APPENDIX F

THE LINCOLN MILLS DECISION

No. 211.—OCTOBER TERM, 1956.

Textile Workers Union of America, Petitioner, *v.* Lincoln Mills of Alabama. } On Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit.

[June 3, 1957.]

MR. JUSTICE DOUGLAS delivered the opinion of the Court.

Petitioner-union entered into a collective bargaining agreement in 1953 with respondent-employer, the agreement to run one year and from year to year thereafter, unless terminated on specified notices. The agreement provided that there would be no strikes or work stoppages and that grievances would be handled pursuant to a specified procedure. The last step in the grievance procedure—a step that could be taken by either party—was arbitration.

This controversy involves several grievances that concern work loads and work assignments. The grievances were processed through the various steps in the grievance procedure and were finally denied by the employer. The union requested arbitration, and the employer refused. Thereupon the union brought this suit in the District Court to compel arbitration.

The District Court concluded that it had jurisdiction and ordered the employer to comply with the grievance arbitration provisions of the collective bargaining agreement. The Court of Appeals reversed by a divided vote. 230 F. 2d 81. It held that, although the District Court had jurisdiction to entertain the suit, the court had no authority founded either in federal or state law to grant the relief. The case is here on a petition for a writ of certiorari which we granted because of the importance of the problem and the contrariety of views in the courts. 352 U. S. 821.

The starting point of our inquiry is § 301 of the Labor Management Relations Act of 1947, 61 Stat. 156, 29 U. S. C. § 185, which provides:

> "(a) Suits for violation of contracts between an employer and a labor organization representing employees in an industry affecting commerce as defined in this chapter, or between any such labor organizations, may be brought in any district court of the United States having

jurisdiction of the parties, without respect to the amount in controversy or without regard to the citizenship of the parties."

"(b) Any labor organization which represents employees in an industry affecting commerce as defined in this chapter and any employer whose activities affect commerce as defined in this chapter shall be bound by the acts of its agents. Any such labor organization may sue or be sued as an entity and in behalf of the employees whom it represents in the courts of the United States. Any money judgment against a labor organization in a district court of the United States shall be enforceable only against the organization as an entity and against its assets, and shall not be enforceable against any individual member or his assets."

There has been considerable litigation involving § 301 and courts have construed it differently. There is one view that § 301 (a) merely gives federal district courts jurisdiction in industries affecting commerce, without regard to diversity of citizenship or the amount in controversy.[1] Under that view § 301 (a) would not be the source of substantive law; it would neither supply federal law to resolve these controversies nor turn the federal judges to state law for answers to the questions. Other courts—the overwhelming number of them—hold that § 301 (a) is more than jurisdictional[2]—that it authorizes federal courts to fashion a body of federal law for the enforcement of these collective bargaining agreements and includes within that federal law specific performance of promises to arbitrate grievances under collective bargaining agreements. Perhaps the leading decision representing that point of view is the one rendered by Judge Wyzanski in *Textile Workers Union* v. *American Thread Co.*, 113 F. Supp. 137. That is our construction of § 301 (a), which means that the agreement to arbitrate

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Editor's Note: See the dissent of Mr. Justice Frankfurter in this case, 353 U.S. 460 (1957).

[1] *International Ladies Garment Workers Union* v. *Jay-Ann Co.*, 228 F. 2d 632 (C. A. 5th Cir.), *semble; United Steelworkers* v. *Galland-Henning Mfg. Co.*, 241 F. 2d 323, 325 (C. A. 7th Cir.); *Mercury Oil Refining Co.* v. *Oil Workers Union*, 187 F. 2d 980, 983 (C. A. 10th Cir.).

