11th Circuit: Employers Must Arbitrate Only if Explicitly Required by Contract

1/9/2012 By Natasha Heidari

An employer is not required to arbitrate a claim against a union in the absence of specific language that explicitly requires the employer to arbitrate, according to the 11th U.S. Circuit Court of Appeals.

Jim Walter Resources Inc. brought a claim in U.S. district court against United Mine Workers of America, alleging a violation of their collective bargaining agreement (CBA). The CBA between the employer and the union encouraged settlement of disputes through "the machinery of the contract." In other words, the CBA exhibited a generalized preference for resolving disputes through the established grievance procedure. Consequently, the union sought to compel arbitration of the employer's claim, which the district court granted.

On appeal, the 11th Circuit looked to Supreme Court decisions governing the application of arbitration provisions in CBAs, recognizing four basic axioms drawn from those decisions. First, "arbitration is a matter of contract and a party cannot be required to submit to arbitration any dispute which he has not agreed so to submit." Second, the question of whether a matter is arbitrable is to be decided by a court, and not the arbitrator. Third, in deciding whether or not the parties have agreed to submit a claim to arbitration, the court will not rule on the actual merit of the underlying claim. Finally, where there is an arbitration clause, a presumption of arbitrability applies unless the arbitration clause "is not susceptible of an interpretation that covers the asserted dispute."

In applying these principles, the 11th Circuit recognized a split among the circuits. The 1st, 3rd, 5th, 7th and 9th Circuits have all looked to the specific language of the CBA to assess the arbitrability of employer-initiated claims. Where the grievance procedures, in which arbitration clauses were contained, were drafted to address exclusively the processing of employee grievances, without mention of employer-initiated claims, these courts held that the employer's claims were not arbitrable. In contrast, decisions in the 2nd, 3rd (reflecting an internal split within the circuit), and 4th Circuits applied a general presumption of arbitrability, absent a specific exclusion of employer-initiated claims.

The 11th Circuit reversed the district court's ruling, which relied on 2nd Circuit precedent. Noting that the 2nd Circuit's approach had been recently criticized by the Supreme Court, the 11th Circuit instead opted for the reasoning set forth in prior 11th Circuit decisions. In the present case, because the language of the grievance procedure was wholly employee-oriented and did not address the possibility of employer-initiated grievances, the 11th Circuit determined that the employer's claim should not be arbitrated.

Jim Walter Res. Inc. v. United Mine Workers, 11th Cir., No. 10-10486 (Dec. 6, 2011).

Professional Pointer: This case is a reminder that parties should be very explicit about what is intended to be covered by an arbitration provision. Clarity of the parties' intentions will avoid this type of confusion as to whether a claim must be arbitrated.

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Editor's Note: This article should not be construed as legal advice.

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