

George Meany Center for Labor Studies:

GENERAL STANDARDS FOR INTERPRETING CONTRACT LANGUAGE

When there is a dispute over what particular contract language means, the following are the commonly accepted guidelines for interpreting the contract language.

A. Standards Based on Contract Language

1. Language which is clear and unambiguous means what it says.

- \* Even when both sides disagree on what contract language means, the language may be relatively clear and unambiguous to a neutral reader.

- \* If the language is clear and definite, and if its meaning can be determined without looking for other standards of interpretation, then the language is unambiguous and means what it says.

- \* Example:

- ~~///~~ The contract says, "The company will provide required safety equipment."

- ~~///~~ The company argues this merely means that it must make equipment available for employee purchase. The union contends the company has agreed to pay for the equipment.

- \* Example:

- ~~///~~ The contract says, "The senior qualified bidder will be awarded the position."

- ~~///~~ The company argues that the senior employee must be able to perform the work without training. The union contends that the employee need only be able to learn the job in a reasonable time period.

2. Specific wording will be given greater weight than general wording.

- \* When there is a conflict between specific language and general language in an agreement, the specific language will govern.

- \* It is presumed that both sides examined the matter more closely when specific and detailed language is negotiated, and that therefore the specific language should be given more consideration.

- \* Example:

- ~~///~~ The contract says, "The company shall continue to make reasonable provisions for the safety and health of its employees."

- ~~///~~ The contract also says, "Wearing apparel and other protective equipment necessary to protect employees from injury shall be provided by the company in accordance with practices now prevailing or as such practices may be improved from time to time by the company."
- ~~///~~ Is the employer required to provide rain clothes to certain employees if this had not been done before?

3. To express one thing is to exclude another.

\* If one item of a group or class of items is mentioned, and others are not mentioned, this generally means the others were meant to be excluded.

\* Example:

~~///~~ The contract says, "At the convenience of the company, swing-shift workers will be given 20 minutes from their shift to eat a meal."

~~///~~ Could straight day workers claim the same benefit?

\* Example:

~~///~~ The contract has a discipline clause calling for progressive discipline. One sentence of the clause states: "Immediate discharge may be imposed for drunkenness, theft, or gross insubordination."

~~///~~ Could a company immediately discharge two employees for fighting at work?

\* Example:

~~///~~ The contract says, "Safety glasses, hard hat and gloves will be provided by the company to those working in the yard classifications."

~~///~~ Is someone in a yard classification entitled to have the company provide safety shoes?

4. Enumeration limits the general language to the category of enumerated items.

\* Where general language follows a list of specific terms, the general language will be interpreted to cover only things of the same general nature as those listed.

\* Example:

~~///~~ The contract says, "Seniority shall govern in all cases of layoff, promotion, transfer, and other adjustments of personnel."

~~///~~ The contract also says, "Overtime shall be shared among employees within a given classification."

~~///~~ If a senior electrician demanded overtime over a junior electrician, how would this be decided?

5. Words will be judged by their context.

- \* The meaning of words or phrases will be interpreted by the context in which they appear.
- \* Where words appear often determines what was meant by their use.

\* Example:

- ~~///~~ The contract says, "Holiday pay of eight hours plus time worked at the applicable rate will be paid for holidays worked." Section on "Holidays Worked."
- ~~///~~ The contract also says, "To be eligible for holiday pay, an employee must work the day before and the day after a holiday." Section on "Holidays Not Worked."
- ~~///~~ A worker was absent the day before a holiday, but worked eight hours on the holiday. If the company argued that the worker was not eligible for holiday pay, would it be correct?

6. The agreement will be interpreted as a whole.

- \* The meaning of each sentence and each paragraph must be determined in relation to the contract as a whole.
- \* Sections or portions of the contract cannot be isolated from the rest of the agreement and interpreted without regard to what the rest of the contract says.
- \* All parts of the contract have some meaning, or they would not have been included in the agreement.

7. Words will be given normal, as opposed to technical, meaning.

- \* The ordinary and popularly accepted meaning and definition of words and phrases will be used unless something special was intended.
- \* Example:
  - ~~///~~ The contract says, "Vacation pay shall be based on average earnings."
  - ~~///~~ An employee worked on two types of jobs. The employer based vacation pay on the average earnings of the lower-rated job. Is this correct?

## B. Standards Going Beyond the Contract Language

### 1. Intent of both sides.

- \* If the language is not sufficiently clear, it will be necessary to determine what the intent of both sides was when the contract was written.
- \* It is this meaning which governs, not any meaning that can possibly be read into the language.

### 2. Contract negotiations.

- \* Where the meaning of a word or clause is not clear, the meaning given to it during negotiations is important.
- \* Written records or minutes of negotiations or testimony of people who participated in negotiations should be considered.

### 3. Prior settlements as aid to interpretation.

- \* Where a provision is unclear, prior settlements involving that provision, either in the grievance procedure or made orally, are important in determining the meaning of provision.
- \* Past mutual settlements may set precedents.

### 4. Past Practice.

- \* Where language is unclear and the intent was not clarified in negotiations, then past practice will control.
- \* What the parties do under a collective bargaining agreement may be even more important than what they say in it.
- \* The general rules on past practice are:
  - a. It must be mutual; both sides must have accepted it.
  - b. It must be of consistent and sufficient duration.

### 5. Industry practice.

- \* When practice in a particular workplace does not provide a sufficient guide, then look to practice in other workplaces of same company or other workplaces in same industry or business. This would be especially true in these cases:
  - a. where the practice was found in other workplaces of the same company under the same clause;
  - b. where the same agreement was entered into by one employer with several unions;

c. where the same agreement was entered into by several employers with one union.

\*A general industry practice may be taken into account.

## C. Other Considerations

### 1. Interpretation in light of law.

\* When two interpretations are possible, one making the agreement lawful and the other making it unlawful, the lawful one will be used.

\* It is presumed that the contract was intended to be valid.

\* Example:

~~✍~~ If one interpretation would be in violation of the Equal Employment Opportunity Law, it should be avoided if another interpretation is possible.

### 2. Fairness and reasonableness.

\* Where the contract is clear, it will be applied in accordance with its terms, even if it is not equitable to both parties. But, where the contract language is unclear, it will be generally interpreted in a manner which is fair and reasonable to both sides.

### 3. Avoidance of harsh or nonsensical results.

\* Interpretation of an unclear provision that would lead to just results will be preferred to an interpretation that would lead to harsh or nonsensical results.

### 4. Experience and training of negotiators.

\* Strict interpretation of contract language is less likely where the negotiators were inexperienced because inexperienced people are not trained in the precise use of words.

\* This liberal approach is not taken with experienced negotiators because they are generally more sophisticated and will have carefully scrutinized the language.

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