

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Eduardo C. Bautista v. Pan American World Airways, Inc.

107 Lab. Cas. P 10,159 (9th Cir. 1987) · No. No. 86-2881 · Decided September 21, 1987

SUMMARY

Former Pan American World Airways catering employees sued Pan Am for breach of collective bargaining agreements, the Transport Workers Union for breach of its duty of fair representation, and Marriott for tortious interference with contractual relations. The Ninth Circuit affirmed summary judgment for the union, held that the Railway Labor Act deprived the district court of jurisdiction over the contract claim against Pan Am, and remanded the claim against Marriott to determine whether diversity jurisdiction existed. The court did not decide whether the collective bargaining agreements created a right to lifetime employment.

CASE DETAILS

COURT	United States Court of Appeals for the Ninth Circuit
WRITING FOR THE COURT	Merrill, Circuit Judge; Norris, Circuit Judge; Enright, District Judge, sitting by designation
JURISDICTION	Federal
DECIDED	September 21, 1987
DOCKET	No. 86-2881
DISPOSITION	other
PROCEDURAL POSTURE	Former Pan Am catering employees appealed from a district court judgment granting summary judgment to Pan Am and the Transport Workers Union and holding their tortious-interference claim against Marriott preempted by federal law.
STANDARD OF REVIEW	The court reviewed the district court's summary-judgment ruling and jurisdictional determinations; the opinion does not expressly state a separate standard-of-review formulation.
PRECEDENTIAL VALUE	Published Ninth Circuit opinion; precedential.
PARTIES	Eduardo C. Bautista, et al. v. Pan American World Airways, Inc., et al.

TOPICS

labor law

breach of contract

subject matter jurisdiction

appellate procedure

employment law

PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether the Transport Workers Union breached its duty of fair representation by agreeing to abolish the no-layoff guarantees and by allegedly making misleading statements about job protection during the strike.
2. Whether the district court had jurisdiction over the employees' breach-of-collective-bargaining-agreement claim against Pan Am under the Glover exception to the Railway Labor Act's exclusive administrative-remedy scheme.
3. Whether the district court properly held the employees' state-law tortious-interference claim against Marriott preempted without first determining whether diversity subject-matter jurisdiction existed.

HOLDINGS

1. The union did not breach its duty of fair representation because its decision to renegotiate the no-layoff guarantees in light of Pan Am's sale of the catering operations fell within the wide range of reasonableness afforded to unions bargaining on behalf of their membership as a whole.
2. The alleged statements that the employees' jobs were protected did not establish a duty-of-fair-representation violation because they represented the union official's interpretation of an ambiguous provision rather than an intentional fabrication designed to mislead the membership.
3. The district court lacked jurisdiction over the employees' claim against Pan Am because the claim was a dispute concerning the interpretation or application of a collective bargaining agreement within the exclusive jurisdiction of the National Railroad Adjustment Board, and the Glover exception did not apply after the union claim failed.
4. The district court could not properly decide the preemption issue without first determining whether it had subject-matter jurisdiction over the state-law claim against Marriott.

KEY QUOTATIONS

"A union breaches its duty when its conduct is "arbitrary, discriminatory, or in bad faith."" (828 F.2d at 548)

"In the context of representing its members at the bargaining table, a union must be allowed a "wide range of reasonableness" because it must be able to focus on the needs of its membership as a whole without undue fear of lawsuits from individual members disgruntled by the result of the collective process." (828 F.2d at 548)

"So long as such statements are not intentionally misleading and are not of a nature to be reasonably relied upon by the membership--rather than discounted as partisan exhortation delivered under conditions of conflict--they may not rise to the level of invidious actions barred by the duty of fair representation." (828 F.2d at 551)

FACTUAL BACKGROUND

Pan Am's catering employees were covered by collective bargaining agreements and 1980 appendices that recognized Pan Am's right to phase out in-house catering but included no-layoff guarantees. After Pan Am experienced financial difficulties, it invoked the Railway Labor Act's bargaining procedures, ultimately sold its catering operations to Marriott, and reached a 1985 agreement abolishing the guarantees while retaining some positions and providing severance and placement options. The employees lost their jobs and sued Pan Am, Marriott, and their union.

PROCEDURAL HISTORY

After Pan Am sold its in-house catering facilities and contracted with Marriott, former catering employees sued Pan Am for breach of collective bargaining agreements, Marriott for tortious interference with contractual relations, and the Transport Workers Union for breach of the duty of fair representation. The district court granted summary judgment to Pan Am and the union and held the claim against Marriott preempted by the Railway Labor Act. The Ninth Circuit affirmed the judgment for the union, reversed the district court's exercise of jurisdiction over the Pan Am claim, and remanded the Marriott claim for determination of subject-matter jurisdiction.

DISPOSITION

other

REMAND INSTRUCTIONS

Remand the claim against Marriott for the district court to determine whether subject-matter jurisdiction exists, including whether complete diversity is adequately alleged and established. The Pan Am contract claim must proceed, if at all, before the National Railroad Adjustment Board.

CASES CITED

- *Steele v. Louisville & Nash. R.R.*, 323 U.S. 192 (1944)
- *Crusos v. United Trans. Union, Local 1201*, 786 F.2d 970, 973 (9th Cir. 1986), cert. denied, 107 S. Ct. 409 (1986)
- *Vaca v. Sipes*, 386 U.S. 171, 190 (1967)
- *Schultz v. Owens-Illinois Inc.*, 696 F.2d 505, 514 (7th Cir. 1982)
- *Ford Motor Co. v. Huffman*, 345 U.S. 330, 338 (1953)
- *Hays v. National Elec. Contractors Ass'n*, 781 F.2d 1321, 1324 (9th Cir. 1985)
- *Heheman v. E.W. Scripps Co.*, 661 F.2d 1115, 1118 (6th Cir. 1981), cert. denied, 456 U.S. 991 (1982)
- *Fechtelkott v. Air Line Pilots Ass'n, Int'l*, 693 F.2d 899 (9th Cir. 1982)
- *Hendricks v. Airline Pilots Ass'n, Int'l*, 696 F.2d 673, 677-78 (9th Cir. 1983)
- *Anderson v. United Paperworkers Int'l Union*, 641 F.2d 574 (8th Cir. 1981)
- *Swatts v. United Steelworkers of America*, 808 F.2d 1221, 1225 (7th Cir. 1986)
- *Glover v. St. Louis-S.F. Ry.*, 393 U.S. 324, 331 (1969)
- *Andrews v. Louisville & Nash. R.R.*, 406 U.S. 320 (1972)

- Franklin v. Southern Pac. Transp. Co., 593 F.2d 899, 902 (9th Cir. 1979)
- In re Mexico City Aircrash, 708 F.2d 400, 404 n.4 (9th Cir. 1983)

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