peter Sullivan, Jason Benton, Amera Chowhan, Josiah Trager and Jaime Winkelman. The Firm worked closely over the years with maritime counsel John Grimmer & Associates, including John Grimmer, Dan Paige, Brad Gandrup, and Robert Suarez. Former Hughes Hubbard partner Abraham Sofaer argued the case on behalf of Spain.

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