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Chapter 14: Labor Relations

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In the field of labor relations, there were a number of significant developments during the 1955 Survey year. It is actually and practically very difficult to separate labor law into state and federal categories and treat them independently. However, to conform to the general scheme of this volume and to avoid duplicating the Annual Survey of American Law in this area, the material in this chapter will treat only of Massachusetts decisions and legislation plus the field of state-federal jurisdiction.

One area of particular significance in the federal field which must, on this basis, be excluded is the activity of the National Labor Relations Board. As the Board establishes and acts under its new policy of contracted "jurisdictional standards," new decisions, reversals of prior decisions of former boards, and its "less law approach" it will widen the area for state action and, consequently, the scope of treatment in volumes of this character.

A. STATE-FEDERAL JURISDICTION

§14.1. The federal pre-emption doctrine. During the 1955 Survey year, the United States Supreme Court handed down three major decisions in the labor relations field involving the federal pre-emption doctrine, a doctrine which is still in a state of development with wide areas of uncertainty. In the previous term the Court ruled in Garner v. Teamsters, discussed at length in the 1954 Survey, that a state...
court may not issue an injunction to restrain peaceful picketing for which the Taft-Hartley Act prescribes a remedy, even if the picketing violates state law. This issue again came before the Court during the recent term in several new cases.

In *Weber v. Anheuser-Busch,* the Supreme Court reversed a Missouri court's injunction against an AFL Machinist Union's strike to compel an employer to include a clause providing that certain millwright work would only be subcontracted to contractors who had agreements with the union. The state court had enjoined the strike on the ground that it was in violation of state common law dealing with restraints of trade, but the Supreme Court summarized the major decisions to date and applied the ruling of the *Garner* case holding that the union's activities were subject to federal law and consequently the state could not intervene.

In *General Drivers Local 89 v. American Tobacco Co.,* the Court, without opinion, relied on the *Weber* case and struck down an injunction of a Kentucky court requiring employees of a common carrier to cross a union's picket line in front of a tobacco company. The state injunction had been based on the common law requiring common carriers to provide service to all customers without discrimination.

In a third case, *Amalgamated Clothing Workers Union v. Richman Brothers, Inc.,* the Court held that a union as a private party could not secure a federal court injunction to restrain state action even though it might appear that the state court had no jurisdiction over the matter which came within the federal law.

The issue of federal-state jurisdiction in labor law is still in a state of flux and affects the daily problems of labor law practice. Although the cases to date have clarified some of the problems, there are still several areas of uncertainty which will only be clarified by future cases.

With respect to representation cases, the Massachusetts Labor Relations Commission has already followed the lead of the New York, Connecticut, and Wisconsin Labor Relations Boards which have asserted jurisdiction over employers whose activities affect interstate commerce, but are not sufficient to meet the "new jurisdictional stand-

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4 There is a division in the federal courts as to whether the removal procedure is available in federal pre-emption cases. See Direct Transit Lines, 92 N.L.R.B. No. 257, 35 L.R.R.M. 2525 (1955); Davis v. Nunley, Dkt. No. 2886 N.D. Ala., 21 L.R.R.M. 2072 (1948).
7 In the Richman case the Court intimated that the NLRB may have power to issue unfair labor practice complaints against employers seeking to make unwarranted use of state court injunction processes. The NLRB can secure a federal court injunction in aid of its jurisdiction. Capital Service Co. v. NLRB, 347 U.S. 501, 74 Sup. Ct. 699, 98 L. Ed. 887 (1954).
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ards” of the NLRB. As yet, this issue has not come directly before the Supreme Judicial Court of Massachusetts or the United States Supreme Court, but state action in these cases seems permissible.

With regard to actions by the state courts in the field of labor relations, the decisions to date appear to hold that a state may exercise its police powers to protect the safety of its citizens against violence. In the Garner case, the Supreme Court asserted that the state continued to have the right to exercise its historic powers over “such traditionally local matters as public safety and order and the use of streets and highways.” The recent denial of certiorari in Perez v. Trifiletti lends support to the proposition that such restraints are excepted from federal pre-emption. At the same time a state may not prohibit the exercise of rights which the federal law protects and may not act in those situations covered by the federal law.

However, in United Construction Workers v. Laburnum Construction Corp., also discussed in the 1954 Survey, the Court permitted state action even though the complaint was subject to federal law. The Court permitted common law tort damages based on coercion and violence, even though a federal unfair labor practice concerning a cease and desist preventive remedy was involved. It should be noted that the Supreme Court’s decision in the Laburnum case is based upon the absence of compensatory remedies under the federal law, a lack of conflict with the federal remedy, and the presence of an element of violence and coercion which falls in the category of those police power cases permitting state action to protect the safety of its citizens. How

10 74 So.2d 100 (Fla. 1955), cert. denied, 348 U.S. 926 (1955).
far this case will be carried and the clarification of the penumbral area of state power, especially in that area where the labor conduct is neither protected nor prohibited by the federal act, are questions which remain and "can be rendered progressively clear only by the course of litigation." The twelve labor cases slated for argument in the October 1955 term of the United States Supreme Court may help to solve some of these remaining questions.