[2] The following decisions are to the effect that § 301 (a) creates substantive rights:

Shirley Herman Co. v. *International Hod Carriers Union*, 182 F.2d 806, 809 (C. A. 2d Cir.); *Roik Drilling Union* v. *Mason & Hanger Co.*, 217 F. 2d 687, 691-692 (C. A. 2d Cir.); *Signal-Stat. Corp.* v. *Local 475*, 235 F. 2d 298, 300 (C. A. 2d Cir.); *Assn. of Westinghouse Employees* v. *Westinghouse Electric Corp.*, 210 F. 2d 623, 625 (C. A. 3d Cir.), affirmed on other grounds, 348 U. S. 437; *Textile Workers Union* v. *Arista Mills*, 193 F. 2d 529, 533 (C. A. 4th Cir.); *Hamilton Foundry* v. *International Molders & Foundry Union*, 193 F. 2d 209, 215 (C. A. 6th Cir.); *American Federation of Labor* v. *Western Union*, 179 F. 2d 535 (C. A. 6th Cir.); *Milk & Ice Cream Drivers* v. *Gillespie Milk Prod. Corp.*, 203 F. 2d 650, 651 (C. A. 6th Cir.); *United Electrical R. & M. Workers* v. *Oliver Corp.*, 205 F. 2d 376, 384-385 (C. A. 8th Cir.); *Schatte* v. *International Alliance*, 182 F. 2d 158, 164 (C. A. 9th Cir.).

grievance disputes, contained in this collective bargaining agreement, should be specifically enforced.

From the face of the Act it is apparent that § 301 (a) and § 301 (b) supplement one another. Section 301 (b) makes it possible for a labor organization, representing employees in an industry affecting commerce, to sue and be sued as an entity in the federal courts. Section 301 (b) in other words provides the procedural remedy lacking at common law. Section 301 (a) certainly does something more than that. Plainly, it supplies the basis upon which the federal district courts may take jurisdiction and apply the procedural rule of § 301 (b). The question is whether § 301 (a) is more than jurisdictional.

The legislative history of § 301 is somewhat cloudy and confusing. But here are a few shafts of light that illuminate our problem.

The bills, as they passed the House and the Senate, contained provisions which would have made the failure to abide by an agreement to arbitrate an unfair labor practice. S. Rep. No. 105, 80th Cong., 1st Sess., pp. 20-21, 23; H. R. Rep. No. 245, 80th Cong., 1st Sess., p. 21.[3] This feature of the law was dropped in Conference. As the Conferences Report stated, "Once parties have made a collective bargaining contract, the enforcement of that contract should be left to the usual processes of the law and not to the National Labor Relations Board." H. Conf. Rep. No. 510, 80th Cong., 1st Sess., p. 42.

Both the Senate and the House took pains to provide for "the usual processes of the law" by provisions which were the substantial equivalent of § 301 (a) in its present form. Both the Senate Report and the House Report indicate a primary concern that unions as well as employees should be bound to collective bargaining contracts. But there was also a broader concern—a concern with a procedure for making such agreements enforceable in the courts by either party. At one point the Senate Report, *supra*, p. 15, states,

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[3] The Senate bill contained provisions which would have made it an unfair labor practice for either an employer or a union "to violate the terms of a collective-bargaining agreement or the terms of an agreement to submit a labor dispute to arbitration." The Senate Report indicated that these provisions would permit the Board to grant relief in the same instances where suit might be maintained under § 301. "While title III of the committee bill treats this subject by giving both parties rights to sue in the United States district court, the committee believes that such action should also be available before an administrative body."

The House bill defined the term "bargain collectively" so as to require that, "If an agreement is in effect between the parties providing a procedure for adjusting or settling such disputes, following such procedure." Commenting on this definition in § 2 of the House bill, the House Report stated: "When parties have agreed upon a procedure for settling their differences, and the agreement is in effect, they will be required to follow the procedure or be held guilty of an unfair labor practice. Most agreements provide procedures for settling grievances, generally including some form of arbitration as the last step. Consequently this clause will operate in most cases, except those involving the negotiation of new contracts."

"We feel that the aggrieved party should also have a right of action in the Federal courts. Such policy is completely in accord with the purpose of the Wagner Act which the Supreme Court declared was 'to compel employers to bargain collectively with their employees to the end that an employment contract, binding on both parties, should be made . . . .'"

