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Road Sprinkler Fitters Local Union 669 and Firetrol Protection Systems, Inc. and Cosco Fire Protection, Inc., MX Holdings US, Inc., and CFP Fire Protection, Inc. Case27–CC–091349

May 23, 2017

DECISION AND ORDER

BY CHAIRMAN MISCIMARRA AND MEMBERS PEARCE
AND MCFERRAN

On August 22, 2013, Administrative Law Judge Mary Miller Cracraft issued the attached decision. The Respondent, Road Sprinkler Fitters Local Union 669, filed exceptions and a supporting brief; the General Counsel, Charging Party Firetrol Protection Systems, Inc. (Firetrol), and Parties in Interest Cosco Fire Protection, Inc. (Cosco), MX Holdings US, Inc. (MX), and CFP Fire Protection, Inc. (CFP) filed answering briefs; and the Respondent filed replies. The General Counsel filed cross-exceptions, and the Respondent filed an answering brief. Firetrol filed cross-exceptions¹ and a supporting brief, the Respondent filed an answering brief, and Firetrol filed a reply brief.²

The Board has considered the decision and the record in light of the exceptions, cross-exceptions, and briefs and has decided to adopt the judge's rulings, findings,³

¹ Parties in Interest Cosco, MX, and CFP joined in Firetrol's cross-exceptions.

² We deny the Respondent's motion to strike Firetrol's reply brief for allegedly containing argument outside the scope of the Respondent's answering brief. We do, however, at Firetrol's request, take administrative notice of two federal district court decisions involving the parties: *Jones v. Road Sprinkler Fitters Local Union No. 669, U.A., AFL-CIO*, No. CV13-3015-GHK (JPRx), 2013 WL 553291 (C.D. Cal. July 24, 2013) (denying the Regional Director's petition for injunctive relief under Section 10(l) of the Act); and *Road Sprinkler Fitters Local Union No. 669, U.A., AFL-CIO v. Cosco Fire Protection, Inc.*, No. SA CV 12-1596-GHK (JPRx) (C.D. Cal. Aug. 8 (2013) (unpublished order granting defendants' motion to stay the plaintiff's lawsuit to compel arbitration). Charging Party Firetrol and the Parties in Interest have requested oral argument. The request is denied as the record and briefs adequately present the issues and the positions of the parties.

³ The Respondent has in effect excepted to some of the judge's credibility findings. The Board's established policy is not to overrule an administrative law judge's credibility resolutions unless the clear preponderance of all the relevant evidence convinces us that they are incorrect. *Standard Dry Wall Products, Inc.*, 91 NLRB 544 (1950), enf. 188 F.2d 362 (3d Cir. 1951). We have carefully examined the record and find no basis for reversing the findings.

We deny the Respondent's suggestion that we defer this unfair labor practice case for resolution in the first instance to the Respondent's grievance-arbitration procedures pursuant to *Collyer Insulated Wire*, 192 NLRB 837 (1971). We find deferral to be inappropriate for several reasons. First, Firetrol, CFP, and MX have no bargaining relationship

and conclusions as modified herein, to amend the remedy, and to adopt the judge's recommended Order as modified and set forth in full below.⁴

ORDER

The National Labor Relations Board orders that the Respondent, Road Sprinkler Fitters Local Union 669, its officers, agents, and representatives, shall

with the Respondent, and they are not party to a collective-bargaining agreement requiring them to arbitrate disputes with the Respondent. Moreover, while Cosco has a bargaining relationship with the Union as to its own unit employees, and Addendum C to that agreement contains an arbitration provision, the dispute here does not involve Cosco's unit employees, but rather Firetrol's employees in Denver, Colorado. Furthermore, this case involves allegations of secondary pressure under the Act, which are not well suited to resolution by arbitration. See, e.g., *Iron Workers Pacific Northwest Council (Hoffman Construction)*, 292 NLRB 562, 577–578 (1989); *Elevator Constructors (Long Elevator)*, 289 NLRB 1095, 1097 (1988), enf. 902 F.2d 1297 (8th Cir. 1990). There is no merit to the Respondent's argument that under *Bill Johnson's Restaurants v. NLRB*, 461 U.S. 731 (1983), and *BE & K Construction Co.*, 351 NLRB 451 (2007), the First Amendment precludes the Board from finding that the Respondent violated the Act because its grievance and lawsuit allegedly are reasonably based. Under *Bill Johnson's Restaurants* and its progeny, the Board may find that pursuit of a reasonably based grievance and lawsuit violates the Act where the object thereof is illegal under Federal law. *Bill Johnson's*, 461 U.S. at 737 fn. 5; see, e.g., *Elevator Constructors (Long Elevator)*, 289 NLRB at 1095. For example, where a respondent files a grievance and lawsuit to exert secondary pressure on a neutral employer, the Board may properly find a violation under the "footnote 5 exception" to *Bill Johnson's*, and we do so here. *Iron Workers (Southwestern Materials & Supply, Inc.)*, 328 NLRB 934, 935–936 (1999). We note, however, that the judge erred in suggesting that the Respondent bore the burden of demonstrating that its grievance and lawsuit were reasonably based. See, e.g., *Milum Textile Services Co.*, 357 NLRB 2047, 2053 (2011). That error, however, did not affect the disposition of this case.

