

REGAL MANUFACTURING EMPLOYEES ASSOCIATION AND CELESTINO BAYLON, PETITIONERS, VS. HON. ANDRES REYES AND PHILIPPINE METAL FOUNDRIES, INC., (FORMERLY REGAL MANUFACTURING CO., INC....

G.R. No. L-24388. July 29, 1968

Ponente: RUIZ CASTRO, J.

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RUIZ CASTRO, J.:

This is a petition for certiorari with prohibition by the Regal Manufacturing Employees Association (hereinafter referred to as the Union) and Celestino Baylon against Judge Andres Reyes of the Court of First Instance of Rizal and the Philippine Metal Foundries, Inc. (hereinafter referred to as the Company).

Imputed to the respondent court is excess of jurisdiction and/ or grave abuse of discretion consisting in rendering judgment on September 28, 1964 in civil case 7863, and issuing the orders of January 12 and February 18, 1965, denying their petition for relief of from said judgment and their subsequent motion for reconsideration, despite the protestation of the Union that the subject matter or cause of action in the said civil case is clearly a labor dispute, as to which the law (R.A. 875) vests jurisdiction exclusively in the Court of Industrial Relations.

The Company, with offices and factory at 304 Jose Rizal St., Mandaluyong, Rizal, and the Union, an affiliate of the Free Trade Union of the Philippines (hereinafter referred to as the FTUP), entered into a collective bargaining agreement on February 29, 1960, with a life of, two years, which was later extended to December 31, 1963. This agreement contains "no strike" and "no lockout" provisions[1] as well as stipulations on the handling of grievances.[2]

Thru its general manager Leopoldo Relunia, the Company on October 3, 1963 dismissed Baylon, president of the Union, from his job as a foundry worker. This dismissal caused the Union to declare a strike on October 5 and to picket the factory and offices of the Company.

On October 7 the Company filed a petition for injunction with the respondent CPI against Baylon and the Union, claiming that the strike was declared "without previous notice," in violation of the collective bargaining agreement; that the strikers have blocked and are blocking all ingress and egress of the Company's personnel, equipment, supply, materials and other properties needed in its business operations, resulting in the interruption of work and business; that the strikers have resorted, and continue to resort, to threats of bodily injury not only to its employees who have refused to join or participate in the strike, but also to the members of their families; that these threats and violence have prevented and discouraged the employees and laborers from the normal performance of their duties; and that the Company stands to suffer substantial and irreparable injury to its rights and properties by reason of the strike and the picketing.

On October 8 the respondent CFI ordered the Union and Baylon "to desist from blocking, obstructing and in any manner interfering with the ingress and egress of employees, vehicles, materials, supplies, equipment, and the

general public to and from petitioner's offices, premises and factories at 304 Jose Rizal Street, Mandaluyong, Rizal; to desist from illegal acts of co-ercing or causing violence upon the person or property of the employees of petitioner, the latter's customers and the general public; and to desist from intimidating, coercing and otherwise discouraging petitioner's employees and laborers who desire to re-turn to work from doing so, until further orders from the Court."

On October 8 also, the Union and Baylon filed with the CIR an unfair labor practice complaint against the Company and its general manager, charging them with dismissing Baylon from his employment "without just cause and proper investigation" and by reason of his union activities from 1958 to 1963. On the basis of this charge, a formal complaint (case 3932-ULP) was filed against the Company and its general manager. The complainants prayed that the respondents therein be declared guilty of unfair labor practice, and ordered to reinstate Baylon to his former position, with back wages from the time of his dismissal and all the rights and privileges appertaining thereto.

On October 14 the Company in turn filed with the CIR an unfair labor practice charge against the Union, its president Celestino Baylon, and some 23 of its members, imputing to them collective and individual violations of the collective bargaining agreement. According to the formal complaint filed against the Union, et al. (case 3941-ULP), a grievance conference was scheduled for October 3, 1963; that at the appointed time and place, the representatives and counsel of the Company were present but the representatives of the Union did not appear; that without filing a notice of strike, the Union and its president and members declared a strike on October 5 and thereafter picketed the offices and factory of the Company. The CIR was asked (1) to declare all the respondents therein guilty of unfair labor practice; (2) to order them to cease and desist from committing such unfair labor practice, to bargain in good faith and to comply strictly with the provisions of the collective bargaining agreement; and (3) to declare the strike illegal and the individual participants therein as having lost their status, rights and privileges as employees of the company.

