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TRANSPORTATION LAW ALERT

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Federal Court Declares the Ohio Supreme Court "Misinterpreted" the Law in Creating "Logo Liability" in Ohio

Roetzel's Transportation Group attorneys obtained a favorable decision from the United States District Court for the Southern District of Ohio on January 7, 2014, in *UPS Ground Freight, Inc. v. James Farran, et al.*, Case No. 3:12-cv-00130-MRM, which held that the "logo liability" law adopted by the Ohio Supreme Court was based on a misinterpretation of a federal motor carrier regulation.

"Logo liability," also known as the doctrine of statutory employment, arises when a commercial vehicle is involved in an accident while under lease to the motor carrier and the motor carrier's Interstate Commerce Commission (ICC) identification numbers are displayed on the vehicle. Under such circumstances, there is an *irrebuttable presumption* that the motor carrier is liable. In other words, the doctrine treats the motor carrier-lessor as the employer of the lessee's driver, even when there is an independent contract in place.

The Ohio Supreme Court adopted the doctrine of statutory employment in 1991 in *Wyckoff Trucking, Inc. v. Marsh Bros. Trucking Service, Inc.*, 58 Ohio St.3d 261 (1991). Its decision was based on its interpretation of the mandatory lease provisions promulgated by the ICC. However, in 1992, the ICC amended the regulation to clarify that, "[n]othing in the provisions required by [the regulation] is intended to affect whether the lessor or driver provided by the lessor is an independent contractor or an employee of the authorized carrier lessee." 49 C.F.R. § 376.12(c)(4). With the amendment, the ICC sought to correct courts such as the Ohio Supreme Court that had adopted the doctrine of statutory employment based on the regulation.

Yet, the doctrine of statutory employment has remained the law of the land in Ohio. Today's decision, however, places the viability of the doctrine into serious question. In its Decision and Order, the Southern District of Ohio explained that, "the ICC 1992 amendment to 49 C.F.R. § 376.12 shows that the Ohio Supreme Court ***misinterpreted*** what the ICC intended by its regulation of the leases of vehicles by interstate motor carriers." (Emphasis added). The court explained the "better interpretation" is that the ICC reaffirmed with the 1992 amendment that it did not intend the regulation to have sweeping effects on the obligations of motor carriers-lessees. The court likewise agreed that the amendment was meant to give notice to courts such as the Ohio Supreme Court that the regulation is not intended to affect the relationship between a motor carrier lessee and the independent owner-operator lessor.

Roetzel attorney Marshal Pitchford, who argued the case before the Southern District of Ohio, believes that, "the decision will have a significant impact on all state and federal cases in Ohio whenever the plaintiff's bar attempts to inject *Wyckoff* into the analysis." To date, Ohio appellate courts have yet to hold that *Wyckoff* is no longer good law in light of the 1992 amendment. "Now," says Pitchford, "Ohio appellate courts have a federal court decision to support a holding that absolute 'logo' liability is no longer good law in Ohio."

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