

**PHILIPPINE ASSOCIATION OF FREE LABOR UNIONS (PAFLU),
PETITIONER, VS. COURT OF INDUSTRIAL RELATIONS, TRINITY
STEEL PRODUCTS, INC., AND TRINITY STEEL LABOR UNION,
RESPONDENTS.**

G.R. No. L-33781. October 31, 1972

Ponente: FERNANDO, J.

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FERNANDO, J.:

The novel question before us in this petition for the review of an order of respondent Court, is whether respondent Court of Industrial Relations upon the termination of a certification proceeding, still possesses the competence to act upon a motion for the resolution of the conflicting claims of membership between two labor unions, to determine which is entitled to check-off dues. It was answered by respondent Court in the affirmative. After a careful study of the matter, having in mind the course of our decisions as to the power of respondent Court in labor matters, we are convinced of the correctness of such a response. Accordingly, we affirm.

The case had its origins in a motion filed on February 16, 1970 for the determination of union affiliation, filed by respondent Trinity Steel Products, Inc., with respondent Court of Industrial Relations.[1] It was therein alleged that as far back as March 24, 1969, there was an order by respondent Court certifying respondent Trinity Steel Labor Union as the sole and exclusive bargaining agent of its rank and file employees.[2] It was not until December 19, 1969 though, that there was a collective bargaining agreement which did provide among other things as follows: "The Company shall upon written authorization by the individual employees concerned, deduct from the wages or salary of such employee, every pay day, the union dues payable by such employees to the Union, which deduction shall at no time be entered in the books of the Company as a payroll deduction. This assignment and authorization shall remain in effect during the life of this Agreement unless earlier revoked in writing by the employee concerned." [3] Even earlier than that, however, on August 16, 1969, respondent Trinity Steel Labor Union submitted a list of its members who authorized their employer to check-off their dues.[4] Barely fifteen days later, on the first of September, 1969, petitioner likewise submitted a list of employees with respondent Trinity Steel Products, Inc., claimed by it as being its members, and likewise authorizing a check-off in its favor. In that list were originally included forty-four names, later increased to fifty-nine, likewise claimed by respondent labor union.[5] There was thus a conflict of alleged membership in the two contending labor organizations. Petitioner labor union, in a communication of January 22, 1970, would have the employer hold in trust the union dues of employees whose union affiliations were not in dispute until it had filed the proper court action. However, it remained for respondent Trinity Steel Products, Inc. to initiate such proceeding as on February 6, 1970, when it filed its motion, there had been no such court action. It asserted that it was at a loss as how to implement the aforesaid collective bargaining agreement considering such differing claims.[6] It then offered to deposit the checked-off union dues with respondent Court until its determination as to which of the two contending unions was rightly entitled thereto.[7] Its prayer was for respondent Court to so pass upon and decide the matter.[8] There was an answer by the present petitioner. In such answer [9] to the motion for the

determination of union affiliation, it did not object to the power of respondent Court to decide such issue, and it reiterated its claim that the employees in question were its members. The challenged order came on November 5, 1970, directing respondent employer "to check-off the 'questioned' members in favor of [respondent], Trinity Steel Labor Union, and to immediately release in its favor any money or union dues held by the company in trust for the petitioner. The company is also enjoined to refrain from checking off union dues in favor of [petitioner as it] is the minority union." [10] There was a motion for reconsideration by petitioner which was denied by respondent Court with the dissenting opinion of Associate Judges Ansberto P. Paredes and Amando C. Bugayong. Hence, the present petition before us.

The issue posed as to whether respondent Court, even after the termination of a certification proceeding, could still validly pass upon a motion by management that partakes of an action for interpleader to determine as to whether petitioner or respondent labor union is entitled to check-off dues, is indeed novel. The principles embodied in our past decisions, however, point the way to its solution. There is in the collective bargaining contract between management and respondent labor union a provision for check-off. It is settled law, however, that the dues arising therefrom should go to the appropriate labor union. It would follow then that if respondent labor union, as the other contracting party to such agreement, would not get the amount thus collected in accordance with such stipulation, a violation thereof could with plausibility be asserted. It is now undisputed that respondent Court is the appropriate forum for such a controversy. The crux of the matter is thus narrowed down as to whether under such circumstances, there should be a separate action for the purpose of ascertaining which of the unions has the right to the check-off dues or whether it could be done in the terminated certification proceeding. The answer to be gleaned from an analysis of our past decisions as well as the dictates of sound labor relations is that the former alternative has much to recommend it. As respondent Court viewed the matter similarly, there is, to repeat, no reason for the reversal of the challenged order, now under review.

