

GSIS EMPLOYEES' ASSOCIATION- CUGCO, PETITIONER, VS. BENEDICTO PRUDON, CECILIO MAGADIA, FELIMON UY, JOSE C. ESPINAS AND COURT OF INDUSTRIAL RELATIONS, RESPONDENTS.

G.R. No. L-32854. March 31, 1980

Ponente: MELENCIO-HERRERA, J.

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MELENCIO-HERRERA, J.:

The Order of the Court of Industrial Relations dated July 27, 1970 in Case No. 87-IPA(9), entitled Government Service Insurance System Employees' Association (GSISEA-PAGE) vs. Government Service Insurance System (GSIS), GSISEA-CUGCO, Intervenor, is under review on Certiorari.

By way of factual background it should be stated that it appears that the labor union in the Government Service Insurance System (GSIS) has two factions - the GSIS Employees' Association (GSISEA--PAGE or GSISEA-PRUDON GROUP) and the GSIS Employees' Association (GSISEA-CUGCO). GSISEA-PAGE is represented by respondents Attys. Cecilio B. Magadia, Jr., and Felimon L. Uy. The retained lawyer of GSISEA--CUGCO is respondent Atty. Jose C. Espinas. Respondent Benedicto Prudon is the President of GSISEA-PAGE.

The present case, 87-IPA (9), is an incident in the main case (No. 87-IPA) certified to the Court of Industrial Relations by reason of the strike staged by GSISEA-PAGE. Several incidents, numbered consecutively, have sprung from the said original suit.

This incidental case arose out of the petition dated March 19, 1970 filed before respondent Court by GSISEA-PAGE through Attys. Cecilio B. Magadia, Jr. and Felimon L. Uy, against the Government Service Insurance System (GSIS), alleging that its members and others in the rank and file of the GSIS were discriminated against when a one-rate--salary-increase effective January 1, 1968, which the GSIS had granted to a number of selected employees, was denied to them. It prayed that the same one-rate-salary-increase be extended to all rank and file employees retroactively as of January 1, 1968. The Petition also stated "that to protect its interest petitioner (GSISEA-PAGE) was constrained to bring the instant matter to court and incur attorney's fees on a contingent basis, charge-able against the rank and file employees' recovery" (par. 3).

The GSIS filed an Opposition on April 1, 1970 claiming that its payment of salary increases and adjustments effective January 1, 1968 was by way of implementation of the Collective Bargaining Agreement of March 26, 1968 and as authorized by GSIS Board Resolution No. 1461 dated September 3, 1968.

In its Answer in Intervention, GSISEA-CUGCO, petitioner herein, through Atty. Jose C. Espinas, averred that the one-rate-salary-increase granted its members was part of the Collective Bargaining Agreement entered into by them and the GSIS, and that even before the filing of the GSISEA-PAGE petition, their Acting President had already demanded the implementation of the one-rate-salary-increase, which the GSIS was about to implement. It prayed that should the Court intervene in the implementation of the one-rate-salary increase, its 2,500 members be paid the same benefits without any deduction of attorney's fees being claimed by Attys. Magadia and Uy,

because GSISEA-CUGCO has a contract with its own lawyer.

On May 8, 1970, Atty. Jose C. Espinas, as counsel for GSISEA-CUGCO, filed a Motion stating that the GSIS was about to implement that Union's demand and urged that, for the protection of his interests, 15% of any payment made as a result of said demand, which is being claimed as attorney's fees, be ordered deposited in Court for further disposition. For their part, Attys. Magadia and Uy, as counsel for respondent GSISEA-PAGE, filed a Motion dated June 5, 1970 also praying for the issuance of an Order directing the GSIS to deduct an amount equivalent to 15% of the recoveries of the individual employees occasioned by the salary adjustments and to deposit in Court the amount so deducted considering that their services as well as those of Atty. J. C. Espinas and Associates were rendered on a contingent basis.

On June 10, 1970, respondent Court, speaking through Judge Joaquin M. Salvador, issued an Order (affirmed on June 30, 1970 by respondent Court en banc) reading:

"WHEREFORE, the respondent is hereby ordered to grant all rank and file employees (Pay Classes 1 to 6) the same salary readjustment/increase as that already granted to Manuel Per-lada and other members of the Intervenor GSISEA-CUGCO provided they have not yet reached the maximum step of their respective pay classes; and to deduct from the employees in Pay Classes 1 to 6 who are entitled to salary readjustment an amount equivalent to 15% of their respective recoveries as and for attorney's fees and to deposit the amount so deducted in Court for further disposition."

