

NATIONAL LABOR UNION, PETITIONER, VS. INTERNATIONAL OIL FACTORY, RESPONDENT.

G.R. No. L-13845. May 30, 1960

Ponente: BARRERA, J.

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BARRERA, J.:

National Labor Union (NLU) a labor organization duly registered, petitions this Court to review on certiorari the resolution, en banc,[1] dated March 22, 1958 of the Court of Industrial Relations (CIR), declaring that the agreement entered into on April 6, 1957 by and between respondent International Oil Factory and the International Oil Factory Workers Union (FFW), another labor organization, applies to all the employees of the Factory, including the members of petitioner NLU.

It appears that on January 18, 1949, the Undersecretary of Labor certified to the CIR[2] the existence of a labor dispute between respondent International Oil Factory and its workers, members of petitioner National Labor Union. Said dispute involved 18 demands made by petitioner labor union, regarding conditions of employment, including those on vacation and sick leave.

In a decision rendered on May 11, 1951[3] the demand for vacation leave was granted by the CIR, as follows:

"Demanda 3.—'15 days vacation leave with full pay.' "Segun los principios de derecho social, la concesion de la licencia de vacacion depende de la situacion economica de la empresa y las exigencias del bien comun. Constando que la compañía margina ganancias, es ineludible la concesion de este privilegio. Que la recurrida, por lo tanto, conceda a sus empleados y obreros quince (15) dias de vacacion por cada año de servicio continuo, fiel y satisfactorio mientras su estado financiero lo permita."

Appeal was taken by respondent company to this Court, but was subsequently dismissed for lack of merit.

On October 4, 1955, the CIR issued an order granting petitioner labor union's motion for execution of the above decision. Said order was, however, set aside by the CIR in its resolution, en banc, of December 5, 1955 (Annex B). in order that the CIR may receive evidence (1) on the financial condition of the respondent company from 1951 to 1955, and (2) on the continuous, loyal, and satisfactory service of the workers, members of petitioner labor union during said period.

In April, 1956, before the court could receive evidence, 25 members of petitioner labor union resigned from it, and with some non-union members, formed another union, called the International Oil Factory Workers Union (FFW), leaving around 30 members in the NLU local in respondent company. On May 26, 1956, said new labor union requested the CIR to substitute it in place of the NLU as party petitioner, but due to the objection of the latter, it desisted from pursuing said request.

In the meantime, on May 8, 1956, said new labor union FFW, declared a strike against respondent company, which was upon petition of the latter, declared illegal by the CIR on January 26, 1957.

On January 18, 1957, the CIR began receiving NLU's evidence pursuant to the court's resolution of December,

1955 (Annex B), implementing its decision dated May 11, 1951 providing for 15 days vacation leave. During the hearing, members of the new FFW appeared and were represented by their counsel. Petitioner NLU asked the CIR that respondent company's book be examined to determine its financial condition to pay the 15 days vacation leave ordered by it. By agreement, between counsel for the petitioner NLU and the members of said new labor union (FFW), the latter began presenting its individual members to testify on the fact that they had rendered continuous, loyal, and efficient service. Due to the number of witnesses to be called, counsel for NLU requested, and the same was granted, that he be excused from attending the hearing, until his turn to present his evidence came. After the FFW had presented several witnesses, it reached an agreement with respondent company wherein, in consideration for the dropping of the case against its members for the illegal strike declared on May 8, 1956, the latter would grant to the members of the FFW 8 days prospective vacation leave. Said agreement was made on April 6, 1957 (Annex 6) and was approved by the CIR on April 12, 1957 (Annex 7), in an order of this tenor:

"On April 10, 1957, the parties, thru their respective counsel, filed with this Court a petition praying that the agreement executed by the parties on April 6, 1957, be approved pursuant to Sec. 4 of Commonwealth Act No. 103, as amended.

"There being nothing against the law, morals, or public policy in the said agreement, the same is hereby approved". This order is considered as an award or decision and the parties are hereby enjoined strictly to comply in accordance therewith.

"By agreement of the parties, let this case be, as it is hereby, DISMISSED."

On July 9, 1957, the CIR began receiving the evidence of petitioner NLU, as to the continuous, loyal, and efficient service of its members. NLU called respondent company's superintendent to testify. As the hearing could not be finished on said date, the parties agreed that the next hearing be held on August 5 and 6, 1957.

Before these dates, however, or on July 15, 1957, respondent company filed a motion asking the CIR to declare itself without jurisdiction to proceed with the reception of evidence of NLU, because of the agreement (Annex 6) executed by it and the International Oil Factory Workers Union (FFW) on April 6, 1957. Said motion was heard on August 5, 1957 and, on August 26, 1957, the court denied the same, on the ground that since the CIR had already acquired jurisdiction over the case prior to the approval of Republic Act No. 875,[4] it retained said jurisdiction, as said Act expressly provides that all cases pending at the time of its passage shall be processed in accordance with Commonwealth Act No. 103 (See Annex C); and, consequently, ordered the continuation of the reception of the evidence of the NLU.