On October 18 the Company filed with the CFI a motion to admit an amended petition for injunction, naming as additional respondent the FTUP, as "mother and parent union" of the Union, stating that Baylon is being sued in his capacity as president of the Union and as an officer of FTUP, and alleging that Baylon's services were terminated due to his frequent and repeated absences from work, namely, 7 days in April, 14 in May, 16 in June, and 17 in July, all in 1963. In addition to the allegations in its original petition, the company further alleged

"That petitioner's business operations consist of the manufacture of, among other things, sewing machines, water pumps, water heaters, pressure tanks and other appliances and equipment, from which petitioner makes gross sales amounting to P10, 000.00 per day, more or less; and by reason of the unlawful acts of respondents herein described, petitioner has consequently been deprived of, as it continues to be deprived, of the right and opportunity to make such sales, from October 5, 1963, and profit or net income from which petitioner shall in due time prove and establish;

"That the bad faith and malice of respondents in abruptly declaring and in abetting and instigating the walk-out or strike by petitioner's employees, without notice and in gross, wilful, malicious violation of the provisions of the Collective Bargaining Agreement, as above-alleged, entitle petitioner to a recovery for special damages under the New Civil Code; while special damages petitioner believes may be fixed at P50,000;

"That respondents, representing as they do to a great extent, the labor or working force in general, have by their unlawful actuations herein described, created or caused to be created, the impression that labor has all the rights, to the exclusion of management, including the right to violate with impunity any and all formal contractual commitments. And for the public good, the respondents should be consequently adjudged liable for exemplary or corrective damages of not less than P10,000;

"That respondents are liable jointly and severally to petitioner for the above-mentioned items of compensatory, special and exemplary damages, in addition to which, considering that petitioner has been compelled to file this action due to said illegal acts of respondents, said respondents should further be adjudged to pay P5,000, as attorney's fees."

The Company prayed that judgment be rendered declaring the preliminary restraining order permanent, declaring the strike illegal with loss of employee status of all the participants, adding the respondents therein as having lost all their rights and privileges under R.A. 875, and holding them jointly and severally liable for actual damages in such sum as may be proved, P50, 000 in special damages, P10,000 in exemplary or corrective damages, and P5,000 as attorney's fees.

The Union and Baylon, represented by Atty. Rufino B. Risma, on May 18, 1964 filed their answer to the complaint, admitting the principal allegations thereof but denying the illegal acts imputed to them. They further alleged that the strikers have maintained absolute peace and order within the strike zone; that the Company violated the security of tenure of employment of Baylon with impunity by dismissing him without cause and proper investigation; and that the Company interfered with the rights of the employees and laborers to self-organization by threatening them if they did not return to work and by requiring some of them to sign blank forms stating that they were prevented from, going to work by some of the strikers. The answering respondents therein also deny the necessity of a restraining order since the Company had readmitted into its employ during the last week of October, 1963 all the employees and laborers who went on strike, except Baylon who was refused employment. As special and affirmative defenses, they further asserted that the respondent CFI has no jurisdiction over the subject-matter of the case in view of the pending unfair labor practice case (case 3932-ULP) before the court that no damages can be awarded to the Company because by admitting all of the strikers, except Baylon, back to work, the Company had thereby condoned the acts complained of:

The Union and the FTUP, represented by Atty. A. E. Pacis, filed their answer to the amended petition, alleging, inter alia, that the respondent Baylon has ceased to be president of the Union and an officer of the FTUP and that both unions never authorized the acts imputed to Baylon. The said unions admit that some members, "upon the instruction of respondent Baylon, walked out of their jobs and picketed the premises [of the Company] but have no knowledge as to whether threats and intimidation were employed by some employees'."

Pre-trial in civil case 7863 was calendared for February 20, 1964, postponed to March 20, and finally set for August 10. On this date, the herein petitioners and their counsel failed to appear. So by order of August 10, the Company was allowed to present its evidence before a senior deputy clerk of court.

Atty. Risma, on August 25, moved that he be dropped as counsel for the Union and Baylon, on the ground that he is "no longer their counsel." This motion was denied on August 31, for "lack of proof of service upon the respondent employees' association and respondent Celestino Baylon."