Congress was also interested in promoting collective bargaining that ended with agreements not to strike.[4] The Senate Report, *supra*, p. 16 states:

> "If unions can break agreements with relative impunity, then such agreements do not tend to stabilize industrial relations. The execution of an agreement does not by itself promote industrial peace. The chief advantage which an employer can reasonably expect from a collective labor agreement is assurance of uninterrupted operation during the term of the agreement. Without some effective method of assuring freedom from economic warfare for the term of the agreement, there is little reason why an employer would desire to sign such a contract.
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> "Consequently, to encourage the making of agreements and to promote industrial peace through faithful performance by the parties, collective agreements affecting interstate commerce should be enforceable in the Federal courts. Our amendment would provide for suits by unions as legal entities and against unions as legal entities in the Federal courts in disputes affecting commerce."

Thus collective bargaining contracts were made "equally binding and enforceable on both parties." *Id.*, p. 15. As stated in the House Report, *supra*, p. 6, the new provision "makes labor organizations equally responsible with employers for contract violation and provides for suit by either against the other in the United States district courts." To repeat, the Senate Report, *supra*, p. 17, summed up the philosophy of § 301 as follows: 'Statutory recognition of the collective agreement as a valid, binding, and enforceable contract is a logical and necessary step. It will promote a higher degree of

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[4] S. Rep. No. 105, 80th Cong., 1st Sess., pp. 17-18 states:

"Statutory recognition of the collective agreement as a valid, binding, and enforceable contract is a logical and necessary step. It will promote a higher degree of responsibility upon the parties to such agreements, and will thereby promote industrial peace.

"It has been argued that the result of making collective agreements enforceable against unions would be that they would not longer consent to the inclusion of a non-strike clause in a contract.

"This argument is not supported by the record in the few States which have enacted their own laws in an effort to secure some measure of union responsibility for breaches of contract. Four States—Minnesota, Colorado, Wisconsin, and California—have thus far enacted such laws and, so far as can be learned, no-strike clauses have been continued about as before.

"In any event, it is certainly a point to be bargained over and any union with the status of 'representative' under the NLRA which has bargained in good faith with an employer should have no reluctance in including a no-strike clause if it intends to live up to the terms of the contract. The improvement that would result in the stability of industrial relations is, of course, obvious."

responsibility upon the parties to such agreements, and will thereby promote industrial peace."

Plainly the agreement to arbitrate grievance disputes is the *quid pro quo* for an agreement not to strike. Viewed in this light, the legislation does more than confer jurisdiction in the Federal courts over labor organizations. It expresses a Federal policy that Federal courts should enforce these agreements on behalf of or against labor organizations and that industrial peace can be best obtained only in that way.

To be sure there is a great medley of ideas reflected in the hearings, reports, and debates on this Act. Yet, to repeat, the entire tenor of the history indicates that the agreement to arbitrate grievance disputes was considered as *quid pro quo* of a no-strike agreement. And when in the House the debate narrowed to the question whether § 301 was more than jurisdictional, it became abundantly clear that the purpose of the section was to provide the necessary legal remedies. Section 302 of the House bill,[5] the substantial equivalent of the present § 301, was being described by Mr. Hartley, the sponsor of the bill in the House:

> "Mr. BARDEN: Mr. Chairman, I take this time for the purpose of asking the Chairman a question, and in asking the question I want it understood that it is intended to make a part of the record that may hereafter be referred to as history of the legislation.
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> "It is my understanding that section 302, the section dealing with equal responsibility under collective bargaining contracts in strike actions and proceedings in district courts contemplates not only the ordinary lawsuits for damages but also such other remedial proceedings, both legal and equitable, as might be appropriate in the circumstances; in other words, proceedings could, for example, be brought by the employers, the labor organizations, or interested individual employees under the Declaratory Judgments Act in order to secure declarations from the Court of legal rights under the contract.
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> "Mr. HARTLEY: The interpretation the gentleman has just given of that section is absolutely correct." 93 Cong. Rec. 3656-3657."

