



U.S. Supreme Court Holds Unions Liable For Damages During Labor Strikes

June 7, 2023 | [Labor And Employment, Unions And Union Membership, Strikes And Picketing](#)

Federal labor law preempts most court litigation involving labor disputes, requiring such disputes to be resolved through the National Labor Relations Board (NLRB) so long as the activity at issue is arguably subject to the National Labor Relations Act (NLRA). A recent important decision in [Glacier Northwest Inc. v Teamsters](#) from the U.S. Supreme Court found that a company can bring a lawsuit for damages resulting from property damage incurred during a labor strike.

The [dispute arose when a work stoppage](#) of truck drivers led to a large amount of spoiled concrete. The company sued the union under state law for damages resulting from the property damage it suffered due to the work stoppage and loss of usable cement, arguing that the union and truck drivers timed the strike to force the company to discard the concrete and take a loss.

At issue in the litigation, and the question ultimately brought to the Supreme Court, was whether a claim for property damages incurred during a strike was preempted by the NLRA.

Supreme Court Decision

An 8-1 majority ruled that while federal labor law preempts most lawsuits related to labor disputes, it does not preempt such a claim where it is alleged that unions failed to take reasonable precautions to safeguard employers' property during strikes.

The court explained that the NLRA “does not shield strikers who fail to take ‘reasonable precautions’ to protect their employer’s property from

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foreseeable, aggravated, and imminent danger due to the sudden cessation of work.” Because the NLRA would not protect such conduct, a lawsuit related to that conduct is not preempted by the NLRA.

Employer Takeaways

The Supreme Court’s willingness to take on a controversial labor law issue may fare well for employers, who are currently faced with a union-friendly NLRB. This important decision will make it easier for employers to recover property damage they suffer incidental to a strike. Even more so, the availability of punitive damages under state tort law will provide a disincentive for employees or unions that might otherwise engage in reckless or malicious conduct while exercising their rights under the NLRA.