On September 28, 1964 the respondent CFI rendered judgment, as follows:

"WHEREFORE, judgment is hereby rendered ordering the respondents, jointly and severally, to pay the petitioner the sum of P58, 000.00 and P7.35 as actual and compensatory damages, P1,000.00 as exemplary damages, and P5,030.00 as attorney's fees. Respondent Celestino Baylon as well as the following union officers and members namely: Abraham Duran, Valentin Banaga, Miguel Nodado, Edgardo Jestre, Rafael Culo, Renato Jestre, Ananias Rivera, Renato Barcelon, Jose Requilla, and others who have participated in said strike are declared to have lost employee status from the date of the strike for so participating in an illegal strike and the petitioner is hereby authorized to dismiss them from their respective positions. With costs against the respondents."

Thereafter, the FTUP, through V.E. del Rosario & Associates, filed a motion for reconsideration of the said decision, insofar as it affects the said union, praying that it be permitted to present its evidence to show that while it was the mother union of the petitioner Union, it did not authorize the strike or condone the illegal acts complained of; that the FTUP's non-appearance at the pre-trial held on August 10, 1964 "was On account of the disaffiliation of the respondent Regal Manufacturing Employees Association on June 15, 1964 from the FTUP and the disauthorization of undersigned counsel's; that FTUP's inclusion in the case was by virtue of the fact that it was the mother union, "without, in any manner imputing liability upon movant Federation's; that V. E. del Rosario, as FTUP's president, was abroad at the time the strike was declared and could not have authorized the same; that at a general meeting of the members of the Union had after his (del Rosario's) arrival from abroad, he, as president of the FTUP, then and there disauthorized the strike and scolded the general membership "for having been unwittingly made ready tools for a few unscrupulous local leaders"; that this generated, and ultimately, led to the disaffiliation of the Union from the FTUP; that the strike was staged without the knowledge of the executive officers of the FTUP, who, upon, being informed thereof, disauthorized the same; and that the inclusion of the FTUP in the decision would create grave injustice and cause irreparable injury to said union, it not having been a party to the illegal acts complained of.

The Company opposed the motion for reconsideration and moved that the same be stricken off the record, on the ground that it is "in fact a motion for new trial and as such is defective both in form and substance," for the motion not Only does not point out, pursuant to section 1 of Rule 37 of the Rules of Court, any fraud, accident, mistake or excusable negligence which ordinary prudence could not have guarded against to warrant a new trial but as well is not accompanied by an affidavit of merits showing, any valid defense, as required by section 2 of the same Rule.

By order of November 14, the case was ordered reopened as far as the FTUP was concerned, and was tentatively scheduled for December 14 for presentation of its evidence. The Company filed a motion for reconsideration, reiterating the grounds stated in its opposition to the FTUP's motion for reconsideration. By order of January 19, 1965, the order of November 14, 1964 was set aside and the scheduled hearing was cancelled.

The Union and Baylon, on their part, filed a petition for relief from judgment. Their counsel, Atty. Risma, alleged there-in that his services as counsel were availed of by them only during the time when they were in trouble; that Atty. Pacts, upon becoming counsel, moved for the issuance of an alias summons and filed an answer to the amended petition; that when his (Risma's) motion for withdrawal as counsel was denied, the ex parte hearing had already been finished, and for this, reason his clients "were not represented by any counsel" during the said pre-trial, due to the confusion brought about by the change of counsel; that his failure to appear at the said hearing, which is excusable, deprived his clients of their day in court; and that they have a very good defense which they can prove if given a day in court.

The Company filed an opposition to the petition for relief from judgment and at the same time moved that it be stricken off the record, alleging that it is not a proper, remedy because when the same was filed on November 12, 1964, the decision had not yet become final and executory as the movants' counsel received a copy thereof only on October 14, 1964; that the petition is defective in form as it is not verified and is not accompanied by an affidavit of merits; and that the respondents and their counsel of record are guilty of inexcusable negligence because the manifestation of withdrawal of the latter was made only after the Company had presented all its evidence and, therefore, the motion for withdrawal was an attempt on Atty. Risma's part to "avoid the effects of his non-appearance at the trial of this case".

