

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Toyota Landscape Co. v. Building Material & Dump Truck Drivers

Local 420

726 F.2d 525 (9th Cir. 1984) · Decided February 21, 1984

SUMMARY

The Ninth Circuit held that a district court properly exercised concurrent jurisdiction under section 301 of the Labor Management Relations Act over employers’ claim that a union breached a collective bargaining agreement. It affirmed dismissal of the conspiracy claim but reversed the finding that the union’s disclaimer of interest was lawful, holding that good faith was not the applicable standard where the disclaimer effectively repudiated contractual obligations. The case was remanded for further proceedings on damages.

CASE DETAILS

COURT	United States Court of Appeals for the Ninth Circuit
WRITING FOR THE COURT	Goodwin
JURISDICTION	Federal
DECIDED	February 21, 1984
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Two landscape employers appealed from the dismissal of their action under section 301 of the Labor Management Relations Act for breach of a collective bargaining agreement and from the dismissal with prejudice of a conspiracy-to-breach-contract claim. The district court denied the union's jurisdictional motions, dismissed the conspiracy claim, and, after a two-day liability trial, entered judgment for Local 420 on the breach-of-contract claim.
STANDARD OF REVIEW	The dismissal under Federal Rule of Civil Procedure 41(b) was reviewed for abuse of discretion. The legal standard governing the alleged breach of the collective bargaining agreement was reviewed as a question of law.
PRECEDENTIAL VALUE	Published Ninth Circuit opinion and binding circuit precedent.
PARTIES	Toyota Landscape Co. v. Building Material & Dump Truck Drivers Local 420

TOPICS

breach of contract

collective bargaining

labor law

contracts

commercial litigation

PRACTICE AREAS

labor law

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QUESTIONS PRESENTED

1. Whether the district court had jurisdiction under section 301 of the Labor Management Relations Act over the employers' claim that Local 420 breached a collective bargaining agreement, notwithstanding related unfair labor practice proceedings before the NLRB.
2. Whether dismissal with prejudice of the conspiracy-to-breach-contract claim under Federal Rule of Civil Procedure 41(b) was an abuse of discretion when the plaintiffs failed to amend after being given leave to do so.
3. Whether Local 420's disclaimer of interest in representing employees covered by the collective bargaining agreement was lawful if made in good faith for legitimate business reasons, or instead constituted a breach of the agreement as a matter of law.

HOLDINGS

1. The district court properly exercised concurrent jurisdiction over the employers' section 301 breach-of-contract claim because the claim involved enforcement of an admittedly valid collective bargaining agreement rather than an issue committed exclusively to the NLRB's primary jurisdiction.
2. The district court did not abuse its discretion by dismissing the conspiracy claim with prejudice after the plaintiffs failed to amend their complaint despite being informed that amendment was permitted.
3. Local 420's disclaimer of interest in representing employees covered by the collective bargaining agreement violated the agreement as a matter of law; the legality of the disclaimer did not turn on whether the union acted in good faith.

KEY QUOTATIONS

"For these reasons, we hold as a matter of law that Local 420's disclaimer violated the collective bargaining agreement." (529)

"Under this standard it does not matter whether Local 420's disclaimer was for the 'good faith' motivation of improving relations with the Laborers or for the 'bad faith' motivation of an internal power struggle." (529)

FACTUAL BACKGROUND

The landscapers had collective bargaining agreements with Local 420 from 1978 through March 1980. In 1981, Local 420 executed a three-year agreement covering all employees, but later disclaimed interest in representing the landscaping employees after a jurisdictional arrangement with the Laborers and internal union political developments. The disclaimer caused the landscapers to use non-Teamster union labor at higher wages than

would have been paid under the Local 420 agreements. The collective bargaining agreement contained a no-strike provision prohibiting activity that interfered with or interrupted the employers' operations.

PROCEDURAL HISTORY

The landscapers sued Local 420 and other unions seeking damages and equitable relief based on the union's disclaimer of interest in representing employees covered by a collective bargaining agreement. The district court dismissed the conspiracy claim with prejudice and struck claims for punitive damages and attorney's fees. After trial on liability, the district court found for Local 420, concluding that its disclaimer was lawful because it was made in good faith for legitimate business reasons. The Ninth Circuit held that federal jurisdiction was proper, affirmed the dismissal of the conspiracy claim, reversed the breach-of-contract ruling, and remanded for proceedings on damages.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remanded for further proceedings on the issue of damages.

CASES CITED

- Northern California District Council of Hod Carriers v. Opinski, 673 F.2d 1074 (9th Cir. 1982)
- Textile Workers Union v. Lincoln Mills, 353 U.S. 448, 77 S. Ct. 912, 1 L. Ed. 2d 972 (1957)
- Hendricks v. Airline Pilots Association, 696 F.2d 673, 676 (9th Cir. 1983)
- Glaziers & Glassworkers Local 767 v. Custom Auto Glass Distributors, 689 F.2d 1339 (9th Cir. 1982)
- Painting & Decorating Contractors Association v. Painters & Decorators Joint Committee, 707 F.2d 1067, 1070-1071 (9th Cir. 1983)
- Schmidt v. Herrmann, 614 F.2d 1221, 1224 (9th Cir. 1980)
- Nevijel v. North Coast Life Insurance Co., 651 F.2d 671 (9th Cir. 1981)
- Rehmar v. Smith, 555 F.2d 1362, 1366-1367 (9th Cir. 1976)
- Dycus v. N.L.R.B., 615 F.2d 820 (9th Cir. 1980)
- N.L.R.B. v. Circle A & W Products Co., 647 F.2d 924, 926 (9th Cir.), cert. denied, 454 U.S. 1054 (1981)