CLIENT ALERTS & INSIGHTS

Every Victory is a New Beginning: U.S. Supreme Court Agrees to Consider Freight Broker Liability

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Key Takeaways

- The U.S. Supreme Court has agreed to review a major case (Montgomery v. Caribe Transport II, LLC) that will determine whether freight brokers can be held liable under state negligence laws for their selection of motor carriers or if such claims are preempted by federal law (the FAAAA).
- Courts across the country are split on the issue, creating inconsistent legal standards and significant business risk for freight brokers. Without clarity, brokers face uncertainty, increased litigation, and rising insurance costs, making it difficult to operate effectively across state lines.
- In the near term, certain parties involved in broker liability lawsuits should consider seeking to stay their cases until the Supreme Court issues its decision. Industry stakeholders-including brokers, insurers, motor carriers, and shippers-should monitor the case closely, prepare for possible changes in legal exposure, and be ready to adjust compliance and risk management strategies based on the Court's ruling, which is expected by summer 2026.

On Friday, October 3, 2025, the United States Supreme Court announced that it will provide vital guidance regarding the extent to which freight brokers are liable for alleged negligence in selecting motor carriers that transport goods for brokers' customers. The announcement was immediate cause for celebration among those the freight brokerage industry for the reasons explained below.

I. What is the Underlying Case?

The case now before the Court is *Shawn Montgomery v. Caribe Transport II, LLC*. In *Montgomery*, a customer retained a freight broker, C.H. Robinson Worldwide, Inc. ("CHR"), to arrange for the interstate transportation of a load of plastic pots. CHR contracted with a federally-licensed motor carrier, Caribe Transport II, LLC ("Caribe"), to perform the transportation for the customer. Caribe's driver veered off the road while he was transporting the load through Illinois, colliding with a tractor-trailer that was stopped on the side of the road. The tractor-trailer was being driven by Shawn Montgomery, who was injured as a result of the collision.

Mr. Montgomery commenced litigation in federal district court in Illinois to recover for his injuries. He sued not only Caribe and Caribe's driver but also CHR and certain affiliates of CHR. Mr. Montgomery alleged that CHR negligently selected Caribe to perform the transportation and that CHR was vicariously liable for the torts of Caribe and its driver due to alleged control exercised over Caribe and its driver. CHR moved for summary judgment on the vicarious liability claim, which the district court granted after finding that Caribe and its driver were independent contractors-not agents-of CHR. The district court also ultimately granted judgment for CHR on the negligent hiring claims on the basis that such claims were preempted by a federal statute, the Federal Aviation Administration Authorization Act (the "FAAAA"). Mr. Montgomery appealed to the U.S. Court of Appeals for the Seventh Circuit, which affirmed the district court's dismissal of the negligent hiring claims.

Mr. Montgomery then sought review from the U.S. Supreme Court. Notably, despite winning at the federal district court and in the Seventh Circuit, CHR also requested that the U.S. Supreme Court review the decision in order to provide clarity to the freight brokerage industry. The Court has now agreed to hear the case.

II. What Is the FAAAA?

In the late 1970's and early 1980's, Congress began to deregulate various types of interstate transportation services, culminating in the mid-1990's with the passage of the FAAAA and the Interstate Commerce Commission Termination Act ("ICCTA"). The FAAAA expressly preempted a wide variety of state and local regulations and state law claims affecting motor carriers. Among other things, the ICCTA also expanded federal preemption under the FAAAA to include preemption of claims not only against motor carriers but also against *freight brokers* in particular. The deregulatory goal of the FAAAA was to facilitate interstate commerce by eliminating the patchwork quilt of conflicting state laws and regulations that was hampering the operations of motor carriers and brokers.

However, the FAAAA not only preempts positive laws enacted by states but also other forms of state action (*i.e.*, court judgments and jury verdicts) that have the effect of regulating the services of freight brokers. This latter form of state regulation often presents an existential risk to the freight brokerage industry. After all, personal injury lawsuits against motor carriers and freight brokers can end with multi-million-dollar verdicts. In recent years, the number of lawsuits against brokers has only increased, causing insurance premiums to skyrocket and leaving brokers confounded about what level of "due diligence" they should be applying when selecting the motor carriers that haul their customers' goods.

III. What is the Legal Issue that the Court will Decide?

The key legal issue that the Court will decide is whether the so-called "safety exception" in the FAAAA saves negligence claims against brokers from being preempted. As amended, the FAAAA provides:

> Except as provided in paragraphs (2) and (3), a State, political subdivision of a State, or political authority of 2 or more States **may not enact or enforce** a law, regulation, or other provision having the force and effect of law **related to a price, route, or service of any** motor carrier (other than a carrier affiliated with a direct air carrier covered by section 41713(b)(4)) or any motor private carrier, **broker**, or freight forwarder with respect to the transportation of property.

49 U.S.C § 14501(c)(1). While courts have broadly agreed that this language preempts claims against freight brokers as a general rule, courts disagree about the meaning of one of the statutory exceptions in the FAAAA. At issue here is the meaning of the so-called "safety exception," a savings clause that provides that the FAAAA does not "restrict the safety regulatory authority of a State **with respect to motor vehicles**." Id. § 14501(c)(2)(A) (emphasis added).

The straightforward text of the exception seems clear enough: Under the FAAAA, states retain regulatory authority over motor vehicles, despite the otherwise broad preemption language in the statute. Stated another way, the savings clause allows states to continue to regulate the safety of motor carriers, trucks, and other vehicles operating in the state.

