

FEDERAL MARITIME COMMISSION
Office of the Administrative Law Judges

RAHAL INTERNATIONAL, INC., *Claimant*

v.

OCEAN NETWORK EXPRESS PTE. LTD. AND YUSEN
TERMINALS LLC, *Respondents*.

DOCKET NO. 1998(I)

Served: May 2, 2024

BEFORE: Theresa DIKE, *Small Claims Officer*.

ORDER APPROVING SETTLEMENT AND DISMISSING PROCEEDING

On November 17, 2023, the Secretary of the Federal Maritime Commission issued a Notice of Filing of Small Claims Complaint and Assignment (“Notice”), stating that Claimant Rahal International, Inc. (“Rahal”) had filed an informal complaint against Respondents Ocean Network Express Pte. Ltd. (“ONE”) and Yusen Terminals LLC (“YTI”). Rahal alleges that Respondents violated 46 U.S.C. §§ 41102(c), 41104(a)(14), 41104(a)(15)(A) and 41104(a)(15)(B) based on detention and demurrage charges they imposed on Rahal in connection with Rahal’s shipment of eight containers of mango puree from Manzanillo, Mexico to the Port of Los Angeles, California.

The Secretary instructed Respondents to file responses to the Claim by December 12, 2023, and to indicate whether they consented to the adjudication of the Claim under the informal procedures provided at Subpart S of the Commission’s Rules of Practice and Procedure (46 C.F.R. § 502.301-305). The Secretary also assigned the proceeding to the Chief Administrative Law Judge to designate a Small Claims Officer to adjudicate the proceeding.

Although Respondents filed their respective responses to the Claim on January 19, 2024, the parties requested and were granted multiple extensions of time delaying adjudication of the proceeding until April 17, 2024, because they indicated in their various requests that they were engaged in settlement negotiations and had reached settlement but needed additional time to finalize their agreement and disburse the agreed upon settlement amount.

When no further communication was received from the parties by the April 17, 2024, deadline, the Chief Administrative Law Judge assigned this proceeding to the undersigned for adjudication on April 25, 2024.

On April 30, 2024, the parties submitted a Joint Motion for Approval and Confidential Treatment of the Settlement Agreement and Release and Voluntary Dismissal (“Joint Motion to Dismiss”), requesting approval of their settlement agreement and dismissal of Rahal’s claims against Respondents with prejudice. They also submitted copies of a settlement agreement signed by Rahal and ONE and by YTI.¹

Pursuant to the Commission’s Rule 72(a)(3):

[A]n action may be dismissed at the complainant’s request only by order of the presiding officer, on terms the presiding officer considers proper. If the motion is based on a settlement by the parties, the settlement agreement must be submitted with the motion for determination as to whether the settlement appears to violate any law or policy and to ensure the settlement is free of fraud, duress, undue influence, mistake, or other defects which might make it unapprovable. Unless the order states otherwise, a dismissal under this paragraph is without prejudice.

46 C.F.R. § 502.72(a)(3). Although Rule 72, governing dismissal of Commission proceedings, is not applicable to Subpart S proceedings, the undersigned used the rule as guidance for ruling on Claimant’s request to dismiss the Claim.

The Commission’s regulations allow settlements by litigating parties; however, the Commission requires that settlement agreements be submitted “for determination as to whether the settlement appears to violate any law or policy and to ensure the settlement is free of fraud, duress, undue influence, mistake, or other defects which might make it unapprovable.” *Maher Terminals v. The Port Authority of N.Y. & N.J.*, 34 S.R.R. 322, 325 (FMC 2016). In reviewing settlement agreements, the Commission is guided by its “strong and consistent policy of encouraging settlements and engaging in every presumption which favors a finding that they are fair, correct, and valid.” *Maher Terminals*, 34 S.R.R. at 326 (quoting *APM Terminals North America, Inc. v. Port Authority of N.Y. & N.J.*, 31 S.R.R. 623, 626 (FMC 2009)).

“While following these general principles, the Commission does not merely rubber stamp any proffered settlement, no matter how anxious the parties may be to terminate their litigation.” *Old Ben Coal Co. v. Sea-Land Serv., Inc.*, 18 S.R.R. 1085, 1092 (ALJ 1978). However, if a “proffered settlement does not appear to violate any law or policy and is free of fraud duress, undue influence, mistake or other defect which might make it unapprovable despite the strong policy of the law encouraging approval of settlements, the settlement will probably pass muster and receive approval.” *Id.* at 1093. “[I]f it is the considered judgment of the parties that whatever benefits might result from the vindication of their positions would be outweighed by the costs of continued litigation and if the settlement otherwise complies with law the Commission authorizes the settlement.” *Delhi Petroleum Pty. Ltd. v. U.S. Atlantic & Gulf/Australia – New Zealand Conf. and Columbus Line, Inc.*, 24 S.R.R. 1129, 1134 (ALJ 1988).

The parties state that they “are sophisticated corporate entities that engaged in arm’s length negotiations and support the Motion and the relief it seeks.” Motion to Dismiss at 4. They

¹ The parties submitted two Settlement Agreements containing identical terms, one signed by ONE and Rahal and the other by YTI.

maintain that “the Settlement Agreement is a fair and reasonable resolution of this dispute between Rahal and Respondents and reflects their mutual desire to resolve their issues without the need for costly litigation and the Commission resources.” Motion to Dismiss at 4.

A review of the settlement agreement, which is signed by all parties, does not show any indicia of fraud, duress, undue influence, or mistake, and appears to reflect an arm’s-length resolution between the parties. The terms appear to be fair, reasonable, and adequate. Accordingly, the settlement agreement is approved, and this proceeding dismissed with prejudice, as requested.

The parties request confidentiality for their settlement agreements, asserting:

In this action, the Settlement Agreement is the result of confidential commercial negotiations between Rahal and Respondents, the matters settled are commercially sensitive, and the terms of the settlement are commercially sensitive. The confidentiality of the settlement was an express term agreed upon between the Parties and includes an exception for disclosure where required by law.

Joint Motion at 5.

“If parties wish to keep the terms of their settlement agreements confidential, the Commission, as well as the courts, have honored such requests.” *Al Kogan v. World Express Shipping, Transportation and Forwarding Services, Inc.*, 29 S.R.R. 68, 70 n.7 (ALJ 2000) (internal citations omitted); *Marine Dynamics v. R.T.M Line, Ltd.*, 27 S.R.R. 503, 504 (ALJ 1996); *International Association of NVOCCs v. Atlantic Container Line*, 25 S.R.R. 1607, 1609 (ALJ 1991). The parties’ request to keep the terms of their settlement agreement confidential is reasonable and thus granted.

Upon consideration of the proposed settlement, the parties’ joint motion to dismiss, and for the reasons stated above, it is hereby

ORDERED that the settlement agreement be **APPROVED**. It is

FURTHER ORDERED that the request for confidentiality be **GRANTED**. It is

FURTHER ORDERED that this proceeding be **DISMISSED WITH PREJUDICE**.

Theresa Dike
Small Claims Officer