

Title: Liberty Cotton Mills Workers Union et al. vs. Liberty Cotton Mills, Inc., Philippine Association of Free Labor Union (PAFLU), and the Court of Industrial Relations

Facts:

The case revolves around the termination of employment of several workers from Liberty Cotton Mills, Inc. This series of events began when a significant portion of the local union members, specifically thirty-two out of thirty-six members, decided to disaffiliate from the Philippine Association of Free Labor Union (PAFLU) on May 17, 1964, based on their Union Constitution and By-Laws. PAFLU declared this disaffiliation null and void and subsequently informed Liberty Cotton Mills, Inc., taking control of the union's administration. Following this, PAFLU requested the company to dismiss the workers involved in the disaffiliation, accusing them of disloyalty and acts unbecoming of officers and members. The company complied on May 30, 1964, citing a collective bargaining agreement that compelled them to terminate employees found to be disloyal upon PAFLU's request. The summary dismissal of the workers led them to appeal to the Court of Industrial Relations, seeking reinstatement and back wages.

Issues:

1. Whether the Liberty Cotton Mills, Inc. acted in bad faith in summarily dismissing the petitioner workers.
2. Whether Liberty Cotton Mills, Inc. should be jointly and severally liable with PAFLU for the payment of back wages to the dismissed workers.
3. The validity of the claim for reinstatement of the workers to their former positions without loss of seniority rights and other privileges.
4. The amount of back wages due to the dismissed workers.

Court's Decision:

The Supreme Court found that Liberty Cotton Mills, Inc. acted in bad faith by summarily dismissing the workers without due process, relying solely on PAFLU's accusation of disloyalty. It was determined that there was a conspiracy or connivance between the respondent company and PAFLU in the illegal dismissal, making them jointly and severally liable for the payment of back wages. The Court amended its previous decision, ordering the immediate reinstatement of the complainant workers at current rates paid to similar positions, without loss of seniority and other privileges. Furthermore, PAFLU and Liberty Cotton Mills, Inc. were ordered to jointly and severally compensate the workers three years' back wages without deductions, with PAFLU required to reimburse any amounts paid by Liberty Cotton Mills for back wages.

Doctrine:

This case reinforced the principle that employers must observe due process in the dismissal of employees, even when acting upon a labor union's request under a collective bargaining agreement. The right to labor and security of tenure are paramount, outweighing contractual stipulations for continued union membership or arbitrary termination conditions. The decision also solidified the formula for computing back wages without deduction or qualification as a just and reasonable measure to prevent undue hardships on dismissed employees and discourage employers from unjust dismissals.

Class Notes:

1. Due Process in Dismissal: Employers must follow due process in terminating employees, including when acting upon a union's request under a collective bargaining agreement.
2. Joint and Several Liability: When an employer and union conspire or collude in the illegal dismissal of workers, both may be held jointly and severally liable for damages, including back wages.
3. Right to Labor and Security of Tenure: These constitutional guarantees take precedence over contractual conditions demanding continued union membership and protect against arbitrary termination.
4. Computing Back Wages: The Supreme Court's established formula for computing back wages without deduction or qualification seeks to balance the interests of employees and employers, ensuring a just and reasonable compensation for wrongful dismissal.

Historical Background:

The backdrop of this case is within the context of labor relations and disputes in the Philippines during the 1960s, a period marked by the growing influence of labor unions and collective bargaining in establishing workers' rights. The case underscores the legal struggles between labor unions, their members, and employers over issues of union affiliation, collective bargaining agreements, and the rights of workers to fair dismissal procedures. This decision reflects the evolving jurisprudence in protecting workers' rights against arbitrary and unjust employment practices, emphasizing the importance of due process and fair labor standards.