

Tackett Redux: Ordinary Principles of Contract Interpretation Mean No Inference of Vesting

The U.S. Supreme Court recently reaffirmed that collective bargaining agreements (CBAs) must be interpreted according to “ordinary principles of contract law,” according to **a post** in the Proskauer Rose Employee Benefits & Executive Compensation Blog.

The ruling again rejected the Sixth Circuit’s inference from silence that CBAs vested retiree benefits for life.

Three years ago, the Supreme Court held in *M&G Polymers USA, LLC v. Tackett* that CBAs must be interpreted according to ordinary principles of contract law, and the court rejected the Sixth Circuit’s so-called “*Yard-Man*” inference that if a CBA did not specify that retiree medical and other welfare benefits had a limited duration, the benefits were presumed to be vested.

The article’s authors explain: “The Supreme Court unanimously reversed the Sixth Circuit, holding that the Sixth Circuit’s inference of vesting could not be squared with *Tackett* because it did not comply with *Tackett*’s direction to apply ordinary contract principles.”

Read the article.