§14.2. A major problem of federal jurisdiction: Section 301 suits. In Association of Westinghouse Salaried Employees v. Westinghouse Electric Corp., the United States Supreme Court had before it a declaratory judgment and damage suit brought by a union under Section 301 of the Taft-Hartley Act to recover a day's pay for its 4000 members alleging that the members were entitled to this pay under the terms of a collective bargaining agreement. The Court rendered four opinions. Justice Frankfurter in a complex opinion with Justices Minton and Burton concurring held for the majority that a labor organization has no standing under the statute to enforce in a federal court a personal right of an employee to receive compensation for his services. The Court avoided the important issue of whether Section 301 is substantive or procedural. The opinion indicates that on the basis of the language of the section and its legislative history, the procedural interpretation is correct. However, Mr. Justice Frankfurter expressed doubts that such an interpretation is constitutional, as federal jurisdiction over non-diversity cases can only lie when the case arises under a law of the United States. Furthermore, Congress did not intend to burden the federal courts with suits based on an employer's failure to comply with compensation terms peculiar to state substantive law. Justice Reed, in a separate opinion, although agreeing with the holding indicated that he would construe the statute


as creating a federal substantive right to enforce the terms of a collective bargaining agreement. Chief Justice Warren, with whom Justice Clark concurred, held that the statute did not authorize a suit by a union to enforce personal rights of its members but did not find it necessary to pass on the constitutional issue. In a dissenting opinion Justices Douglas and Black concluded that (1) Congress did create substantive rights, and (2) a union may enforce the terms of a collective bargaining agreement which they have the right to negotiate.

As the division of the Court indicates, the substantive-versus-procedural issue will be determined by further litigation, with Justices Warren, Clark, and Harlan holding the decisive votes. However, a majority of the Court clearly would not permit a union to bring a federal suit under the statute to enforce the "personal" rights of an employee. The problem of defining these "personal" rights will present substantial difficulties. For example, does a suit by a union to compel arbitration of a dispute relative to vacation pay involve a "personal" right of a member? The union and not the employee can seek arbitration although the issue to be arbitrated involves a "personal" right of the employee.

It would appear that from a labor relations point of view Section 301 should provide a forum for the enforcement of collective bargaining agreements. It is unrealistic to require that in the instant case each of the 4000 employees bring suit to enforce their rights under the collective bargaining agreement. The majority opinion ignores the basic principles of collective bargaining which recognizes that the union as the exclusive bargaining agent has a duty to represent employees in all matters pertaining to wages and conditions of employment. Section 301 of the act provides that "suits for violation of contracts between an employer and a labor organization representing employees . . . may be brought in any district court of the United States . . ." The language of the statute certainly does not compel the conclusion that a labor organization as a party to a collective bargaining agreement may not bring suit under this section to enforce the terms of its agreement where such suit involves so-called "personal" rights of employees. The decision will create many difficulties with respect to enforcing collective bargaining agreements which Congress apparently intended to resolve by the adoption of Section 301.

The Westinghouse decision makes it clear that states are free to enforce claims brought by individual employees based upon violations of the terms of a labor agreement which relate to compensation. Presumably this would include not only wage terms, but all other com-

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pensation terms that are peculiar to the individual benefit which is the subject matter. This case also permits a union to bring such an action in the state court, but in such states as Massachusetts, these suits would have to be brought not in the name of the union, which is a voluntary unincorporated association, but in the name of the officers in their representative capacities or as a class suit. Since a representative suit can only be brought in equity, the bill would have to contain allegations sufficient to meet equity requirements.

The United States District Court in Massachusetts has passed upon several Section 301 problems which are of importance in labor relations. In *W. L. Mead, Inc. v. Local 25, International Brotherhood of Teamsters*, the employer brought suit under Section 301 of the Taft-Hartley Act alleging that the union was striking in breach of its contract. The employer sought an injunction and damages. The court held that the strike was unlawful but denied injunctive relief on the ground that the case involved a "labor dispute" as defined in the Norris-LaGuardia Act. The court, however, awarded damages in the amount of $359,000. The case is of interest in that the contract did not contain a no-strike clause, but only an arbitration provision. The District Court held that by failing to utilize the arbitration clause and taking strike action, the union breached its contract and was liable for damages.