The Union and Baylon, in reply, stated that, the petition for relief was properly filed a, for pursuant to section 3 of Rule 38 of the Rules of Court, the same was filed within 60 days from receipt by their counsel of a copy of the

decision; that the petition is duly verified "because be (Risma) was the one who did not appear due to his assumption that he was relieved" as their counsel, and that "the verification constitutes the affidavit of merits required"; that the "allegation in the petition x x x that this Honorable Court has no jurisdiction in the subject of this proceedings, it being a labor dispute and well within the exclusive jurisdiction of the CIR where respondent has filed the action" (for unfair labor practice) is a substantial defense; and that the said ULP case "constitutes the pendency of another action" which is also a valid and legal ground for a motion to dismiss under section 1, sub-section (c), of Rule 16 of the Rules of Court.

By order of January 12, 1965, the petition for relief from, judgment was denied "for lack of merit." Also denied in the same order was the Company's motion for execution of said judgment as it had "not yet become final and executory." The Union and Baylon filed a motion for reconsideration, contending that the said order "is contrary to law" and is "unfair, unjust and discriminatory." By order of February 18, this motion for reconsideration was denied "for lack of merit." On March 15, 1965 the Company moved for execution of the judgment on the ground that it "has already become final and executory, the respondents not having filed an appeal to the Decision of this Hon. Court and its subsequent Orders."

Hence the present recourse by the Union and Baylon.

The primary issue is whether the respondent CFI acted without or in excess of its jurisdiction and with grave abuse of discretion in rendering the decision and issuing the orders complained of.

We note that the respondent CFI took cognizance of civil case 7863 because in its view (1) the original petition for injunction was primarily aimed at preventing the herein petitioners who went on strike from committing acts of violence within the strike zone, and (2) the amended petition seeks the recovery of actual, special, exemplary or corrective damages and attorney's fees, on account of the alleged "bad faith and malice of respondents in abruptly declaring and in abetting and instigating the walkout or strike by petitioner's employees, without notice and in gross, wilful, malicious violation of the Collective Bargaining Agreement."

With respect to the first reason given, it is sufficient to state that the respondent court correctly ruled that the matter of injunctive relief "has become moot due to the return to work of the striking employees." [3]

A searching scrutiny of the second reason given is vital to the resolution of the issue at hand.

The original petition for injunction in civil case 7863 prayed that the CFI of Rizal issue an order restraining the strikers from committing and continuing to commit the allegedly unlawful acts imputed to them, declaring the strike illegal, and adjudging the strikers as having lost their employee status as well as all their rights and privileges under L.A. 875. The petition, therefore, on its very face, presented for resolution an unfair labor practice charge which falls within the exclusive competence of the Court of Industrial Relations. The respondent Court of First Instance therefore should have refused to take cognizance "of the petition and instead dismissed it outright, as it had no jurisdiction thereon. This is the teaching in *Leduna, et al. vs. Enriquez, et al.*, L-13965, May 23, 1960, articulated in the following words: "the Court of Industrial Relations had, accordingly, the 'exclusive' authority to determine whether or not the company was guilty of unfair labor practices and whether the strike called by reason thereof was justified or not, as well as whether the employees who took part in the strike have lost their jobs in consequence thereof or are entitled to retain such jobs, or if they have been dismissed, to be reinstated, 'with or without backpay'; and that, owing to the 'exclusive' nature of this authority of the Court of Industrial Relations, its decision thereon in proper cases, would be binding upon the ordinary courts of justice, and would prevail over the orders and determinations of the latter on the same matter." [4]

The amended petition for injunction of October 18, 1963 can fare no better, and should suffer the same fate as the

original petition, because this amended petition reproduces in toto all the allegations and prayers contained in the original petition.

But this is not all. The answer to the amended petition squarely challenged the jurisdiction of the respondent CFI over the subject-matter of the amended petition and pointedly called the attention of the said CFI to the pendency in the CIR of ULP case 3932 which was filed by the Union and Baylon long before the promulgation of the order of August 10, 1964 of the respondent court which allowed the Company to present its evidence before the senior deputy clerk thereof, and much longer before the decision of September 28, 1964, hereinbefore adverted to, was rendered by the said CFI.

The events that ensued after the filing of the amended petition for injunction - even the declaration in default of the Union and Baylon - could not and did not alter the picture nor invest the CFI with jurisdiction to proceed with civil case 7863. The respondent court's actions, orders and decision issued and promulgated in connection with the original as well as the amended petitions were therefore null and void and of no effect.