In her decision, Conclusions of Law, and Remedy, the judge stated that the Respondent violated Sec. 8(e) as well as Sec. 8(b)(4)(ii)(A) and (B) of the Act by pursuing its grievance and lawsuit. This is understandable, since a violation of Sec. 8(b)(4)(ii)(A) requires a predicate 8(e) finding. See *Teamsters Local 560 (County Concrete Corp.)*, 362 NLRB No. 183, slip op. at 1–2 (2015). However, the complaint does not allege that the Respondent violated Sec. 8(e), and the parties agree that the judge's statement was inadvertent. Therefore, because we find that the Respondent violated only Sec. 8(b)(4)(ii)(A) and (B), we have amended the judge's decision, Conclusions of Law, and Remedy accordingly.

⁴ We deny Firetrol's exceptions to the judge's failure to order certain enhanced remedies as it has not cited any record evidence in support of this request or otherwise demonstrated why the Board's traditional remedies are insufficient here. We shall, however, modify the judge's recommended Order to provide for electronic notice posting pursuant to *J. Picini Flooring*, 356 NLRB 11 (2010), and to conform to the Board's standard remedial language. We shall also substitute new notices to conform to the Order as modified and in accordance with our decision in *Durham School Services*, 360 NLRB 694 (2014). Finally, although we decline Firetrol's request that we take administrative notice of its proffered photographic evidence of the Respondent's website, we note that Firetrol will have an opportunity at the compliance stage of this proceeding to introduce evidence of any electronic means by which the Respondent typically communicates with its members.

1. Cease and desist from

(a) Seeking to enforce or apply through grievance, arbitration, or litigation Addendum C of its collective-bargaining agreement with Cosco Fire Protection, Inc. (Cosco), Party in Interest, where an object thereof is to threaten, restrain, or coerce Cosco, MX Holdings US, Inc. (MX), CFP Fire Protection, Inc. (CFP), or any other person to refuse to do business with Firetrol Protection Systems, Inc. (Firetrol) or to force or require Firetrol to recognize and bargain with the Respondent as the representative of Firetrol's employees even though the Respondent has not been certified as the bargaining representative of the employees under the provisions of Section 9 of the Act.

2. Take the following affirmative action necessary to effectuate the policies of the Act.

(a) Withdraw the grievance and arbitration demand giving rise to this case, seek dismissal of the lawsuit, and reimburse Firetrol, Cosco, CFP, and MX for all reasonable expenses and legal fees, with interest, incurred in defending against the Respondent's grievance and lawsuit as prescribed in the remedy section of the judge's decision.

(b) Within 14 days after service by the Region, post at the Respondent's business office a copy of the attached notice marked "Appendix."⁵ Copies of the notice, on forms provided by the Regional Director for Region 27, after being signed by the Respondent's authorized representative, shall be posted by the Respondent and maintained for 60 consecutive days in conspicuous places, including all places where notices to members are customarily posted. In addition to physical posting of paper notices, notices shall be distributed electronically, such as by email, posting on an intranet or an internet site, and/or other electronic means, if the Respondent customarily communicates with its members by such means. Reasonable steps shall be taken by the Respondent to ensure that the notices are not altered, defaced, or covered by any other material.

(c) Within 14 days after service by the Region, deliver to the Regional Director for Region 27 signed copies of the notice in sufficient numbers for posting by Firetrol, Cosco, CFP, and MX, if willing, at places where they customarily post notices to their employees.

(d) Within 21 days after service by the Region, file with the Regional Director for Region 27 a sworn certification of a responsible official on a form provided by the

Region attesting to the steps that the Respondent has taken to comply.