It seems, therefore, clear to us that Congress adopted a policy which placed sanctions behind agreements to arbitrate grievance disputes,[6] by

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[5] Section 302(a) as it passed the House read as follows:

"Any action for or proceeding involving a violation of an agreement between an employer and a labor organization or other representative of employees may be brought by either party in any district court of the United States having jurisdiction of the parties, without regard to the amount in controversy, if such agreement affects commerce, or the court otherwise has jurisdiction of the cause."

[6] *Employees* v. *Westinghouse Corp.*, 348 U. S. 437, is quite a different case. There the union sued to recover unpaid wages on behalf of some 4,000 employees. The basic question concerned the standing of the union to sue and recover on those individual employment contracts. The question here concerns the right of the union to enforce the agreement to arbitrate which it has made with the employer.

implication rejecting the common-law rule, discussed in *Red Cross Line* v. *Atlantic Fruit Co.*, 264 U. S. 109, against enforcement of executory agreements to arbitrate.[7] We would undercut the Act and defeat its policy if agreements to arbitrate are enforceable, absent congressional approval.
we read § 301 narrowly as only conferring jurisdiction over labor organizations.

The question then is, what is the substantive law to be applied in suits under § 301 (a)? We conclude that the substantive law to apply in suits under § 301 (a) is Federal law which the courts must fashion from the policy of our national labor laws. See Mendelsohn, Enforceability of Arbitration Agreements Under Taft-Hartley Section 301, Yale L. J. 167. The Labor Management Relations Act expressly furnishes some substantive law. It points out what the parties may or may not do in certain situations. Other problems will lie in the penumbra of express statutory mandates. Some will lack express statutory sanction but will be solved by looking at the policy of the legislation and fashioning a remedy that will effectuate that policy. The range of judicial inventiveness will be determined by the nature of the problem. See *Board of Commissioners* v. *United States*, 308 U. S. 343, 351. Federal interpretation of the Federal law will govern, not state law. Cf. *Jerome* v. *United States*, 318 U. S. 101, 104. But state law, if compatible with the purpose of § 301, may be resorted to in order to find the rule that will best effectuate the Federal policy. See *Board of Commissioners* v. *United States, supra*, 351-352. Any state law applied, however, will be asborbed as Federal law and will not be an independent source of private rights.

It is not uncommon for Federal courts to fashion Federal law where Federal rights are concerned. See *Clearfield Trust Co.* v. *United States*, 318 U. S. 363, 366-367; *National Metropolitan Bank* v. *United States*, 323 U. S. 454. Congress has indicated by § 301 (a) the purpose to follow that course here. There is no constitutional difficulty. Article III, § 2 extends the judicial power to cases "arising under . . . the Laws of the United States . . ." The power of Congress to regulate these labor-management controversies under the Commerce Clause is plain. *Houston & Texas R. Co.* v. *United States*, 234 U. S. 342; *Labor Board* v. *Jones & Laughlin Corp.*, 301 U. S. 1. A case or controversy arising under § 301 (a) is, therefore, one within the purview of judicial power as defined in Article III.

The question remains whether jurisdiction to compel arbitration of grievance disputes is withdrawn by the Norris-LaGuardia Act. 47 Stat. 70, 29 U. S. C. § 101. Section 7 of that Act prescribes stiff procedural requirements for issuing an injunction in a labor dispute. The kinds of acts which had given rise to abuse of the power to enjoin are listed in § 4. The failure to arbitrate was not a part and parcel of the abuses against which the Act was aimed. Section 8 of the Norris-LaGuardia Act does, indeed, indicate a

