

**PHILIPPINE LAND-AIR-SEA LABOR UNION (PLASLU), INC.,
PETITIONER, VS. COURT OF INDUSTRIAL RELATIONS AND
PEPSI-COLA BOTTLING COMPANY (CEBU BRANCH), RESPONDENTS.**

G.R. Nos. L-5664 and L-5698. September 17, 1953

Ponente: BAUTISTA ANGELO, J.

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BAUTISTA ANGELO, J.:

This is a petition for review of the resolution of the Court of Industrial Relations dated March 1, 1952 wherein it held that petitioner, whose permit had been withdrawn, lost its personality to prosecute the present case and, consequently, in pursuance of Sections 4 and 7 of Commonwealth Act No. 103, as amended, it should be substituted for its individual members with the warning that, upon failure to do so, the case should be dismissed.

Petitioner was a labor union which was registered in accordance with law and was granted permit to act as such by the Department of Labor on February 12, 1948.

On November 29, 1949, petitioner filed a petition with the Court of Industrial Relations, docketed as Case No. 390-V, wherein it submitted several grievances and demands against respondent, a corporation organized under the laws of the Philippines, for arbitration and settlement.

On March 3, 1950, petitioner filed an incidental motion against the same respondent, which was docketed as Case No. 390-V-(1), complaining about the separation from the service without justifiable cause of sixteen (16) of its laborers and employees and praying that they be reinstated.

On March 23, 1950, respondent filed a motion to dismiss on two grounds: (1) that petitioner does not represent respondent's workers; and (2) less than thirty-one (31) workers are involved in the case. This motion was opposed in writing by petitioner and, after proper hearing during which both parties presented pertinent evidence, the court denied the motion because it found that at least eighty-two (82) of the members of petitioning union were actually employed by respondent and were affected by the dispute. The court found further that petitioner was a legitimate labor organization registered under the provisions of Commonwealth Act No. 213.

On February 28, 1950, petitioner paid the fee for the renewal of its permit to the Bureau of Labor with the request that said permit be renewed, but because of its failure to meet certain requirement relative to the inspection of its books of accounts, on August 25, 1950, the Secretary of Labor advised petitioner that its name as a labor union had been dropped from the list of registered labor organizations.

On January 16, 1951, instead of pressing for action on its request for renewal of the permit, petitioner took steps to organize itself, as it did, as a non-stock corporation under the Corporation Law by filing the necessary papers with the Securities and Exchange Commission with the result that Certificate of Incorporation No. 5754 was issued to it on January 20, 1951.

On August 8, 1951, respondent filed a new motion to dismiss, this time based on the ground that petitioner, not being a registered union, has no capacity to sue under Commonwealth Act No. 213, and therefore this case should

be dismissed.

On October 18, 1951, the court maintained its former stand denying the motion for lack of merit; but, on motion for reconsideration by respondent, the court reversed its stand holding that petitioner lacks capacity to sue and ordering that petitioner be substituted for its individual members, as otherwise the case would be dismissed. Not agreeable to this ruling, petitioner brought this petition for review.

We are of the opinion that petitioner has lost its capacity to sue in the present case as a labor union entitled "to all the rights and privileges granted by law" when on August 25, 1950, the Secretary of Labor dropped its name from the list registered labor organizations in view of its failure to comply with certain requirement relative to the inspection of its books of accounts.

Commonwealth Act No. 213 has been enacted in order to allow labor union to organize itself and acquire a personality distinct and separate from its members and to serve as an instrumentality to conclude collective bargaining agreements and enjoy all the rights and privileges granted by law to a labor organization. But in order that it may acquire such personality, it is necessary that it first comply with certain requirements, one of them being that it must register and secure a permit to operate as such from the Department of Labor. The procedure to secure this permit is well laid down in the law. An application shall be filed with the Secretary of Labor, who shall conduct an investigation of the activities of the applying labor organization and if, on such investigation, it shall appear that the applicant is entitled to registration, he shall issue a permit therefor upon payment of the registration fee of five pesos. (Section 3, Commonwealth Act No. 213.)

That such is the clear implication of the law is evident. A labor organization is not considered legitimate in contemplation of law unless that requirement has been complied with. Thus, the law postulates that "a legitimate labor organization is an organization, association or union of laborers duly registered and permitted to operate by the Department of Labor", and that "the registration of, and the issuance of a permit to, any legitimate labor organization shall entitle it to all the rights and privileges granted by law. (Sections 1 and 2, Commonwealth Act No. 213.) To be considered a legitimate labor organization with the right to enjoy all the rights and privileges recognized by law, it is therefore necessary that it be registered and permitted to operate as required by law. These rights and privileges are none other than those accorded by Commonwealth Act No. 213, among them, the right to conclude collective bargaining agreements and to appear in behalf of its members before the Court of Industrial Relations "for the purpose of seeking better working and living conditions, fair wages, and shorter working hours for laborers, and, in general, to promote the material, social and moral well-being of its members." (Section 2, Commonwealth Act No. 213.)

The fact that petitioner has organized itself under the Corporation Law as a non-stock corporation and has obtained a certificate of incorporation from the Securities and Exchange Commission is of no moment, for such incorporation has only the effect of giving to it juridical personality before regular courts of justice. Such incorporation cannot be availed of by it to enjoy the rights and privileges granted by law to a legitimate labor organization.

The foregoing observations notwithstanding, we are of the opinion that the failure of petitioner to secure the renewal of its permit from the Labor Department will not operate as a dismissal of this case, it appearing that when it filed the present petition it had juridical personality and respondent court had acquired jurisdiction over the case. In previous cases where a similar question was raised, this Court denied the motion to dismiss upon the theory that jurisdiction once acquired is not lost until the case is completely decided. Thus, in a recent case this Court held:

"The second point raised by petitioner is likewise without merit. In the first place, there being more than 30

laborers involved and the Secretary of Labor having certified the dispute to the Court of Industrial Relations, that Court duly acquired jurisdiction over the case (*International Oil Factory vs. NLU, Inc.*, 73 Phil. 401; Section 4, C. A. 103). This jurisdiction was not lost when the Department of Labor suspended the permit of the respondent Kaisahan as a labor organization. For once jurisdiction is acquired by the Court of Industrial Relations it is retained until the case is completely decided. (*Manila Hotel Employees Association vs. Manila Hotel Co. et al.*, 73 Phil. 374.)" (*La Campana Coffee Factory, Inc., et al. vs. Kaisahan Ng Mga Manggagawa Sa La Campana [KKH], et al.*, supra, p. 160.)

In conclusion, we hold that the present case can be continued without need of any substitution of parties subject however to the understanding that whatever decision may be rendered therein will only be binding upon those members of petitioning union who have not signified their desire to withdraw from the case before its trial and decision on the merits.

Wherefore, the resolution appealed from is hereby modified in the sense above indicated, and it is ordered that this case be remanded to the respondent court for further proceedings, without pronouncement as to costs.

Paras, C.J., Pablo, Bengzon, Padilla, Tuason, Montemayor, Reyes, Jugo and Labrador, JJ., concur.

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