Dated, Washington, D.C. May 23, 2017

Philip A. Miscimarra, Chairman

Mark Gaston Pearce, Member

Lauren McFerran, Member

(SEAL) NATIONAL LABOR RELATIONS BOARD

APPENDIX

NOTICE TO MEMBERS

POSTED BY ORDER OF THE

NATIONAL LABOR RELATIONS BOARD

An Agency of the United States Government

The National Labor Relations Board has found that we violated Federal labor law and has ordered us to post and obey this notice.

FEDERAL LAW GIVES YOU THE RIGHT TO

Form, join, or assist a union

Choose representatives to bargain on your behalf with your employer

Act together with other employees for your benefit and protection

Choose not to engage in any of these protected activities.

WE WILL NOT seek to enforce or apply through grievance, arbitration, or litigation Addendum C of our collective-bargaining agreement with Cosco Fire Protection, Inc. (Cosco), where an object thereof is to threaten, restrain, or coerce Cosco, MX Holdings US, Inc. (MX), CFP Fire Protection, Inc. (CFP), or any other person to refuse to do business with Firetrol Protection Systems, Inc. (Firetrol) or to force or require Firetrol to recognize and bargain with us as the representative of Firetrol's employees even though we have not been certified as the bargaining representative of the employees under the provisions of Section 9 of the National Labor Relations Act.

WE WILL withdraw the grievance and arbitration demand giving rise to this case, seek dismissal of the lawsuit, and reimburse Firetrol, Cosco, CFP, and MX for all

⁵ If this Order is enforced by a judgment of a United States court of appeals, the words in the notice reading "Posted by Order of the National Labor Relations Board" shall read "Posted Pursuant to a Judgment of the United States Court of Appeals Enforcing an Order of the National Labor Relations Board."

reasonable expenses and legal fees, with interest, incurred in defending against the grievance and the lawsuit.

ROAD SPRINKLER FITTERS LOCAL UNION 66

The Board's decision can be found at www.nlr.gov/case/27-CC-091349 or by using the QR code below. Alternatively, you can obtain a copy of the decision from the Executive Secretary, National Labor Relations Board, 1015 Half Street, S.E., Washington, D.C. 20570, or by calling (202) 273-1940.



Kristyn Myers, Esq. and *Michele Divitt, Esq.*, for the General Counsel.

William Osborne, Esq., for the Respondent.

Mark Ross, Esq., for the Charging Party.

James Seversen, Esq., for the Parties in Interest.

DECISION

MARY MILLER CRACRAFT, Administrative Law Judge. Charging Party Firetrol Protection Systems, Inc. (Firetrol), a nonunion company, closed its Denver facility while a representation petition was pending. The petition was filed by Road Sprinkler Fitters Local Union 669 (Respondent or the Union). At the time of the Denver Firetrol facility closure, Cosco Fire Protection, Inc. (Cosco), a sister company of Firetrol, had a collective-bargaining agreement with the Union. Addendum C of that agreement contained a work preservation clause and a facially valid antidual shop clause.¹ At issue is whether the Union violated Section 8(b)(4)(ii)(A) and (B) when it filed a grievance against Cosco, Firetrol, and their parent company MX Holdings US, Inc. (MX) and a Federal lawsuit to compel arbitration of the grievance against Cosco, another sister company CFP Fire Protection, Inc. (CFP), and MX seeking to enforce Addendum C of its collective-bargaining agreement with Cosco. I find that the Union violated the Act as alleged in the complaint.

The underlying unfair labor practice charge was filed by Firetrol on October 15, 2012. Complaint issued on April 10, 2013. Hearing was on May 1 and 2, 2013, in Denver, Colorado. On the entire record, including my observation of the demeanor of the witnesses,² and after considering the excellent

¹ In *Road Sprinkler Fitters Local 669 (Cosco Fire Protection, Inc.)*, 357 NLRB 2140 (2011), the Board held that the antidual shop provision of Addendum C had a lawful primary purpose and was facially valid.

² Credibility resolutions have been made based upon a review of the entire record and all exhibits in this proceeding. Witness demeanor and

briefs filed by counsel for the Acting General Counsel, counsel for the Charging Party, counsel for the Parties in Interest, and counsel for the Respondent, I make the following findings of fact and conclusions of law.

JURISDICTION

Respondent admits and I find that Firetrol and Cosco are corporations which substantially affect interstate commerce under the Board's nonretail direct inflow standard.³ Respondent admits and I find that MX and CFP are corporations which substantially affect commerce under the Board's nonretail direct outflow standard.⁴ Respondent admits and I find that Firetrol, Cosco, MX, and CFP are employers within the meaning of Section 2(2), (6), and (7) of the Act. Respondent admits and I find that it is a labor organization within the meaning of Section 2(5) of the Act. Thus, I find that this dispute affects commerce and that the Board has jurisdiction of this case pursuant to Section 10(a) of the Act.