In *Newspaper Guild v. Boston Herald-Traveler Corp.*, Judge Sweeney refused to compel the company to go to arbitration under an arbitration clause in the contract. This suit was brought by the union under Section 301 and the holding supports Judge Aldrich's decision in *United Electrical Workers v. General Electric Corp.*, but is contrary to an earlier decision by Judge Wyzanski in *Textile Workers v. American Thread Co.*, wherein the judge, in a well-reasoned opinion, compelled arbitration in a Section 301 suit.

There is substantial conflict of authority in other circuits on this

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5 But see *International Longshoremen's & Warehousemen's Union v. Libby*, 221 F.2d 225, 35 L.R.R.M. 2716 (9th Cir. 1955).
6 See also *Textile Workers Union v. Textron, Inc.*, 99 N.H. 385, 111 A.2d 823 (1955), where the court allowed an action to be brought on a collective bargaining agreement by an officer of the union on behalf of the union members for whom the union is the authorized bargaining agent.
10 The case was argued before the Court of Appeals for the First Circuit in October, 1955, and Judge Aldrich's decision was affirmed March 6, 1956.
§14.3 “Piggyback trucking” operations: Another problem of jurisdiction. In New York, New Haven & Hartford Railroad v. Jenkins\(^1\) the Supreme Judicial Court of Massachusetts held that the state court had jurisdiction to enjoin peaceful interference with the delivery and loading of truck trailers to the plaintiff railroad in connection with its “piggyback” trucking operations. The union argued, alternatively, that if its conduct was not protected then it was forbidden by Section 8(b)(4)(A) of the Taft-Hartley Act\(^2\) and in either event the state court had no jurisdiction. The Court agreed with the union’s view that the plaintiff railroad could not maintain a bill of complaint in the state court for an injunction based upon a violation of the previously cited section of the federal act.

However, the Court determined that the processes of the National Labor Relations Board were not available to the plaintiff railroad to secure injunctive relief. The Court concluded that the Board seems to have taken the position that if the party seeking redress is not an “employer” as defined in the federal act, the Board will not entertain any charge of an unfair labor practice. The Massachusetts Court made its own interpretation of the Taft-Hartley and Railway Labor Acts and was convinced that the present plaintiff would not so qualify since the definition of “employer” therein expressly excludes “any person subject to the Railway Labor Act.” The Court further concluded that the prohibition upon state court action contained in the Railway Labor Act\(^3\) does not apply in this case since neither the railroad nor its subsidiary loading company were engaged in any dispute with the union. The case may then be viewed as the Massachusetts Court’s interpretation of its jurisdictional rights concerning the maintenance of a secondary boycott illegal by state standards. On the question of damages the Court determined that only those members of the union who participated in, or authorized, or ratified the wrong should be liable. A union petition for certiorari to the Supreme Court of the United States was granted and the case was decided on January 9, 1956, when a unanimous Supreme Court, speaking through Mr. Jus-

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\(^1\) In fact, the federal courts are also in disagreement on the question of the availability of equitable relief under §301. Compare W. L. Mead, Inc. v. Local 25, International Brotherhood of Teamsters, 217 F.2d 6 (1st Cir. 1954) (injunction against strike refused); Milk and Ice Cream Drivers v. Gillespie Milk Products Corp., 203 F.2d 680 (6th Cir. 1953) (enforcement of arbitration award granted); United Textile Workers v. Goodall-Sanford, Inc., 131 F. Supp. 767, 35 L.R.R.M. 2725 (D. Me. 1955) (injunction against concerted refusal to work refused).


tice Minton, held that the New Haven's exclusive remedy was before the NLRB, and reversed the decision of the Massachusetts courts. The decision should be of particular significance in the rapidly formulating, but still very unsettled, area of federal-state relations on labor law.

B. MASSACHUSETTS DECISIONS

§14.4. Employment security: The meaning of "remuneration" and the guaranteed annual wage. In two decisions the Supreme Judicial Court construed the term "remuneration" as contained in the state's employment security laws. Under these provisions, if the discharged employee is receiving any "remuneration" from his former employer, he is not entitled to state unemployment benefits. The first case had an immediate further impact as a result of being used as the basis for an Attorney General's opinion concerning the auto industry-type plan for a guaranteed annual wage.

In the first of the Court's opinions, Kerr v. Director of Division of Employment Security, the unemployed claimant's employer had established a trust fund for the benefit of his employees. The employer's contributions were based on a profit-sharing arrangement and funds were normally used to pay retirement benefits. However, the claimant's department was discontinued, his services terminated, and he received a lump sum payment from the trust. The Court found in favor of the claimant and reversed the Division of Employment Security's denial of unemployment compensation benefits for twenty weeks and held that the payment was not severance pay since the trust fund was irrevocable and the benefits were earned while the employee was working. In the second decision, Cerce v. Director of Division of Employment Security, the Court held that a claimant was not entitled to unemployment compensation benefits for the weeks he received any "vacation pay" after his termination of employment.