1. The terms of a collective bargaining contract constitute the law between the parties. They must be lived up to. They are entitled to the fullest respect. Deviation therefrom is not ordinarily allowed. What was covenanted must be fulfilled. Only lately in *Shell Oil Workers Union vs. Shell Company of the Philippines*, [11] we had occasion to affirm that to preserve the integrity of such contract, it "should be binding on both parties. One of them may be released, but only with the consent of the other." [12] It does not admit of doubt though that as an indispensable condition for respondent labor union to be entitled to such dues, there must be a showing of the employees from which they were taken retaining their membership with it. In *Pagkakaisa Samahang Manggagawa Ng San Miguel Brewery At Mga Kasangay (PAFLU) vs. Enriquez*, [13] this Court, speaking through Justice Montemayor, declared: "The whole theory of and case for the petitioner Pagkakaisa ([Paflu]) would appear to be vulnerable in several respects. Even assuming for a moment that the irrevocability of the authorization signed by the respondents-laborers and employees for check-off within a period of one year is valid, a point which we do not now decide, it seems that said authorization to deduct from their pay and wages was good only as long as they remained members of the union Pagkakaisa ([Paflu]), because as such members, they were supposed to pay dues and assessments to the Union. However, the moment that they separated from and left that union and joined another labor organization, then they were no longer obliged to pay said dues and assessments; naturally, there would no longer be any reason or occasion for the Company to continue making deductions." [14] This principle was recently reiterated by this Court, speaking through Justice Teehankee, in *Philippine Federation of Petroleum Workers vs. Court of Industrial Relations*. [15]

2. On the specific issue then of whether the labor union, designated as collective bargaining representative after a certification proceeding and thereafter the contracting party on behalf of the employees to such an agreement, is entitled during the life thereof to the check-off dues, in the event of a stipulation to that effect, the plausibility of a dispute arising is not remote, if some of its members join another union. Should such an event come to pass, as in

this case, where is the matter to be ventilated? The obvious answer is that it is with the respondent Court. In the face of the collective bargaining agreement, it can be plausibly asserted by respondent labor union if respondent Trinity Steel Products, Inc. would accede to the demand of petitioner labor union that entitled as it is to such check-off dues, there was a violation of the terms of their contract. Repeatedly, this Court has held that the failure to abide by the terms of a collective bargaining agreement amounts to an unfair labor practice, cognizable by respondent Court. Such a ruling was first announced by this Court, through Justice Castro, in Republic Savings Bank vs. Court of Industrial Relations.[16] It was subsequently followed in Security Bank Employees Union vs. Security Bank and Trust Company;[17] Manila Hotel Company vs. Pines Hotel Employees Association;[18] Alhambra Industries, Inc. vs. Court of Industrial Relations[19] and Shell Oil Workers Union vs. Shell Company of the Philippines.[20]

3. The crucial question is thus limited as to whether respondent Court could by virtue of a motion such as was presented here by respondent employer, which partook of an action for interpleader[21] in the terminated certification proceeding with the choice of respondent labor union as the sole collective bargaining agent, which thereafter entered into a contract, still pass upon such a question of conflicting claims to membership. We hold that the answer must be in the affirmative. Respondent Court may at any time "during the effectiveness of an award, order or decision, * * * on application of an interested party, and after due hearing, alter, modify in whole or in part, or set aside any such award, order or decision, or reopen any question involved there-in." [22] Moreover, the competence of the Court of Industrial Relations to act, as set forth in the very same section, lasts as long as the period specified in such award, order or decision. The competence thus vested in respondent Court has invariably received from us an interpretation that accords full respect for comprehensive language employed. As set forth in Philippine Association of Free Labor Unions vs. Salvador:[23] "It has never been construed in a niggardly sense; the recognition of such authority has been full and sympathetic, never grudging." [24] That is merely to echo what was set forth in Goseco vs. Court of Industrial Relations,[25] decided in 1939. As long then as the collective bargaining contract resulting from the choice of respondent labor union as the bargaining agent in such certification proceeding is in force, the incidents thereof could still be looked into, without the need of a new action being filed. That is all the challenged order amounts to.

It is contended by petitioner labor union, however, that a certification proceeding, in the language of Chief Justice Concepcion in LVN Pictures, Inc. vs. Phil. Musicians Guild,[26] not being "a 'litigation' in the sense in which this term is commonly understood, but a mere investigation of a non-adversary, fact-finding character," [27] it could not be relied upon for the filing of a motion akin to an interpleader. This argument is a two-edged weapon. It cuts both ways. From the strict procedural standpoint, it may not be entirely bereft of some persuasive force. It loses sight however of the comparative freedom enjoyed by respondent Court from the fetters of the restraints imposed by the Rules of Court. That such is the law has been made clear by Justice Laurel in one of his many notable labor law opinions, International Hardwood and Veneer Co. vs. Pañgil Federation of Labor.[28] Thus: "Section 20 of Commonwealth Act No. 103 prescribes that in the hearing, investigation and determination of any question or controversy and in exercising any duties and power under this Act, the court shall act according to justice and equity and substantial merits of the case, without regard to technicalities or legal forms." [29] There was an affirmation of such a doctrine first advanced in 1940 in the very recent case of Colgate-Palmolive Philippines, vs. De la Cruz,[30] this Court speaking through Justice Makasiar: "Moreover, Sec. 20 of the C.I.R. charter, otherwise known as Commonwealth Act No. 103, as amended, provides 'that in hearing, investigation and determination of any question or controversy, and in exercising any duty and power under this Act, the Court shall act according to justice and equity and substantial merits of the case, without regard to technicalities or legal forms and shall not be bound by any technical rule or legal evidence but may inform its mind in such manner as it may deem just and equitable.'" [31] Enough has thus been said to show that this line of approach of petitioner labor union is not

calculated to convince us of the soundness of their appeal.