Corporate Relationships

Firetrol, Cosco, and CFP are wholly owned subsidiaries of MX. In March 2012, the directors of MX were Ted Carrier, Thomas Krausch, and Klaus Hofmann. Ted Carrier is also the chief financial officer of MX, secretary of Firetrol, and a director of CFP. Meghan Guida served as assistant director of MX and as secretary of both Cosco and CFP until April 1, 2013. As senior manager at MX, Ted Carrier reports directly to Minimax International GMBH (Minimax)⁵ CEO and MX Director Klaus Hofmann. The presidents of Cosco, Firetrol, and CFP also report directly to Klaus Hofmann. There is no overlap of managers or supervisors between MX, Cosco, Firetrol, or CFP and each entity operates independently.

Each entity has its own human resources manager who reports to senior management at their respective company. MX provides limited advice to its subsidiaries regarding ERISA and U.S. tax law compliance but each entity is free to adopt its own employment policies. MX negotiates benefits of scale for its subsidiaries through a third party broker but each entity makes final decisions regarding their own employees' benefits plan and is independently responsible for the costs of the plan chosen.

MX provides several administrative services to its subsidiaries, but it does not manage daily operations. MX provides IT support and networking services as well as financial services including auditing, accounting, and bonding. However, each subsidiary is responsible for a pro rata share of those services; each maintains its own equipment, servers, and company website; and each exercises independent authority over its financial operations. Additionally, MX and CFP share office space in

inherent probability of the testimony have been utilized to assess credibility. Testimony contrary to my findings has been discredited on some occasions because it was in conflict with credited testimony or documents or because it was inherently incredible and unworthy of belief.

³ *Siemens Mailing Service*, 122 NLRB 81, 85 (1958) (nonretail direct inflow standard set at \$50,000 in goods shipped or services furnished by the employer outside the State).

⁴ *Id.* (nonretail direct outflow standard set at \$50,000 in purchase of goods or services from outside the State).

⁵ Minimax owns 100 percent of MX.

Irvine, California at 17461 Derien Avenue, Suite 114. However, a wall separates the entities from one another and each entity pays for its share of office space.

Cosco and Firetrol are both full-service fire protection providers but they operate from different geographic areas and serve separate markets. Cosco does not hold a license to do business in any state in which Firetrol operates, including Colorado. There is no interchange of employees or subcontracting of work between Cosco and Firetrol. Cosco and Firetrol do not discipline, hire, fire, assign, or direct the work of one another's employees. Additionally, as a member of the multiemployer association National Fire Sprinkler Association, Inc. (NFSA), Cosco has been party to a series of collective-bargaining agreements with the Union.

CFP manages service of fire protection systems for clients on a national scale but it does not engage in actual performance of work and does not employ sprinkler fitters. Instead, CFP subcontracts the service work to over 700 companies, including Cosco and Firetrol. CFP's dealings with Cosco and Firetrol are conducted at arm's length using a bidding process that awards contracts based on price, quality, and estimated completion time. Cosco and Firetrol have complete and independent discretion to decline work offered by CFP. In 2012, Cosco and Firetrol were each responsible for about 15–20 percent of CFP's revenues. Conversely, CFP subcontracts accounted for approximately 5 percent of Cosco's revenues and 5.5 percent of Firetrol's revenues.

The Underlying Dispute

Firetrol installs, repairs, and services fire suppression systems and alarms in the States of Alabama, Arizona, Louisiana, Oklahoma, Texas, and Utah. Until June 26, 2012,⁶ Firetrol also operated a facility in Denver, Colorado. Cosco installs, repairs, and services fire suppression systems and alarms in the States of California, Oregon, Washington and Nevada. Cosco and the Union have had a bargaining relationship since 1959. At the time of this dispute, Cosco was bound by the agreement between NFSA and the Union effective April 1, 2010, to March 31, 2013.

Prior to the June 26 closing of the Denver facility, the Union filed a Petition for Representation (Case 27–RC–080251)⁷ on May 12 seeking to represent Firetrol's sprinkler fitter employees. On June 15, Region 27 issued a Decision and Direction of Election. However, as stipulated by the parties, before the election was held, Firetrol discharged its Denver employees, closed its Denver facility on June 26, and ceased serving clients in the Colorado market.⁸

Thereafter, according to the parties' stipulation, the Union filed a grievance on July 18, against Firetrol and Cosco as well as parent company MX, which it initially erroneously named as

Consolidated Fire Protection LLC (CFP LLC),⁹ alleging a violation of Addendum C of the contract between the Union and Cosco. The grievance stated it was filed on behalf of the Denver Firetrol employees and claimed the decision to discontinue operations at the Denver facility was in retaliation for Firetrol employees' union activity. The grievance further claimed that the Denver closure violated Cosco's collective-bargaining agreement with the Union. The grievance requested arbitration, restoration of the status quo, and making affected employees economically whole.

