

The Infamous “Titanic” Law and the Key Bridge Collapse

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On March 26, 2024, the Dali, a nearly 1,000-foot-long container ship weighing 95,000 tons, lost power and collided with the Francis Scott Key Bridge in Baltimore, Maryland. The collision resulted in loss of life for six construction workers, as well as disruptions to many supply chains, economic loss to the Baltimore region, a loss of a major transportation access to the Port of Baltimore, and increased car traffic congestion. Following the disaster, the state of Maryland, the U.S. Department of Justice, and the victims’ families filed lawsuits against the Dali owner (Grace Ocean Private Ltd.). This EBOT explains a long-standing maritime law that has been invoked by the Dali’s owner to limit its liability for losses related to the accident.

The Limitation of Liability Act of 1851

In the case of a maritime accident, the Limitation of Liability Act of 1851 (“the Act”) allows the owners of a vessel to limit their liability to the value of the vessel and its pending freight. Shipowners must prove that they had no “privity or knowledge” of any negligent act or condition that resulted in the accident.¹ Courts have generally held that shipowners must prove that they hired a competent crew and remedied defects in the vessel that were discoverable through reasonable diligence in order to comply with the law.² The Act was designed to encourage investment in the shipping industry by limiting the remote shipowner’s liability for certain maritime accidents for which the owner lacked privity or knowledge.³ While Congress updated the Act most recently in 2022, the provisions limiting the liability of ship owners have remained largely unchanged from the original Act.⁴

Historical Cases Using the Act

In some cases, shipowners successfully established a lack of privity or knowledge for incidents in which their vessels crashed into objects. Perhaps most famously, the owners of the Titanic, the White Star Line, used the Act to limit their liabilities in the wake of the ship’s crash into a stationary iceberg and subsequent sinking in 1912.⁵ The company asked courts to limit the compensation it would have to pay to survivors and the relatives of the deceased. White Star Line claimed that it could not have foreseen the disaster and therefore its liability was limited. Following a Supreme Court ruling that the Act could be applied to the accident, the White Star Line settled with families and paid only \$664,000 in damages, when the total

¹ 9 Stat. 635, Chap. 43, § 3 (March 3, 1851); see also Bryan Adkin, Alexander Pepper & Clay Wild, *The Baltimore Bridge Collapse and the Limitation of Liability Act of 1851*, Congressional Research Service, <https://crsreports.congress.gov/product/pdf/LSB/LSB11155> (April 24, 2024).

² Amie L. Medley, *A Sea of Confusion: The Shipowner’s Limitation of Liability Act as an Independent Basis for Admiralty Jurisdiction*, 108 Mich. L. Rev. 229 (2009).

³ H. Rep. No. 31-33 (1850) (explaining that Act will “...increase the number of American ships and vessels engaged in the commerce of the world, and to prevent discouragement to merchants and others interested and concerned therein”).

⁴ Pub. L. No. 117-263, § 11503(a)(3), 136 Stat. 2395, 4130 (2022), *codified at* 46 U.S.C. § 30523.

⁵ *Oceanic Steam Navigation Co. Ltd. v. Mellor*, 233 U.S. 718 (1914)(upholding application of the Act to Titanic accident).

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claims for loss of life, personal injury, and cargo had totaled \$16 million (approximately equivalent to \$491 million in 2024).⁶ The legal principle has since become known as the “Titanic” Law.⁷

Modern cases have continued to elaborate on the Act’s requirements. In the case of *In re Omega Protein, Inc.*, a federal court of appeals held that the privity standard does not “require a vessel owner to take every possible precaution.” In that case, a 396-ton fishing vessel named Gulf Shore crashed into an oil platform while its crew was distracted by a malfunctioning refrigeration system. The trial court ultimately concluded that while the owner, a firm called Omega Protein, could have developed further protocols for crew to avoid collisions, the accident resulted from the crew’s “mistake of navigation” and therefore the owner did not have privity or knowledge of the mistakes that caused the accident; the appeals court upheld these findings.⁸

Dali Owner’s Defense:

The Dali’s owner is asking the court to limit its liability to the value of the ship and freight, or \$44 million, claiming it has no responsibility for the failures of the ship’s systems under the Act.⁹ However, in order to comply with the Act, the owner and manager must show that the accident was caused by factors of which they lacked privity or knowledge.¹⁰ In the case of the Dali, investigations conducted in May 2024 revealed that the power failure was caused by a persistent vibration problem, which caused nuts and bolts to come loose and fall, ultimately damaging the transformers and switchboards.¹¹ This damage resulted in a loose wiring connection that caused multiple power failures over several days, with the last resulting in the crash.¹² The ship’s backup power systems, which were intended to automatically restore electrical power, failed to work as they were designed to.¹³ The State of Maryland claims that the disaster was preventable had the Dali’s owner properly managed the ship and corrected the power issues before the ship left its berth.

Dali’s owner has petitioned the federal district court in Maryland to limit damages stemming from the bridge collapse to \$44 million under the Act.¹⁴ The State of Maryland has estimated that rebuilding the bridge will cost \$1.8 billion and take until at least 2028, and it is seeking these costs in full in trials set to begin in June 2026.¹⁵ Whether federal courts agree that the Act applies to the Dali’s collision will greatly impact the final amount of these damages.

⁶ Matthew E. Zekala, *Liability and Salvage, Titanic Jurisprudence in United States Federal Court*, 16 Lewis and Clark L. Rev. 1075, 1082-85 (2012)(indicating claimants reached a settlement before final trial).

⁷ Nicole Goodkind, *The Titanic may play a role in who pays for the Baltimore Bridge collapse. Here’s why*, <https://www.cnn.com/2024/03/31/economy/the-titanic-maritime-law-baltimore-bridge/index.html> (March 31, 2024).

⁸ *In re Omega Protein, Inc.*, 548 F.3d 361, 365 & 374-75 (5th Cir. 2008).

⁹ Petition for Exoneration, In the Matter of Grace Ocean Private Ltd. et al, No. 24-940 (D. Maryland April 1, 2024).

¹⁰ 46 U.S.C. § 30532(b).

¹¹ NTSB, Marine Investigation Preliminary Report: Contact of Containership Dali with the Francis Scott Key Bridge and Subsequent Bridge Collapse (May 14, 2024) at pgs. 13–14.

¹² Anastasia Kyriotaki, *NTSB: Loose wire likely caused electrical failure of MV Dali*, <https://safety4sea.com/ntsb-loose-wire-likely-caused-electrical-failure-of-mv-dali/> (September 16, 2024).

¹³ *Id.*

¹⁴ Petition for Exoneration, In the Matter of Grace Ocean Private Ltd. et al, No. 24-940 (D. Maryland April 1, 2024).

¹⁵ Case Management Order No. 3, In the Matter of Grace Ocean Private Ltd. et al, No. 24-940 (D. Maryland Nov. 7, 2024).

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