On appeal by the GSIS, the foregoing Order was affirmed by this Court in G. R. No. L-32397 on April 30, 1979.

In the meantime, the GSIS paid on July 24, 1970 fifty per cent (50%) of the salary increase differentials for the year 1969 without deducting the 15% as directed by respondent Court. Attys. Magadia and Uy filed a Motion to Enforce the Order of June 10, 1970 regarding attorney's fees. Atty. Jose C. Espinas also filed a Motion for Attorney's Lien.

On July 27, 1970, respondent Court issued the Order challenged by GSISEA-CUGCO herein, the dispositive portion of which provides:

"WHEREFORE, it is hereby ordered that respondent GSIS deduct the corresponding 15% from the in-step differential paid last July 24, 1970 from the next succeeding in-step differentials that will be paid and, in addition, the other 15% from the current payment, and to deposit the same with this Court for further disposition."

Note should be taken of the fact that the foregoing Order confirmed that of June 10, 1970 authorizing the deduction of 15% for attorney's fees, and specified the manner by which the deduction was to be implemented.

Petitioner GSISEA-CUGCO, this time through its President, Antonio A. Ancheta, and First Vice President, Evangello A. Savellano, filed a Motion for Reconsideration, dated July 31, 1970, claiming that the payment of salary differentials to the employees on July 24, 1970 was a mere act of compliance by the GSIS with their CBA and not pursuant to respondent Court's Order of June 10, 1970, and that further payments of salary differentials would also be in accordance with the said CBA. They further contended that, since no contractual relationship existed between GSISEA-CUGCO and Attys. Magadia and Uy, the imposition of the 15% attorney's fees, was unwarranted.

The GSIS also filed a Motion for Reconsideration reiterating that the salary adjustment it had paid on July 24, 1970 was made pursuant to a CBA and not pursuant to the Order of June 10, 1970 so that there was no factual and legal basis to justify the deduction of 15% for attorney's fees.

GSISEA-PAGE opposed both Motions for Reconsideration stressing the falsity of the contention that payment of

the salary adjustment was pursuant to the CBA between GSISEA-CUGCO and the GSIS GSISEA-PAGE maintained that it was because of the discriminatory acts of the GSIS that it was compelled to file the suit below so that the same salary differentials could be extended to all the rank and file.

In his Comment on the Motion for Reconsideration filed by GSISEA-CUGCO through its officials, Atty. Jose Espinas, inter alia, reserved his right to be paid his attorney's fees at the proper time and prayed that the claim for fees of Attys. Magadia and Uy be set for hearing so that all parties could ventilate their position.

On August 14, 1970, respondent Court en banc affirmed the Order of July 27, 1970.

GSISEA-CUGCO has appealed on the following Assignments of Error:

“1.

The Hon. Court of Industrial Relations (CIR) erred in ordering the segregation of 15% for attorney's fees from the employees' in step-pay increase considering that said salary increment is expressly provided for in the collective bargaining agreement (CBA) entered into between herein petition and the Government Service Insurance System (GSIS) and as such there was indeed no necessity to provoke a court suit to compel compliance therewith.

2.

The Hon. Court of Industrial Relations (CIR) acted in a capricious and whimsical manner and with evident abuse of discretion amounting to want of jurisdiction when, despite herein petitioner's valid and well-grounded opposition it entertained respondent Prudon's already unauthorized and unnecessary suit and ordered the segregation of 15% attorney's fees from the employees' in-step salary differentials.

3.

The Hon. Court of Industrial Relations (CIR) set a bad and dangerous precedent patently contrary to the spirit and philosophy of free collective bargaining envisioned in the Magna Carta of Labor when, in entertaining prematurely respondent Prudon's petition, it frustrated the efforts of the real parties to the Collective Bargaining Agreement (CBA) to settle the matter of in-step salary increase by and between themselves without resorting to the Court."