Addendum C provides in relevant part:

PRESERVATION OF BARGAINING UNIT WORK

In order to protect and preserve for the employees covered by this Agreement all work historically and traditionally performed by them, and in order to prevent any device or subterfuge to avoid protection or preservation of such work, it is hereby agreed as follows: If and when the Employer shall perform any work of the type covered by this Agreement as a single or joint Employer (which shall be interpreted pursuant to applicable NLRB and judicial principles) within the trade and territorial jurisdiction of Local 669, under its own name or under the name of another, as a corporation, sole proprietorship, partnership, or any other business entity including a joint venture, wherein the Employer (including its officers, directors, owners, partners or stockholders) exercises either directly or indirectly (such as through family members) controlling or majority ownership, management or control over such other entity, the wage and fringe benefit terms and conditions of this Agreement shall be applicable to all such work performed on or after the effective date of this Agreement shall be applicable to all such work performed on or after the effective date of this Agreement. The question of single Employer status shall be determined under applicable NLRB and judicial principles, i.e., whether there exists between the two companies an arm's length relationship as found among unintegrated companies and/or whether overall control over critical matters exists at the policy level. The parties hereby incorporate the standard adopted by the Court in *Operating Engineers Local 627 v. NLRB*, 518 F.2d 1040 (D.C. Cir. 1975) and affirmed by the Supreme Court, 425 U.S. 800 (1976), as controlling. A joint employer, under NLRB judicial principles, is two independent legal entities that share, codetermine, or meaningfully affect labor relations matters.

In the event that the Union files, or in the past has filed, a grievance under article 3 of this or a prior national agreement, and the grievance was not sustained, the Union may proceed under the following procedures with respect to the contractor(s) involved in the grievance:

⁶ All dates are in 2012 unless otherwise referenced.

⁷ The petition set forth a unit of all full-time and regular part-time suppression employees engaged in the installation, maintenance, and/or repair of automatic fire protection systems at Firetrol's Denver, Colorado facility.

⁸ There is no unfair labor practice allegation before me regarding the plant closure. Respondent withdrew an unfair labor practice charge regarding the closure.

⁹ CFP LLC no longer exists. It merged into MX in 2010.

Should the Employer establish or maintain operations that are not signatory to this Agreement, under its own name or another or through another related business entity to perform work of the type covered by this Agreement within the Union's territorial jurisdiction, the terms and conditions of this Agreement shall become applicable to and binding upon such operations at such time as a majority of employees of the entity (as determined on a state-by-state, regional or facility-by-facility basis consistent with NLRB unit determination standards) designates the Union as their exclusive bargaining representative on the basis of their uncoerced execution of authorization cards, pursuant to applicable NLRB standards, or in the event of a good faith dispute over the validity of the authorization cards, pursuant to a secret ballot election under the supervision of a private independent third party to be designated by the Union and the NFSA within thirty (30) days of ratification of this Agreement. The Employer and the Union agree not to coerce employees or to otherwise interfere with employees in their decision whether or not to sign an authorization card and/or to vote in a third party election.

On September 21, the Union filed a lawsuit in U.S. District Court for the Central District of California (Case No. CV-12-1596-GHK (JPRx) against Cosco and MX (as Cosco's parent) to compel arbitration of its July 18 grievance. On November 13, the Union amended its complaint to add CFP as a defendant. In the amended complaint, the Union averred that MX is the parent of Cosco and Firetrol; that Cosco, Firetrol, and MX are single and/or joint employer; that Cosco is the agent of MX; and that MX exercises its single and/or joint employer status as to Cosco and Firetrol through CFP. At the time of hearing, the lawsuit was still pending.

Analysis

Firetrol, Cosco, CFP, and MX do not constitute a single employer

Firetrol, Cosco, CFP, and MX are separate corporate entities. However, if they have substantial common ownership, common management, integration of operations, and centralized control, particularly over labor relations, they may constitute a single employing entity.¹⁰ If they are a single employing entity, there is no neutral status afforded them and no secondary objective can be present. Respondent argues that, in fact, these entities are a single employer. The record does not support that argument.