Respondent company then filed a motion for reconsideration of said order. The CIR, sitting en banc, while unanimously holding that the court retained jurisdiction over the case, nevertheless, sustained the contention that the agreement of April 6, 1957 signed by respondent company and FFW alone, was applicable to, and binding on NLU as well and, therefore, NLU could no longer present evidence to enforce the decision of May 11, 1951 granting 15 days vacation, as this decision was superseded by the said agreement of April 6th providing for only 8 days prospective vacation leave. It is this resolution which is presently sought to be reviewed. The reasoning of the majority opinion[5] on this last point, is substantially as follows: NLU did not dispute the legality of the disaffiliation of those who resigned from it in April, 1956 and the formation by them with other non-members, of the new FFW, nor did it question the majority membership of the latter union. Consequently, when this new FFW (which, as stated, included in its membership former members of the NLU who were themselves among the original petitioners) signed a collective bargaining contract with the Factory, practically repudiating the decision of May 11, 1951, and this agreement was approved by the trial court, the same became binding on all the workers of the Factory, including the members of the NLU, considering that the trial court's approval thereof did not carry any qualification as to exclude the members of the other union (NLU).

Petitioner NLU, on the other hand, claims,—and the two dissenting judges agree with it—that the CIR erred in holding that the petitioner was bound by the collective bargaining agreement entered into between the International Oil Factory Workers Union (FFW) and respondent company.

We are inclined to agree to this contention. In arriving at the conclusion that petitioner labor union was bound by the agreement in question, the CIR, in effect, decreed that by the secession of some of the members of petitioner NLU on April 2, 1956, long after the decision in its favor in 1951 had become final, and their organizing with non-member employees, the International Oil Factory Workers Union (FFW), the NLU lost its identity and personality, as well as the right of its remaining members to the 15 days vacation leave granted to them in said decision of 1951, even if they did not participate in, nor authorize the execution of the said agreement of April 6, 1957. On general principle, and on the law applicable to the case, we can not sanction such a conclusion. Contracts take effect only between the parties, their assigns, and heirs, save some exceptions specifically provided by law,[6] and the agreement of April 6 in question is not one of such exceptions. As pointed out in the dissenting opinion of Presiding Judge Bautista:

"* * * this agreement was not a product of a collective bargaining procedure among the Company and the International (Oil Factory) Workers Union and the National Labor Union because this case was filed under Commonwealth Act No. 103 and as such, Section 12 of Republic Act No. 875 was not applicable. Impliedly, under Commonwealth Act No. 103, the issue of collective bargaining already existed but the procedures were not so defined especially on cases where more than one union existed in an establishment. In the absence of a definite procedure, as required under Republic Act 875, any union, regardless of whether it is a minority or a majority, can enter into a contract of collective bargaining with the employer. But to say that a minority was included as a party to the contract even though its members did not participate nor give their consent or authority to the majority union in entering into a contract, would certainly vitiate the freedom and right of the minority thereby making the covenant void ab initio. * * * The very contract in itself was very clear and explicit that the parties are only the factory and the International Oil (Factory) Workers Union. Nowhere from the context of such contract was a member of the National Labor Union included or became a party thereto. * * *

* It could not be assumed that the approval of the agreement on April 12, 1957 between the International Oil (Factory) Workers Union and the Company has amounted to the certification of the contracting union for purposes of representing the National Labor Union. Precisely, when the International Oil (Factory) Workers Union (FFW) presented its evidence to prove the financial capacity of the Company to pay the fifteen (15) days vacation leave, the trial Court granted the motion of Atty. Lerum to be excused until the International Oil (Factory) Workers Union was through with its evidence. The records bear out that the National Labor Union still represents the 25 members employed at the Company. To conclude that this Union was a party to the contract without any sanction, either express or implied, given by them would be the height of gross injustice which no court must condone or countenance."

From the fact that the court's approval of the agreement in question did not carry any qualification excluding the NLU from its application, it does not necessarily follow that said approval included the NLU. What the court approved was the agreement "executed by the parties" and enjoined said parties to strictly comply with it. Indeed, if as admitted, NLU did not participate in, nor authorize the agreement, the approval cannot legally bind the NLU even if it did expressly say so, because it would be unjust and unwarranted under the circumstances. That the trial judge who approved the agreement did not himself consider it binding upon the NLU is evinced by the fact that after its approval on April 12, 1957, the NLU was still permitted to present its evidence on July 9, 1957 and would have continued on August 5 and 6, 1957, were it not for the interposition on July 15, 1957 of the motion to declare the court without jurisdiction.

We find and declare that the agreement entered into between the International Oil Factory Workers Union (FFW) and the International Oil Factory approved by the lower court on April 12, 1957, is not binding on the herein

petitioner National Labor Union, which may consequently continue presenting its evidence in pursuance to the final resolutions of the Court of Industrial Relations dated May 11, 1951 and December 5, 1955.

Wherefore, the resolution of March 2, 1958 appealed from, is hereby set aside and the case remanded to the court of origin for further proceedings, in accordance herewith, with costs against respondent International Oil Factory. So ordered.

Paras, C. J., Bengzon, Montemayor, Bautista Angelo, Labrador, Concepcion, and Gutierrez David, JJ., concur.

Reyes, J.B.L., J., on leave, took no part.

Padilla and Endencia, JJ., took no part.

[1] By a split vote of 3 to 2.

[2] Pursuant to Sec. 4, Com. Act No. 103, as amended.

[3] Thru Presiding Judge Jose S. Bautista.

[4] Industrial Peace Act, effective June 17, 1953.

[5] Written by Judge Arsenio I. Martinez, concurred in by Judges Baltazar M. Villanueva and Emiliano C. Tabigne, with the dissent of Presiding Judge Jose J. Bautista and Judge Juan L. Lanting. [6] Art. 1311, New Civil Code.

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