The decision of the respondent judge of September 28, 1964 declared the strike illegal, adjudged the union officers and members who participated in the strike as having lost employee status, authorized the Company to dismiss them from their respective positions, and awarded actual, compensatory and exemplary damages and attorney's fees. To the extent that the decision declared the strike illegal, adjudged loss of employee status of the strikers, and authorized their dismissal, the same is void, for the reason that these adjudications fall within the exclusive competence of the CIR.

To elaborate, the facts and circumstances which gave rise to the two ULP cases (3941 and 3932 filed with the CIR are the same facts and circumstances that constitute the basis of the original petition as well as the amended petition for injunction with the CFI. The acts complained of by the Company in the CFI are therefore directly interwoven with the ULP cases filed with the CAME Box Factory Workers Union, et al. vs. Victoriano, et al.,^[5] this Court, looking to National Garment & Textile Workers Union vs. Caluag,^[6] emphasized that when the "issue involved in the main case is interwoven with the unfair labor case pending in the Court of Industrial Relations as to which, its jurisdiction is exclusive, the main case does not come under the jurisdiction of the trial court even if it involves violence, intimidation and coercion as averred in the complaint."

Because the strikers have returned to work, the respondent CFI, in its decision of September 28, 1964, stated that the petition for injunction "has, in effect, been converted into one for the enforcement of a collective bargaining contract and to seek redress for a violation thereof," and therefore is within the jurisdiction and competence of the regular courts and not of the Court of Industrial Relations, " citing *Dee Cho Lumber Workers Union-NLU vs. Dee Cho Lumber Company*, L-10080, April 30, 1957, and *Philippine Sugar Institute vs. CIR*, L-13098, October 29, 1959. The doctrine laid down in those cases is, however, inapplicable in the case at bar because those actions were for the enforcement of collective bargaining contracts and involved, not unfair labor practices, but solely, the construction and interpretation of the stipulations embodied in the agreements.

At all events, the power of the CIR to hear and decide the ULP cases is not affected by the conclusion reached by the respondent CFI that the petition for injunction seeks redress for violations of the collective bargaining agreement, for the reason that whether or not for such violations damages are recoverable, and to what extent, will still have to depend on the evidence to be adduced in the ULP cases pending between the parties and their final outcome. As this Court very aptly stated in *Associated Labor Union vs. Gomez*,^[7] the averment of the company therein that it suffered damages by reason of the strike cannot "work to defeat the CIR's jurisdiction" for the right to damages "would still have to depend on the evidence in the unfair labor practice case in the CIR," and to hold otherwise "is to sanction split jurisdiction which is obnoxious to the orderly administration of justice."

Under the environmental circumstances obtaining, the respondent court should have dismissed the original petition for injunction outright, or, later, dismissed the amended petition for injunction, without prejudice, or, in the very least, suspended action thereon in so far as the question of damages is concerned, until the CIR shall have finally decided the two labor disputes pending before it.

ACCORDINGLY, the decision rendered by the respondent CFI on September 28, 1964 and the orders promulgated by it on January 12 and February 18, 1965, are hereby annulled and set aside. The court a quo is hereby ordered to refrain from proceeding with case 7863, on the question of damages, until final judgment in ULP cases 3932' and 3941 shall have been rendered. Costs against the respondent Philippine Metal Foundries, Inc.

Concepcion, C.J., Reyes, JBL, Dizon, Makalintal, Zaldivar, Sanchez, Angeles, and Fernando, JJ., concur.

[1] Art. I, par. 2(a) and (c) of the collective bargaining agreement.

[2] Art. IX, id.

[3] Progressive Labor Association, et al. vs. Hon. Judge Guillermo Villasor, et al., L-26383, April 3, 1968; Meralco Workers Union vs: Yatco, et al., L-19785, Jan. 30, 1967, 1967A PHILD 149, 19 SCRA 177

[4] See also Philippine Communications, Electronics & Electricity Workers Federation, et al. vs. Nolasco, et al., L-24984, July, 1968, and cases therein cited; Security Bank Emplo-yees, et al. vs. Security Bank & Trust Co., et al., 28536, April 30, 1968, and cases therein cited.

[5] 102 Phil. 646.

[6] 99 Phil. 1067.

[7] L-25999, Feb. 9, 1965, 1957A PHILD 40, 19 SCRA 04.

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