Although three of the companies are commonly owned by the fourth, the companies do not possess common management. They have no interrelationship of operations, and do not possess any centralized control of labor relations. Under similar circumstances, the Board has found that no single employer status was present. See, e.g., *Alabama Metal Products, Inc.*, 280 NLRB 1090 (1986) (common ownership and interrelation of operations insufficient); *Western Union Corp.*, 224 NLRB 274 (1976), *affd. sub nom. Telegraph Workers v. NLRB*, 571

F.2d 665 (D.C. Cir.), cert. denied 439 U.S. 827 (1978) (although common corporate officers and significant control over budget and selection of officers and directors, no common control of labor relations existed; thus no single employer status). I conclude that these four entities are separate and distinct from one another and, although commonly owned, do not constitute a single employer. See, e.g., *Los Angeles Newspaper Guild (Hearst Corp.)*, 185 NLRB 303, 304 (1970) (separate corporate subsidiaries are separate persons, each entitled to the protection of 8(b)(4) from the labor disputes of the other if there is no actual control over day-to-day operations or labor relations of the other).

Respondent's grievance and lawsuit have an unlawful object under Section 8(b)(4)(ii)(A): seeking to apply Cosco's Addendum C to Firetrol, CFP, and MX—entities whose labor relations Cosco does not control

Section 8(b)(4)(ii)(A) provides, as relevant, that it is an unfair labor practice for a union to threaten, coerce, or restrain any person¹¹ with an object of forcing or requiring any employer to enter into an agreement prohibited by Section 8(e).

Section 8(e) provides:

It shall be an unfair labor practice for any labor organization and any employer to enter into any contract or agreement, express or implied, whereby such employer ceases or refrains or agrees to cease or refrain from handling, using, selling, transporting or otherwise dealing in any of the products of any other employer, or to cease doing business with any other person, and any contract or agreement entered into heretofore or hereafter containing such an agreement shall be to such extent unenforceable and void. . . .

In *Road Sprinkler Fitters*, supra, 357 NLRB 2140, 2142, the Board, construed the literal language of the second clause of Addendum C to comport with Section 8(e) if possible. Reading Addendum C in that manner, the Board held that Addendum C has, on its face, a primary objective because the language "establish or maintain" does not clearly extend to entities outside the signatory employer's control. *Id.* The Board was asked only to construe the literal language of Addendum C. No application of Addendum C was at issue. The case before me is different in that application of Addendum C must now be examined.

As the Court explained, *NLRB v. ILA*, 447 U.S. 490, 504–505 (1980):

[A] lawful work preservation agreement must pass two tests: First, it must have as its objective the preservation of work traditionally performed by employees represented by the union. Second, the contracting employer must have the power to give the employees the work in question—the so-called "right of control" test of *Pipefitters*, supra [*NLRB v. Pipefitters*, 429 U.S. 507, 517 (1977)]. The rationale of the second test is that

¹⁰ *Radio & Television Broadcast Technicians Local 1264 v. Broadcast Service of Mobile*, 380 U.S. 255, 256 (1965).

¹¹ Sec. 2(1) of the Act, 29 U.S.C. 152(1), defines "person" to include, inter alia, corporations. Sec. 8(b)(4) requires that a person threatened, coerced, or restrained be engaged in commerce or in an industry affecting commerce. The parties agree that each of the four corporations are engaged in commerce within the meaning of the Act.

if the contracting employer has no power to assign the work, it is reasonable to infer that the agreement has a secondary objective, that is, to influence whoever does have such power over the work. “Were the latter the case, [the contracting employer] would be a neutral bystander, and the agreement or boycott would, within the intent of Congress, become secondary.” *National Woodwork, supra* [*National Woodwork Manufacturers Assn v. NLRB*, 386 U.S. 612 (1967)] at 644–645.

Of course, the Union claims that Addendum C cannot constitute an 8(e) clause because it has already been held a lawful clause in *Road Sprinkler Fitters, supra*. I disagree. The Board found the language of the second clause lawful to preserve unit work only if limited to “bargaining unit work performed by the subject entities and the signatory employer controls the covered entities.” (Slip opinion at 3). There is no evidence that neutral employers Cosco, CFP, and MX have control over primary employer Firetrol. In fact, the evidence is to the contrary and indicates that although Cosco, CFP, and Firetrol are commonly owned by MX, they are separate independent corporations. Lacking such control, the objective is secondary. *NLRB v. ILA, supra*, 447 U.S. at 511. Thus, it is clear that Respondent is not seeking to preserve work performed by employees of Cosco, the employer bound to Addendum C. Rather, Respondent is seeking to acquire work from Firetrol, an entity not controlled by Cosco. See, *Iron Workers (Southwestern Materials)*, 328 NLRB 934, 936 (1999). Filing the grievance to enforce Addendum C runs afoul of 8(e) in that Cosco, CFP, and MX are neutrals in the Union’s dispute with Firetrol. Similarly, the lawsuit against neutrals Cosco, CFP, and MX to enforce arbitration of the grievance has an acquisitive object.