4. This conclusion receives reinforcement from another avenue of approach. It is dictated by sound policy. If, as the Constitution provides, the State should throw its protecting arms around labor,[32] the sooner disputes of this character are settled, the more efficacious would be any statutory remedy for the ills that plague labor-management relation. While the Industrial Peace Act[33] has for its basic objective the solution of labor disputes, its primordial purpose is to strengthen labor through a recognition of their fundamental right to organize and thereafter to engage in concerted activities. It may result, however, precisely because of this very freedom of association, that the conflict may arise not between employer and employee but between labor unions themselves. So it did occur in this case. Such an impasse if left unresolved works against the interest of labor itself. It gives occasion for bitter internecine wrangling rather than the amity and harmony which is the goal that must ever be kept in mind. What is equally to be deplored is that, confronted with such a situation, management would be at a loss as to what to do. Hence, the appropriateness of the remedy resorted to the filing of a motion akin to interpleader. It might have removed the taint of any objection if a separate action were instituted. There is, however, not only in the light of our past decisions, but even more so for the achievement of the constitutional objective of protection to labor, this speedy procedure of having respondent Court resolve the matter by way of a such motion in a terminated certification proceeding. What was done by respondent Court, therefore, merits our approval.

WHEREFORE, the order of November 5, 1970 is affirmed. Without pronouncement as to costs.

Concepcion, C.J., Zaldivar, Ruiz Castro, Teehankee, Barredo, Makasiar, Antonio, and Esguerra, JJ., concur.

Makalintal, J., on official leave.

[1] Case No. 2129-MC, Petition, Annex A, par. 1.

[2] Ibid.,

[3] Ibid, par. 2.

[4] Ibid, par. 3.

[5] Ibid, pars. 4 and 5.

[6] Ibid, pars. 8 and 9.

[7] Ibid, par. 10.

[8] Ibid, Prayer.

[9] Petition, Annex B, Answer to Motion for Determination of Union Affiliation.

[10] Petition, Annex C, Order of Respondent Court, p. 3.

[11] L-28607, May 31, 1971, 39 SCRA 276.

[12] Ibid, 286.

[13] 108 Phil. 1010 (1960).

[14] Ibid, 1018-1019.

[15] L-26346, February 27, 1971, 37 SCRA 711.

[16] L-20303, Sept. 27, 1967, 21 SCRA 226.

[17] L-28536, April 30, 1968, 23 SCRA 503.

[18] L-24314, Sept. 28, 1970, 35 SCRA 96.

[19] L-25984, Oct. 30, 1970, 35 SCRA 550.

[20] L-28607, May 31, 1971, 39 SCRA 276.

[21] "The action of interpleader is a remedy whereby a person who has property whether personal or real, in his possession, or an obligation to render wholly or partially, without claiming any right in both, or claims an interest which in whole or in part is not disputed by the conflicting claimants, comes to court and asks that the persons who claim the property or who consider themselves entitled to demand compliance with the obligation, be required to litigate among them-selves, in order to determine finally who is entitled to the property or payment of the obligation. The remedy is afforded not to protect a person against a double liability but to protect him against a double vexation in respect of one's liability." From 3 Moran, Comments on the Rules of Court, 1970 ed., at 134. Rule 63 of the Rules of Court governs interpleader.

[22] Section 17, Commonwealth Act No. 103 (1936).

[23] L-29471, Sept. 28, 1968, 25 SCRA 393.

[24] Ibid, 400.

[25] 68 Phil. 444 (1939).

[26] 110 Phil. 725 (1961).

[27] Ibid, 728. This view has been repeatedly reiterated, the latest expression thereof appearing in the opinion penned by Justice Barredo in *Bulakeña Restaurant and Caterer vs. Court of Industrial Relations*, L-26796, May 25, 1972, 45 SCRA 87. Cf. *National Labor Union vs. Go Soc & Sons*, L-21260, April 30, 1968, 23 SCRA 431.

[28] 70 Phil. 602 (1940).

[29] Ibid, 610.

[30] L-23015, May 30, 1972, 45 SCRA 190.

[31] Ibid, 200.

[32] According to Art. XIV, Sec. 6 of the Constitution: "The State shall afford protection to labor, especially to working women and minors, and shall regulate the relations between landowner and tenant, and between labor and capital in industry and in agriculture. The State may provide for compulsory arbitration."

[33] Republic Act No. 875 (1953).

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