The Kerr decision was relied upon in an opinion of the Attorney General to the Governor on August 1, 1955, concerning the effects of the guaranteed annual wage settlements in the auto industry under the Massachusetts Employment Security Act. The Attorney General ruled that the receipt of benefits under this plan does not prevent the simultaneous receipt of benefits under the state Employment Security Act by such employees, while unemployed. The auto industry plan is entitled "Supplemental Unemployment Benefit Plan." It provides

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for payment of benefits only if the applicant had theretofore received an unemployment benefit from the state.

In both the Kerr case and the guaranteed annual wage plan the funds which came from the employers are held in trust and can in no way revert to the employer. The Associated Industries of Massachusetts, in a letter to the Governor on August 4, 1955, criticized the opinion distinguishing the Kerr decision on the ground that there an irrevocable trust with vested rights was created and that therefore there was no “remuneration” as defined in the act paid in the unemployed weeks. In its opinion, under the guaranteed annual wage plans, there are no vested rights since the employee is not entitled to any of the trust benefits, unless he is laid off, and therefore “remuneration” is received.

C. MASSACHUSETTS LEGISLATION

§14.5. The new Minimum Wage Law. Following the lead of Congress, which recently raised the federal minimum wage per hour, effective March 1, 1956, the Massachusetts legislature increased its state minimum wage from 75 to 90 cents effective April 1, 1956. Although all wages below 90 cents in Massachusetts will be conclusively presumed to be oppressive and unreasonable, nevertheless tripartite minimum wage boards can set general wage orders at 75 cents per hour, and as low as 55 cents per hour for employees receiving gratuities. A companion bill, requiring time-and-a-half pay after 40 hours work in one week as provided in the Federal Fair Labor Standards Act, was defeated in the Senate after passing the House.

§14.6. Miscellaneous statutes. In industrial homework, which is permitted in Massachusetts under a license from the Commissioner of Labor and Industries, the 1955 amendments require that persons receiving such permits have a plant in this state. In addition license fees are increased and no new permits may be issued during a labor dispute.

The issuance of employment permits for children under sixteen

5 G.L., c. 151A, §1.

2 House No. 868 and House No. 2908 (1955).

2 Acts of 1955, c. 764, §5, enacting G.L., c. 149, §146A.
3 Id., c. 764, §7, amending G.L., c. 149, §147.
4 Id., c. 764, §8, amending G.L., c. 149, §147A. A Special Commission will continue to study the problem of industrial homework, especially its use during strikes. See Resolves of 1955, c. 140.
years of age for work in a pool or billiard room and in industrial
homework is prohibited by new legislation.\(^5\)

State employees may now be covered by group health insurance un­
der a contributory plan.\(^6\) Cities and towns are enabled to take out
the same insurance program for their employees.\(^7\) A new law requires
a city or town to give a fire fighter compensatory time off or to pay
him for any overtime worked.\(^8\)

Two other amendments require that the word "strike" shall be as
large as the largest type in any advertisement soliciting help during a
labor dispute,\(^9\) and prohibit the use of auxiliary police or other civil­
ian defense personnel in labor disputes.\(^10\) The Commissioner of La­
bor and Industries is again given the power to suspend the labor laws
relative to women and children under sixteen after a hearing and
finding of hardships or emergencies.\(^11\) Another amendment sets up
fines for persons paying kickbacks of wages on public works projects.\(^12\)
Further, the weekly payment of wage law was amended to allow semi­
monthly payment of wages for executive, administrative, or profes­
sional employees.\(^13\)

An enabling act was passed allowing cities and towns to set up a
personnel relations review board to adjust grievances of all except
school employees except disputes under the Civil Service Commission
or the Contributory Retirement Appeal Board.\(^14\)

Bonded employees have been brought under provisions of the Fair
Employment Practice Law.\(^15\) The law regulating private trade schools
was amended to eliminate schools run by employers to train their own
employees.\(^16\)


\(^6\) Id., c. 628, enacting G.L., c. 32A.

\(^7\) Id., c. 760, enacting G.L., c. 32B.

\(^8\) Id., c. 195, enacting G.L., c. 48, §58C.

\(^9\) Id., c. 430, amending G.L., c. 149, §22. Similar laws on advertising for help in
labor disputes were passed in 1955 in Connecticut and Rhode Island.

\(^10\) Id., c. 241, enacting G.L., c. 149, §23B.

\(^11\) Id., c. 106.

\(^12\) Id., c. 180, amending G.L., c. 149, §27.

\(^13\) Id., c. 506, amending G.L., c. 149, §148.

\(^14\) Id., c. 294, enacting G.L., c. 40, §21B.

\(^15\) Id., c. 274, enacting G.L., c. 151B, §3A.

\(^16\) Id., c. 371, §2, enacting a new G.L., c. 93, §21A.