Filing of the Grievance and Filing and Maintenance of the
Lawsuit have unlawful objects pursuant to Section
8(b)(4)(ii)(B)

I have found, *supra*, that the grievance and lawsuit were intended to enmesh neutral corporations Cosco, CFP, and MX in a dispute between the Union and Firetrol. This constitutes a cease doing business objective prohibited by Section 8(b)(4)(ii)(B). *NLRB v. Local 825 Operating Engineers (Burns and Roe)*, 400 U.S. 297, 304–305 (1971) (cease doing business objective need not mean a complete cessation of business. It can mean an interference with business, consistent with enmeshing neutrals in a dispute not their own).

Further, it is clear that an object of the grievance and lawsuit was to require Firetrol to recognize the Union even though the Union was not certified as the Section 9 representative of Firetrol’s employees. The documents speak for themselves. The grievance was filed on behalf of the fire protection employees of Firetrol’s Denver facility. The grievance asserts that these employees are covered by the terms of the Union’s national agreement by operation of Addendum C and requests restoration of the status quo ante—an object that could be achieved only by reopening Firetrol’s Denver facility and reemploying the unit employees. As the General Counsel points out, union counsel confirmed this objective in a position statement submitted to the Region on November 16, 2012. For all of these reasons, I find that filing and maintenance of the grievance and lawsuit have an unlawful cease doing business object

and an unlawful representation object within the meaning of Section 8(b)(4)(ii)(B).¹²

The Grievance and Lawsuit Constitute Unlawful Means
pursuant to Section 8(b)(4)(ii)(A) and (B)

The Union’s grievance and lawsuit to enforce a collective-bargaining agreement are predicated on a reading of Addendum C that converts it into a prohibited 8(e) agreement. Use of the grievance procedure and the court system in this manner constitute unlawful means pursuant to Section 8(b)(4)(A). *Elevator Constructors (Long Elevator)*, 289 NLRB 1095 (1988). Similarly, the grievance and lawsuit to enmesh neutrals and seeking representation of Firetrol’s Denver employees constitute unlawful means pursuant to 8(b)(4)(B). See, e.g., *Sheet metal Workers Local 27 (AeroSonics, Inc.)*, 321 NLRB 540 (1996).

I reject Respondent’s claim that it did not threaten, coerce or restrain neutral employers Cosco, CFP, and MX because the filing of an arguably meritorious grievance or lawsuit cannot violate the Act. Respondent’s argument is not supported by the record. Respondent did not present any evidence to show that the grievance and lawsuit were arguably meritorious. Moreover, a lawsuit or grievance with an unlawful object is exempted from the holdings of *Bill Johnson’s Restaurants v. NLRB*, 461 U.S. 731 (1983), pursuant to footnote 5. *Id.*, 461 U.S. at 737 fn. 5 (suit with illegal object exempt from holding); see also *Dilling Mechanical Contractors, Inc.*, 357 NLRB 544 (2011) (Board’s authority to find violation if lawsuit brought for illegal objective not affected by *BE&K Construction Co. v. NLRB*, 536 U.S. 516 (2002)).

CONCLUSIONS OF LAW

By filing a grievance and lawsuit and actively pursuing litigation of the lawsuit, Respondent has threatened, coerced, or restrained Cosco, MX, and CFP to refuse to do business with Firetrol. The objects of this conduct have been in part to force or require Cosco to apply Addendum C in a manner that would convert that otherwise facially valid clause into an agreement prohibited by Section 8(e), to force Cosco, CFP, and MX to cease doing business with Firetrol, and to force Firetrol to recognize and bargain with Respondent as the representative of Firetrol’s employees even though Respondent has not been certified as the representative of the employees under the provisions of Section 9 of the Act. This conduct violates Section 8(b)(4)(ii)(A) and (B) and 8(e) of the Act. These unfair labor practices affect commerce within the meaning of Section 2(6) and (7) of the Act.