The principal issue in this case is the correctness of respondent Court's Order of deduction and deposit of 15% of the salary differentials paid to the rank and file employees of the GSIS for attorney's fees. To begin with, it should be noted that this Court, in G. R. No. L-32397, has affirmed respondent Court's Order of June 10, 1970 commanding, inter alia, said deduction, which was appealed by the GSIS, and upon which the challenged Order is based. In effect, therefore, that affirmance should settle this controversy. Nonetheless, to set matters completely at rest, we shall discuss the three errors assigned.

The first and second assigned errors are without merit. Although salary increases may have been provided for in the Collective Bargaining Agreement entered into between GSIS-CUGCO and the GSIS, this was not uniformly implemented by the GSIS in favor of all the rank and file employees, but only in favor of Manuel Perlada and other members of the GSISEA-CUGCO. In fact, in its Answer in Intervention, the latter Union made an implied admission of such circumstance when it prayed that if respondent Court "should intervene in the implementation of the one (1) rate salary increase stated in the petition, that the more than 2,500 members be paid the same benefits x x x x ." That inequity also compelled the GSIS Supervisors' Union (GSISU) on March 19, 1970 (Case No. 87-IPA [8]), and GSISEA-PAGE, on March 20, 1970 (in this Case No. 87-IPA [9]), to file their respective Petitions against the GSIS alleging discrimination and demanding the same increases for all employees. Both said Petitions were opposed by the GSIS. In both said Petitions, GSISEA-CUGCO intervened with identical

avements. Ultimately, in Case No. 87-IPA (8) (GSISSU. vs. GSIS), respondent CIR ordered the grant of the same salary increases to all supervisors. This Court declared said Order final and executory in G. R. No. L-32018, promulgated on April 30, 1979. Similarly, in an earlier incident in this same Case No. 87-IPA(9), and as here-tofore stated, this Court affirmed in G. R. No. L-32397, also promulgated on April 30, 1979, respondent Court's Order of June 10, 1970 granting salary adjustments to all rank and file employees.

It is apparent then that the grant by the GSIS of salary adjustments to the rank and file was not by virtue of a CBA, as alleged, but by virtue of suits filed with respondent CIR. In fact, in both said cases, the GSIS had always resisted, even on appeal, the grant of salary differentials to all employees alleging, for one, its financial incapability to shoulder the adjustments. The GSIS opposition would have been unnecessary if the CBA included salary increases for all employees, and payments thereof, allegedly, already a certainty. But even granting that the payment of the salary differentials was based on the CBA, yet, considering the discriminatory effect thereof, the filing of suits was still rendered necessary. There was no abuse of discretion, therefore, on the part of respondent Court when it entertained the several suits, including this one, against the GSIS. Not all employees would have benefited had it not been for the cases filed in Court.

The order of segregation and deposit in Court of the amount of 15% of the salary differentials for attorney's fees for further determination and disposition is also well taken so that the deserving lawyers as well as the respective amounts to which they may be entitled may be fully determined. This Court notes that petitioner GSISEA-CUGCO has questioned the appearance of their former counsel, Atty. Jose C. Espinas, on the contention that by virtue of his claim for attorney's fees, his position has become untenable. In fact, the Brief for GSISEA--CUGCO was filed by another lawyer.

Parenthetically, the deduction of 15% for attorney's fees in respondent Court's Order of July 30, 1970, in Case No. 87-IPA(8), entitled GSISSU vs. GSIS, was affirmed by this Court in G. R. No. L-32772, promulgated on April 30, 1979.

The third assignment of error can neither carry the day for petitioner. The right of an authorized representative to bargain for and in behalf of its members is recognized and protected by law. However, inasmuch as discrimination by the GSIS in the initial implementation of the CBA was charged, respondent Court had to take cognizance of the issue. Besides, other factions, like the GSIS Supervisors' Union and the GSISEA-PAGE had emerged asserting their respective representation of the other GSIS employees. The records show moreover that the main case, Case No. 87-IPA, is a certified case brought about by the strike staged by GSISEA-PAGE, one of their demands having been the payment of salary differentials. It is inaccurate to contend, therefore, that respondent Court was truant to the spirit of free collective bargaining.

WHEREFORE, the Order of July 27, 1970 of the respondent Court of Industrial Relations and the Resolution of August 14, 1970 of that Court en banc, are hereby affirmed.

Costs against petitioner Union.

SO ORDERED.

Teehankee, Acting C.J., Makasiar, Fernandez, Guerrero, and De Castro, JJ., concur.

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