[7] We do not reach the question, which the Court reserved in *Red Cross Line* v. *Atlantic Fruit Co., supra*, p. 175, whether as a matter of federal law executory

congressional policy toward settlement of labor disputes by arbitration, for it denies injunctive relief to any person who has failed to make "every reasonable effort" to settle the dispute by negotiation, mediation, or "voluntary arbitration." Though a literal reading might bring the dispute within the terms of the Act (see Cox, Grievance Arbitration in the Federal Courts, 67 Harv. L. Rev. 591, 602-604), we see no justification in policy for restricting § 301 (a) to damage suits, leaving specific performance of a contract to arbitrate grievance disputes to the inapposite [8] procedural requirements of that Act. Moreover, we held in *Virginia R. Co.* v. *System Federation,* 300 U. S . 515, and in *Graham* v. *Brotherhood Firemen,* 338 U. S. 232, 237, that the Norris-LaGuardia Act does not deprive Federal courts of jurisdiction to compel compliance with the mandates of the Railway Labor Act. The mandates there involved concerned racial discrimination. Yet those decisions were not based on any peculiarities of the Railway Labor Act. We followed the same course in *Syres* v. *Oil Workers International Union,* 350 U. S. 892, which was governed by the National Labor Relations Act. There an injunction was sought against racial discrimination in application of a collective bargaining agreement; and we allowed the injunction to issue. The congressional policy in favor of the enforcement of agreements to arbitrate grievance disputes being clear,[9] there is no reason to submit them to the requirements of § 7 of the Norris-LaGuardia Act.

A question of mootness was raised on oral argument. It appears that since the date of the decision in the Court of Appeals respondent has terminated its operations and has contracted to sell its mill properties. All work in the mill ceased in March, 1957. Some of the grievances, however, ask for back pay for increased work loads; and the collective bargaining agreement provides that "the Board of Arbitration shall have the right to adjust compensation retroactive to the date of any change." Insofar as the grievances sought restoration of workloads and job assignments, the case is, of course, moot. But to the extent that they sought a monetary award, the case is a continuing controversy.

The judgment of the Court of Appeals is reversed and the cause is remanded to that court for proceedings in conformity with this opinion.

Reversed.

MR. JUSTICE BLACK took no part in the consideration or decision of this case.

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[8] See Judge Magruder in *Local 205* v. *General Electric Co.,* 233 F. 2d 85, 92.

[9] Whether there are situations in which individual employees may bring suit in an appropriate state or federal court to enforce grievance rights under employment contracts where the collective bargaining agreement provides for arbitration of those grievances is a question we do not reach in this case. Cf. *Employees* v. *Westinghouse Corp.,* 348 U. S. 437, 460, 464; *Moore* v. *Illinois Central R. Co.,* 312 U. S. 630; *Slocum* v. *Delaware L. & W. R. Co.,* 339 U. S. 239; *Transcontinental Air* v. *Koppal,* 345 U. S. 653.

MR. JUSTICE BURTON, whom MR. JUSTICE HARLAN joins, concurring in the result.

This suit was brought in a United States District Court under § 301 of the Labor Management Relations Act of 1947, 61 Stat. 156, 29 U. S. C. § 185, seeking specific enforcement of the arbitration provisions of a collective-bargaining contract. The District Court had jurisdiction over the action since it involved an obligation runnning to a union—a union controversy—and not uniquely personal rights of employees sought to be enforced by a union. Cf. *Association of Westinghouse Employees* v. *Westinghouse Elec. Corp.*, 348 U. S. 437. Having jurisdiction over the suit, the court was not powerless to fashion an appropriate Federal remedy. The power to decree specific performance of a collectively bargained agreement to arbitrate finds its source in § 301 itself, and in a Federal District Court's inherent equitable powers, nurtured by a congressional policy to encourage and enforce labor arbitration in industries affecting commerce.

I do not subscribe to the conclusion of the Court that the substantive law to be applied in a suit under § 301 is Federal law. At the same time, I agree with Judge Magruder in *International Brotherhood* v. *W. L. Mead, Inc.*, 230 F. 2d 576, that some Federal rights may necessarily be involved in a § 301 case, and hence that the constitutionality of § 301 can be upheld as a congressional grant to Federal District Courts of what has been called "protective jurisdiction."

ARTHUR J. GOLDBERG (BENJAMIN WYLE, COOPER, MITCH & BLACK, and DAVID E. FELLER, with him on the brief) for petitioner; FRANK A. CONSTANGY (M. A. PROWELL, FRED. W. ELARBEE, JR., and BELL, MORRING & RICHARDSON, with him on the brief) for respondent.