REMEDY

Having found that Respondent has engaged in and is engaging in unfair labor practices within the meaning of Section 8(b)(4)(ii)(A) and (B) and 8(e), Respondent must withdraw its grievance and seek dismissal of its lawsuit. Further, because

¹² Respondent’s motion to reopen the record because the General Counsel has raised a new theory of violation is denied. The four documents which Respondent seeks to introduce are rendered irrelevant because the General Counsel did not raise a fourth theory of the violations alleged herein and the General Counsel specifically disavowed such a theory.

maintenance of the grievance and lawsuit violated the Act, Respondent must reimburse Firetrol, Cosco, MX, and CFP for all reasonable expenses and legal fees, with interest, incurred in defending the grievance and the lawsuit. See, *Service Employees Local 32B-32J (Nevins Realty)*, 313 NLRB 392, 403 (1993), *enfd.*, 68 F.3d 490, 496 (D.C. Dir. 1995). Interest shall be computed in accordance with *New Horizons*, 283 NLRB 1173 (1987), compounded daily as prescribed in *Kentucky River Medical Center*, 356 NLRB 6 (2010).

On these findings of fact and conclusions of law and on the entire record, I issue the following recommended¹³

ORDER

Respondent Road Sprinkler Fitters Local Union 669, its officers, agents, and representatives shall cease and desist from seeking to enforce or apply through grievance, arbitration, or litigation Addendum C of its collective-bargaining agreement with Cosco Fire Protection, Party in Interest, where an object thereof is to threaten, restrain, or coerce Cosco, MX, CFP and other persons to refuse to do business with Firetrol thus restraining and coercing Cosco, MS, CFP and other persons, to force or require Cosco to apply Addendum C in a manner that would convert that otherwise facially valid clause to an agreement prohibited by Section 8(e), and to force Firetrol to recognize and bargain with Respondent as the representative of Firetrol's employees even though Respondent has not been certified as the representative of the employees under the provisions of Section 9 of the Act.

Respondent shall take the following affirmative action designed to effectuate the purposes of the Act:

1. Withdraw the grievance and arbitration demand giving rise to this case, seek dismissal of the lawsuit, and reimburse Firetrol, Cosco, CFP, and MX for all reasonable expenses and legal fees, with interest, in defending against them as prescribed in the remedy section.

2. Post at its business office copies of the attached notice marked "Appendix."¹⁴ Copies of the notice, on forms provided

¹³ If no exceptions are filed as provided by Sec. 102.46 of the Board's Rules and Regulations, the findings, conclusions, and recommended Order, as provided in Section 10.48 of the Rules, shall be adopted by the Board and all objections to them shall be deemed waived for all purposes.

¹⁴ If this Order is enforced by a judgment of a United States court of appeals, the words in the notice reading "Posted by Order of the National Labor Relations Board" shall read "Posted Pursuant to a Judgment of the United States Court of Appeals Enforcing an Order of the National Labor Relations Board."

by the Regional Director for Region 27, after being signed by the Respondent's authorized representative, shall be posted by the Respondent immediately on receipt and maintained for 60 consecutive days in conspicuous places including all places where notices to members are customarily posted. Reasonable steps shall be taken by the Respondent to ensure that the notices are not altered, defaced, or covered by any other material.

3. Furnish the Regional Director for Region 27 signed copies of such notice for posting by Firetrol Protection Systems, Inc.

4. Notify the Regional Director in writing within 20 days from the date of the Order what steps the Respondent has taken to comply.

Dated, Washington, D.C. August 22, 2013

APPENDIX

NOTICE TO MEMBERS
POSTED BY ORDER OF THE
NATIONAL LABOR RELATIONS BOARD
An Agency of the United States Government

The National Labor Relations Board has found that we violated Federal labor law and has ordered us to post and obey this notice.

FEDERAL LAW GIVES YOU THE RIGHT TO

- Form, join, or assist a union
- Choose representatives to bargain on your behalf with your employer
- Act together with other employees for your benefit and protection
- Choose not to engage in any of these protected activities.

WE WILL NOT seek to enforce or apply, through grievance, arbitration, or litigation, Addendum C of our collective-bargaining agreement with Cosco Fire Protection, Inc. to employees of Firetrol Protection Systems, Inc.

WE WILL withdraw the grievance and demand for arbitration we filed against Cosco Fire Protection, Inc. and Firetrol Protection Systems, Inc. as well as the lawsuit we filed against Cosco Fire Protection, Inc., MX Holdings US, Inc., and CFP Fire Protection, Inc. and WE WILL reimburse them for all reasonable expenses and legal fees, with interest, incurred by them in defending against the grievance and arbitration demand and the litigation.

ROAD SPRINKLER LOCAL UNION 669