Yet, the federal appellate courts are deeply divided over the meaning of this exception when it comes to freight brokers. Stretching the law's text to its breaking point, plaintiffs' lawyers have argued that the phrase "with respect to motor vehicles" permits states to exercise safety regulatory authority not only over motor carriers (who obviously operate motor vehicles) but also over brokers (who do not operate motor vehicles).

IV. Why is the Supreme Court Decision so Important to Freight Brokers?

Courts across the nation have reached conflicting decisions about the extent to which the FAAAA protects freight brokers from such lawsuits.

Two federal circuits (the Ninth and Sixth Circuits) have accepted plaintiffs' interpretation and allowed state tort law claims to proceed against brokers. Those circuits include federal courts in Alaska, Arizona, California, Hawaii, Idaho, Kentucky, Michigan, Montana, Nevada, Ohio, Oregon, Tennessee, and Washington. Two other federal circuits (the Seventh and Eleventh Circuits) have rejected that approach, holding that the so-called safety exception covers only motor carriers, not brokers, meaning that claims against brokers remain preempted. Those circuits include federal courts in Alabama, Florida, Georgia, Illinois, Indiana, and Wisconsin. District courts in other circuits and state courts across the country have likewise issued differing opinions.

The resulting landscape leaves brokers subject to a dizzying array of conflicting standards across the country. For instance, a freight broker sued in federal court in California or Ohio remains exposed to negligence claims. However, if the same freight broker is sued in federal court in Illinois or Florida, the freight broker is protected from negligence claims. Freight brokers cannot function effectively in an environment where liability depends on how far the chosen motor carrier made it

down the road-and in which federal Circuit that road lies-when an accident occurs. Without a single, uniform ruling about the meaning of the so-called "safety exception" in the FAAAA, brokers are simply left to guess about what law governs their businesses.

The U.S. Supreme Court has now agreed to resolve this deep divide over an issue that is of exceptional public importance. The Court's eventual decision will bind not only federal courts but all state courts as well.

V. When Will the Court Issue a Decision?

Persuading the Court to accept a case for review is an achievement in and of itself, since the Court only accepts a small handful of the many thousands of petitions submitted for review each year. However, CHR must now persuade the Court on the merits of the issue. The granting of certiorari kicks off a schedule that, absent any extensions, will extend well into the new year.

Mr. Montgomery's merits brief will be due in mid-November, and CHR's brief will be due thirty (30) days afterwards in mid-December. Mr. Montgomery is entitled to a reply brief that will be due in mid-January 2026. Likewise, any amicus briefs supporting either party must be filed within seven (7) days of the date on which the party supported by the amicus filed its merits brief. The Court will schedule an oral argument to occur after briefing is complete. Oral arguments are generally scheduled on specified Monday, Tuesday and Wednesday mornings between now and the end of April. The Court issues its decisions weeks to months after oral argument depending on the Justices' respective workloads and the number of concurring and dissenting opinions.

Regardless, the Court will issue a decision before the Court's summer recess in late June or early July of 2026.

VI. Are Any Other Cases Pending Before the U.S. Supreme Court on this Issue?

Total Quality Logistics, LLC ("TQL") has a petition for review pending before the U.S. Supreme Court on the very same legal issue. Whereas the court decision in *Montgomery* held that the negligence claims against CHR were preempted, the court decision in *TQL v. Robert Cox* held that the negligence claims against *TQL* were *not* preempted. When the Court granted certiorari in *Montgomery*, the Court did not announce what it will do with the petition in *Cox*. Several possibilities exist.

First, the Court could consolidate, group, or otherwise link the petition in *Cox* with the petition in *Montgomery* since the two petitions obviously raise the same core legal issue, albeit from different procedural postures and with subtle distinctions in the respective petitioners' arguments. Second, the Court could let *Cox* linger on the docket without any action and then, upon disposition of *Montgomery*, could "GVR" the petition in *Cox* (meaning "grant" certiorari, "vacate," and "remand" based upon the decision that it renders in *Montgomery*). Third, the Court could simply treat *Montgomery* as the effective "stand in" for *Cox* (while not expressly stating so) and deny cert in *Cox*, which would seem counterintuitive but is possible.

Regardless of the procedural treatment of *Cox*, the core issue is now going to be addressed by the U.S. Supreme Court.

VII. What Does This Mean for the Industry in the Meantime?

When issued, the Court's decision will have a profound effect upon the way in which brokers perform their core service of selecting and arranging motor carriers to transport freight.

In the meantime, while the briefing and oral argument to unfold over the upcoming months, various interest groups on both sides of this issue will begin preparing amicus briefs to support or oppose a particular outcome in the U.S. Supreme Court. As a practical matter, certain parties currently embroiled in freight broker litigation should consider seeking to stay their cases until the Court issues its decision in *Montgomery*. Underwriters who insure the freight brokerage industry should begin planning for various possible outcomes in *Montgomery* and evaluating what effect those possible outcomes could have on reserves and future premiums. Motor carriers must also assess how to prepare for the Court's eventual decision; a reversal of *Montgomery* would effectively eliminate some motor carriers from the transportation market altogether since brokers would be driven to work with only the most established motor carriers. Shippers, who themselves have benefited from FAAAA both directly and indirectly, will also begin evaluating the effect that a favorable or unfavorable decision will have upon their procurement of transportation services. And, of course, forward-thinking freight brokers will be workshopping the ways in which they will operate going forward depending on the Court's decision.

In short, while the granting of certiorari in *Montgomery* is truly momentous news for the freight brokerage industry, this victory is simply the beginning of a new phase of the important fight to preserve Congress' deregulatory goals in enacting the FAAAA.

For more information, please contact a member of Benesch's Transportation & Logistics Practice Group.

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